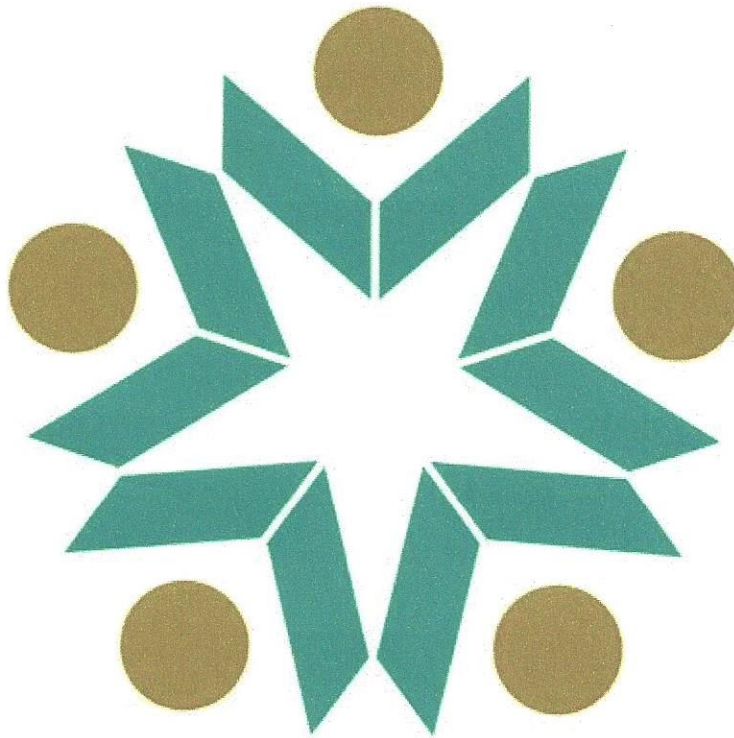


**CALDWELL COUNTY  
BOARD OF EDUCATION**

**Lenoir, North Carolina**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the fiscal year ended June 30, 2016**



**CALDWELL COUNTY SCHOOLS**



**CALDWELL COUNTY  
BOARD OF EDUCATION**  
Lenoir, North Carolina

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
For the fiscal year ended June 30, 2016

**Prepared By:  
CALDWELL COUNTY SCHOOLS  
Financial Services Department**

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**CALDWELL COUNTY BOARD OF EDUCATION  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the fiscal year ended June 30, 2016**

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# **INTRODUCTORY SECTION**





# Caldwell County Schools

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1914 Hickory Blvd., SW  
Lenoir, NC 28645  
Telephone 828-728-8407  
Fax 828-728-0012

*Dr. Steve Stone, Superintendent*

## LETTER OF TRANSMITTAL

December 1, 2016

Members of the Caldwell County Board of Education  
and Citizens of Caldwell County, North Carolina

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Caldwell County Board of Education operating as “Caldwell County Schools”, for the fiscal year ended June 30, 2016, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and Chief Finance Officer.

This report has been prepared by the Caldwell County Schools Financial Services Department in accordance with GAAP (Generally Accepted Accounting Principles). We believe the data presented is accurate in all material respects and is presented in a manner designed to reflect the financial position and results of operations of the Board. To enable the reader to gain maximum understanding of the Board’s financial activity, we have included all necessary disclosures.

The Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budgets Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the North Carolina Single Audit Implementation Act. Information relating to this single audit, including a schedule of expenditures of federal and state awards, the report on compliance and on internal controls, reports on compliance with requirements applicable to each major federal and state program, and a schedule of findings and questioned costs are included in the compliance subsection of the financial section of the comprehensive annual financial report.

The Caldwell County Board of Education, whose members are elected by the citizens of Caldwell County, has the authority to designate management, make binding decisions, and influence operations. The Board has final approval over the budget and primary accountability for fiscal matters, including deficits. Accordingly, Caldwell County Schools are not included in any other reporting entity as a component unit and has no component units.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Caldwell County Board of Education's MD&A can be found immediately following the report of the independent auditors.

## **Reporting Entity**

The Caldwell County Public School System is a comprehensive school district serving the entire county including the municipalities of Lenoir, Granite Falls, Hudson, Gamewell, Cedar Rock, Cahah's Mountain, Sawmills and parts of the town of Blowing Rock, Hickory and Rhodhiss. The system was created through a merger of the Caldwell County and the City of Lenoir public school systems in July 1974.

The school system is led by the Caldwell County Board of Education and the Superintendent. The Board consists of seven members who are responsible for setting policy. The Board is elected on a non-partisan basis. The Superintendent is appointed by the Board and serves as the chief executive officer. The Superintendent and his administrative team are charged with managing the operation of the school system.

Caldwell County Schools is the thirty-fourth largest system in North Carolina out of one hundred fifteen. The system includes eleven elementary, four K-8, four middle, three high schools, two alternative schools, an early college high school and a middle college, both of which are located on the campus of the community college. The system employees just under one thousand five hundred full-time employees and has a student population of eleven thousand nine hundred and sixty-four. There are eight hundred and eighteen certified teachers, of which one hundred and sixty-four are certified by the National Board of Professional Teaching Standards.

Caldwell County is located in scenic northwestern North Carolina, approximately 70 miles northwest of Charlotte, 85 miles west of Winston-Salem and 90 miles east of Asheville. The altitude of the County ranges from 900 to 5,964 feet above sea level with topography ranging from rolling foothills to high-forested mountains. It has a land area of 471 square miles and an estimated population of 78,645. There are ten incorporated municipalities in Caldwell County. The City of Lenoir is the largest municipality and serves as the county seat.

Established in 1841, Caldwell County was carved from the counties of Burke and Wilkes. A bill to establish the county was rejected in 1839 because a faction within the state legislature wished to form two Democratic counties instead of one Whig county. Representative Elisha P. Miller reintroduced the bill on November 19, 1840 to establish a county from Burke and Wilkes to be named Boone. It was first read and rejected on December 5, 1840. It was read a second time and passed by the casting vote of the Speaker, Robert B. Gilliam on December 14, 1840. There was some confusion over the selection of the name; however, when Charles Manley, Clerk of the House, suggested to Representative Miller that the county be named for Dr. Joseph Caldwell, first President of the University of North Carolina and an advocate of the public school system and a railroad system stretching from Morehead City through the questioned county to Tennessee, the bill was ratified and signed on January 11, 1841.

## **Economic Conditions and Outlook**

For one hundred years, the primary employers in Caldwell County were furniture and textile manufacturers. Since December 2007, when the national recession was recognized, North Carolina has lost more than 240,000 jobs, with the majority being from the manufacturing industry. According to the U.S. Bureau of Labor, furniture manufacturing jobs in North Carolina decreased from 66,000 in 2002 to 33,000 in 2012. Over 40 percent of the state's furniture manufacturing jobs are in Caldwell, Catawba, Burke, and Alexander counties. Our four-county region, known as the Greater Hickory Metro Region or the Unifour, has experienced a depressed economy for the past ten years.

Caldwell County has maintained the highest unemployment rate of the Unifour counties since 2008. Caldwell County's 5.3% unemployment rate remains higher than the state average rate of 4.9%.

Caldwell County's Economic Development Commission continues to aggressively recruit industry to Caldwell County. According to Boyd Group Site Consultants, an independent national site selection consultant, "Lenoir has been selected as one of the top small market cities in the country for high-technology manufacturing. Lenoir had the lowest projected annual operating costs when compared to 44 other cities across the country. Lenoir is one of the top-three markets for high-tech manufacturing." Caldwell County is proud of the fact that Google located a data center here.

## **Major Initiatives and Accomplishments**

Caldwell County Schools receives support from a school-business partnership program, as well as a strong volunteer program. Caldwell County Schools has 60 school/business partnerships which enhance the opportunity for schools and businesses to work together. Volunteers also offer invaluable support to our students and staff.

Through a private grant, Caldwell County Schools offers a free pre-kindergarten summer program called Rising Stars which provides assistance for students entering kindergarten. Children at fifteen elementary school sites enjoy experiences in writing, counting, numbers, math and problem solving in preparation for starting kindergarten in the fall.

The WrapAround program is a before and after school child care program for elementary school students which provides childcare from 6:00 in the morning until the school day starts and again in the afternoons until 6:00 pm. The program is also open full days during the year when school is not in session and during the summer. WrapAround is fully licensed by the North Carolina Division of Child Development.

In the spring of 2012, Caldwell County Board of Education unveiled a plan for a unique partnership that allows students to develop skills and interest in the fields of Science, Technology, Engineering, Arts and Math (STEAM) with the establishment of the Patterson Science Center, a stand-alone Science Center operated by Caldwell County Schools on the campus of Patterson School. Patterson School was once a private coed boarding school which

was founded in 1909 and closed in 2009. Patterson Science Center opened its' doors to students in the fall of 2012. Students in grades K-8 experience age-appropriate hands-on activities and studies in all STEAM areas, but primarily in science. Patterson Science Center offers a low ropes course, walking trails, summer camps for students, staff development for teachers, and takes instructional programs to the schools.

All middle and K-8 schools have received Project Lead the Way Gateway to Technology School of Excellence recognition for successful implementation of Gateway to Technology, a pre-engineering curriculum that gives students rigorous, reality-based knowledge to become better prepared for college and high-technology fields. Project Lead the Way (PLTW) offers students a hands-on, project driven experience in Science, Technology, Engineering and Math (STEM). In a new initiative, the district offered four summer camps for middle school students. The camps focused on robotics design, aeronautics, and biology.

Caldwell County Schools is proud of two innovative high schools that are located on the campus of Caldwell Community College. Caldwell Early College High School offers students the opportunity to complete a five year program and exit with both a high school diploma and an Associate's degree. The vision of CECHS is to graduate students ready for college, ready for a career and ready for life. CECHS is recognized as one of four innovative model schools in North Carolina through the Learning Laboratory Initiative. Caldwell Career Center Middle College offers a strong academic foundation with emphasis on advanced college and technical coursework. The vision of CCCMC is to become a national model for blended technical and academic education.

The Education Foundation of Caldwell County is a non-profit organization established to support high academic achievement and innovation in our school system. The foundation promotes cooperation between the schools and the private sector and encourages creativity and excellence in teaching by securing resources to enhance education. Each spring, the Education Foundation sponsors a huge arts "festival" called Kaleidoscope, which showcases our students' talents. The Education Foundation is the only nonprofit organization in Caldwell County which exclusively supports public education.

North Carolina holds almost 19% of the nation's teachers certified by the National Board of Professional Teaching Standards. This is more than any other state in the nation. Twenty-one percent of North Carolina's teachers are NBPTS certified. Currently, 20% of Caldwell County Schools' teaching staff is NBPTS certified.

### **Long Term Financial Planning**

Caldwell County Schools Board of Education has two committees which guide our school system in long range financial planning. The Board Finance Committee is comprised of three board of education members, the superintendent and the chief finance officer. This committee meets monthly (more often during budget preparation). Financial planning and direction is given to the superintendent and chief finance officer in these meetings. Planning to meet long term goals is a topic at each meeting; as well as, current financial status updates and reviews.

The second committee is the Facilities Committee and is comprised of three board of education members, the superintendent and the associate superintendent in charge of auxiliary services. The committee meets bi-monthly. Long range plans for maintenance of buildings and grounds, critical needs, expansion projects, and future building projects are prepared by the facilities committee. Status reports for all construction projects are given at the meetings.

The Board of Education also collaborates with officials from our County's management team. The Liaison Committee meets bi-monthly and is comprised of three board of education members, three county commissioners, county manager, county finance officer, superintendent and school chief finance officer. Long range planning for our school system is the topic for each of these meetings. Because our school system is dependent upon our county for our current expense and capital outlay funding, we must work collaboratively to ensure that the citizens of Caldwell County support our education efforts and future needs.

### **Financial Information**

Public school education in North Carolina is primarily funded by the State. Local funds supplement the basic educational programs and are appropriated by the local Board of County Commissioners. Local boards of education have no tax levying or borrowing authority and are required to maintain accounting records in a uniform format. Long-term planning for facilities is a joint relationship between the school system and the County leaders. In North Carolina, only counties can incur long-term debt for facilities.

“The purpose of a system of internal control is to assure that assets which belong to the enterprise are received when tendered, are protected while in the custody of the business, and are used only for business and are used only for business purposes.” (Intermediate Accounting 3<sup>rd</sup> edition Meigs, Mosich, Johnson and Keller). Internal controls consist of all technologies, processes and practices designed to safeguard assets. A control system can only provide reasonable assurance the objectives of the control system are met. No internal control system can provide absolute assurance. Internal control systems must be evaluated periodically to ensure that the control system remains appropriate in the changing organizational climate. The cost of control should not exceed the benefits to be derived from the internal control as the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements (GAAFR, pages 592 and 735).

The management of the school system is responsible for establishing and maintaining an internal control structure designed to ensure that all the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the annual financial statements in conformity with accounting principles generally accepted in the United States of America. In addition to the annual financial report, the Board receives a monthly financial report reflecting budget activity and balance sheet activity. The Board's Finance Committee, consisting of three board members, the superintendent, and the chief finance officer, meets regularly.

North Carolina General Statutes require all governmental units in the State to adopt a balanced budget by July 1 of each year. Budgets are adopted for all governmental funds and the

proprietary funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget and in funds provided by the federal, state, and local governments. The budget amount reflected in the accompanying financial statements represents the original and the final budget as amended for the fiscal year.

### **Financial Highlights**

Due to the depressed state of Caldwell County's economy, the board of education is committed to preserving employees' jobs. Caldwell County Schools is the largest employer in Caldwell County and is proud of the fact that, through the current economic downturn, no employees have been laid off. As a cost saving measure, "non-essential" positions are not being filled as vacancies occur.

### **Independent Audit**

The North Carolina State Statutes require an annual audit by independent certified public accountants. The financial statements were audited by the accounting firm of Boggs, Crump and Brown, PA, whose opinion is expressed in the Financial Section. The audit was conducted 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. The audit also met the guidelines of the federal Single Audit Act Amendments of 1996, as required by the U.S. Office of Management and Budget's Circular A-133 and the North Carolina Single Audit Implementation Act.

### **Awards**

The Association of School Business Officials (ASBO) has awarded the Certificate of Excellence in Financial Reporting and the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Caldwell County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the thirteenth consecutive year that the school system achieved these prestigious awards. In order to be awarded both of these certificates; a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs' requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from both agencies.

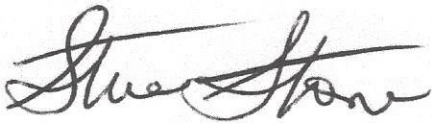


## Acknowledgements

The preparation of this report would not have been possible without the dedication and support of the financial services department. We would like to thank all financial services staff for ensuring that Caldwell County Schools receives a satisfactory audit report. We would also like to thank the Board's independent accounting firm, Boggs, Crump, and Brown, PA, for their assistance.

Additionally, we would like to express our appreciation and thanks to the Board of Education and its Finance Committee for their continuing support and guidance in conducting the financial affairs of the school system.

Respectfully Submitted,

A handwritten signature in black ink that reads "Steve Stone". The signature is written in a cursive style with a large, sweeping initial "S".

Dr. Steve Stone  
Superintendent

A handwritten signature in black ink that reads "David C. Johnson". The signature is written in a cursive style with a large, sweeping initial "D".

David C. Johnson  
Chief Finance Officer



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

## **Caldwell County Schools**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

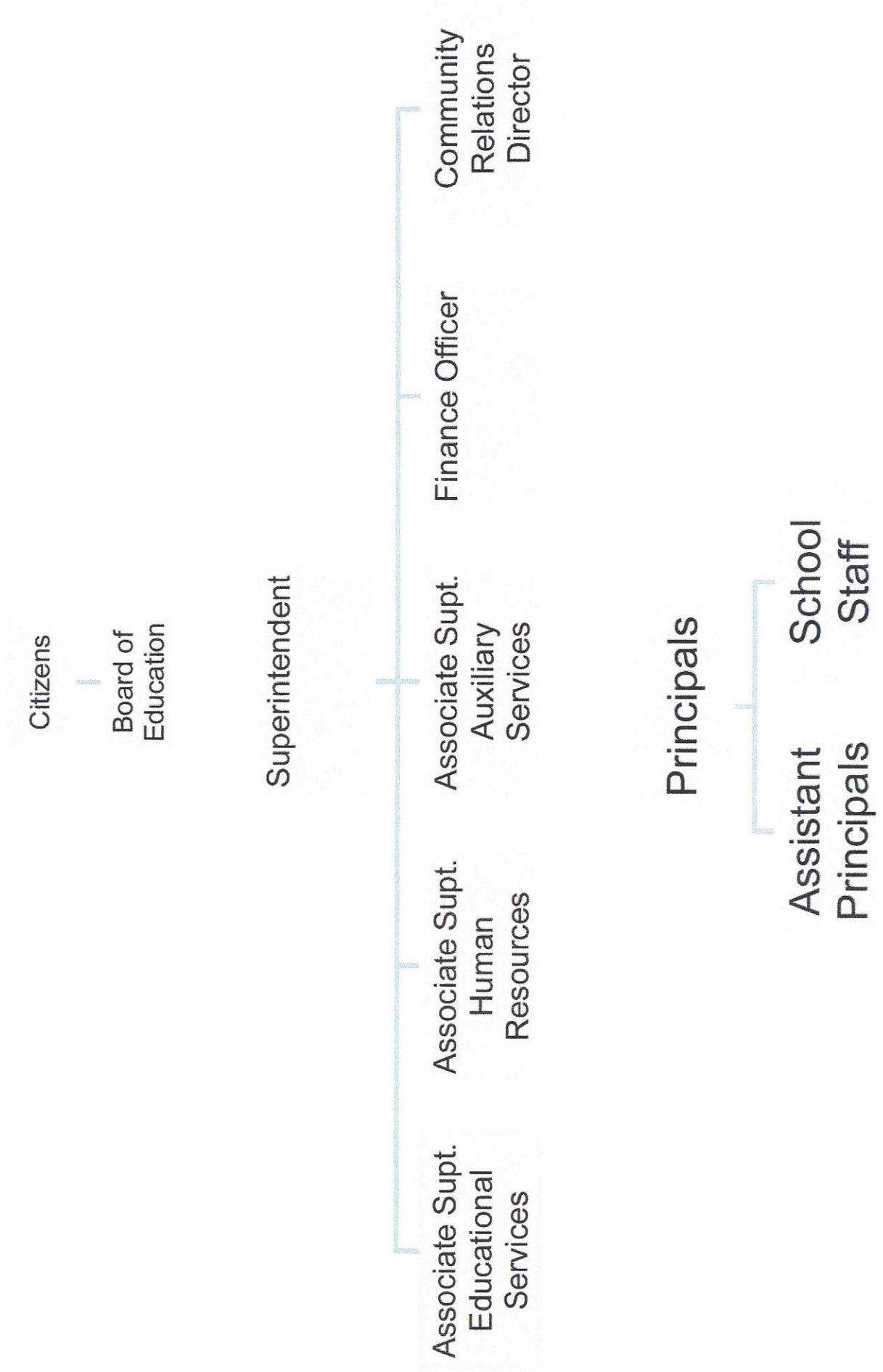
**Caldwell County Schools  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Caldwell County Board of Education Organizational Chart



# **Caldwell County Board Of Education Lenoir, North Carolina**

## **School Board Members**

Mr. Darrell C. Pennell, Chairman  
Mr. C. Duane Knight, Vice Chairman  
Mr. Timothy W. Hawkins  
Ms. Linda H. Coffey  
Mrs. Dorothy A. Darsie  
Mr. Joseph D. Sims  
Mrs. Teresa H. Branch

## **Principal Officers**

Dr. Steve Stone, Superintendent  
Dr. Caryl B. Burns, Associate Superintendent  
Dr. Patricia R. Johnson, Associate Superintendent  
Dr. Jeffrey R. Church, Associate Superintendent  
David C. Johnson, Finance Officer  
Libby Brown, Community Relations Director

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# FINANCIAL SECTION





# Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street  
P.O. Box 2070  
Morganton, NC 28680  
Telephone (828) 437-1361  
Fax (828) 437-6114

## Independent Auditor's Report

To the Board of Education  
Caldwell County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caldwell County Board of Education, North Carolina, as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Caldwell County Board of Education's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund and Federal Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages four through thirteen and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 61 and 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

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

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2016 on our consideration of Caldwell County's Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Caldwell County Board of Education's internal control over financial reporting and compliance.



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

October 25, 2016  
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

This section of the Caldwell County Board of Education's (the Board) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2016. This information should be read in conjunction with the audited financial statements included in this report.

***Financial Highlights***

- The school system experienced a decreased enrollment of 158 students (1.3%) from the previous year.
- The assets of the Board exceeded liabilities at the close of the fiscal year by \$68,516,327.
- The Board's total net position increased by \$3,645,486.
- Unassigned General Fund balance totaled \$6,181,107 at June 30, 2016. Total General Fund balance decreased by (\$1,236,195) during fiscal year 2016.
- At the close of the current fiscal year, the Board's governmental funds reported a combined fund balance of \$16,652,140 a decrease of \$1,753,860 from the prior years.

*Overview of the Financial Statements*

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary statements for governmental funds and for enterprise funds.*

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

The second 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

CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

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 financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

**Government-wide Statements**

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the Board's net position and how it has changed. Net position - the difference between the board's assets and the total of liabilities - 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 property tax base and the condition of its school buildings and other physical assets.

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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 particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

Caldwell County Board of Education has two types of funds:

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

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

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

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

**Financial Analysis of the District as a Whole**

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$68,516,327 as of June 30, 2016. The largest component of net position is net investment in capital assets of \$69,248,195.

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

Following is a summary of the Statement of Net Position:

**Table 1  
Condensed Statement of Net Position  
as of June 30, 2016**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current assets	\$22,105,867	\$23,024,581	\$4,403,607	\$ 3,854,924	\$26,509,474	\$26,879,505
Capital assets	<u>69,501,937</u>	<u>68,281,470</u>	<u>813,241</u>	<u>924,505</u>	<u>70,315,178</u>	<u>69,205,975</u>
Total assets	<u>91,607,804</u>	<u>91,306,051</u>	<u>5,216,848</u>	<u>4,779,429</u>	<u>96,824,652</u>	<u>96,085,480</u>
Deferred outflows of resources	5,672,373	5,685,095	212,440	212,918	5,884,813	5,898,013
Current liabilities	8,337,714	7,295,546	319,609	182,193	8,657,323	7,477,739
Long-term liabilities	<u>19,362,293</u>	<u>8,184,100</u>	<u>635,506</u>	<u>291,924</u>	<u>19,997,799</u>	<u>8,476,024</u>
Total liabilities	<u>27,700,007</u>	<u>15,479,646</u>	<u>955,115</u>	<u>474,117</u>	<u>28,655,122</u>	<u>15,953,763</u>
Deferred inflows of Resources	5,381,597	20,416,226	156,419	742,663	5,538,016	21,158,889
Net Investment in capital assets	68,434,954	67,874,534	813,241	924,505	69,248,195	68,799,039
Restricted:						
Individual schools	1,249,091	1,335,040			1,249,091	1,335,040
Stabilization by State statute	761,920	275,753			761,920	275,753
School Capital Outlay	644,371	3,725,509			644,371	3,725,509
Unrestricted net position	<u>(6,891,763)</u>	<u>(12,115,562)</u>	<u>3,504,513</u>	<u>2,851,062</u>	<u>(3,387,250)</u>	<u>(9,264,500)</u>
Total net position	<u>\$64,198,573</u>	<u>\$61,095,274</u>	<u>\$4,317,754</u>	<u>\$ 3,775,567</u>	<u>\$68,516,327</u>	<u>\$64,870,841</u>

Note that net position increased during the year, indicating an improvement in the financial condition of the Board. The increase in net position 5.62% resulted from pension adjustments required by GASB 68. Also, note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

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

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table 2  
Condensed Statement of Revenues, Expenses,  
and Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary</u>	<u>Government</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 969,250	\$ 862,317	\$3,075,726	\$ 3,051,181	\$ 4,044,976	\$ 3,913,498
Operating grants and contributions	78,557,140	78,411,262	5,518,566	5,126,264	84,075,706	83,537,526
Capital grants and contributions	79,571	14,625			79,571	14,625
General revenue:						
Other revenues	26,514,869	36,004,988	6,532	2,542	26,521,401	36,007,530
<b>Total revenues</b>	<b>106,120,830</b>	<b>115,293,192</b>	<b>8,600,824</b>	<b>8,179,987</b>	<b>114,721,654</b>	<b>123,473,179</b>
Expenses:						
Governmental activities:						
Instructional services	83,683,689	82,753,411			83,683,689	82,753,411
System-wide support services	16,259,733	15,610,054			16,259,733	15,610,054
Ancillary services	30,590	8,240			30,590	8,240
Non-programmed charges	56,796	45,725			56,796	45,725
Unallocated depreciation expense	2,946,843	2,540,169			2,946,843	2,540,169
Business-type activities:						
Food service			6,975,140	6,867,366	6,975,140	6,867,366
Child care			1,123,377	1,107,414	1,123,377	1,107,414
<b>Total expenses</b>	<b>102,977,651</b>	<b>100,957,599</b>	<b>8,098,517</b>	<b>7,974,780</b>	<b>111,076,168</b>	<b>108,932,379</b>
Increase in net position before transfers	3,143,179	14,335,593	502,307	205,207	3,645,486	14,540,800
Transfers in (out)	(39,880)	(64,935)	39,880	64,935		
Increase in net position	3,103,299	14,270,658	542,187	270,142	3,645,486	14,540,800
Net position, beginning	61,095,274	46,824,616	3,775,567	3,505,425	64,870,841	50,330,041
<b>Ending net position</b>	<b>\$64,198,573</b>	<b>\$61,095,274</b>	<b>\$4,317,754</b>	<b>\$ 3,775,567</b>	<b>\$68,516,327</b>	<b>\$64,870,841</b>

Total governmental activities generated revenues of \$106,120,830 while expenses in this category totaled \$102,977,651 for the year ended June 30, 2016. Comparatively, revenues were \$115,293,192 and expenses totaled \$100,957,599 for the year ended June 30, 2015. After transfers to the business-type activities, the increase in net position stands at \$3,103,299 at June 30, 2016 compared to an increase in net position of \$14,270,658 for fiscal year end June 30, 2015. Instructional services expenses comprised



**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

81.3% of total governmental-type expenses while system-wide support services made up 15.8% of those expenses for fiscal year ending June 30, 2016. Instructional services expenses comprised 82% of total governmental-type expenses while system-wide support services made up 15.5% of those expenses for fiscal year June 30, 2015. County funding comprised 17.5% of total government revenue for fiscal year end June 30, 2016 as compared to 24% in fiscal year end June 30, 2015 while unrestricted state funding comprised 5.7% and 5.4% for fiscal years ending June 30, 2016 and June 30, 2015 respectively. Much of the remaining 76.8% of total governmental revenue consists mainly of restricted State and Federal money for the year ending June 30, 2016. This revenue represented 70.6% of total revenue in 2015. Business-type activities generated revenue of \$8,600,824 and had expenses of \$8,098,517 as compared to revenues of \$8,179,987 and expenses of \$7,974,780 for the period ending June 30, 2015. Net position increased in the business-type activities by \$542,187 as compared to an increase of \$270,142 for the period ending June 30, 2015.

**Financial Analysis of the District's Funds**

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

The Board's governmental funds reported a combined fund balance of \$16,652,140 a decrease of (\$1,793,860) from the prior year. The Board's General Fund, Capital Outlay Fund and Individual School Fund all had expenditures that exceeded revenues, thus the total fund balance decreased. The General Fund decrease in fund balance of (\$1,236,195) is primarily due to the General Fund funding cuts in the state budget and additional increases in employer benefit costs.

At the close of the year, state funding was \$75,484,601, compared to \$74,455,863 in 2015, an increase of \$1,028,738 for the year. This was mainly due to increased funding for the N.C. Pre K program and increased funding from the Public School Building Capital Fund to fund capital projects. County funding was \$17,869,940, compared to \$27,958,162 in 2015, a decrease of (\$10,088,222). This decrease is due to County funding for the new middle school in the prior year. Federal Grant funding was \$6,789,305, compared to \$6,984,361 in 2015, a decrease of (\$195,056) for the year.

The Board's business-type funds performed well in the past year with a combined increase in net position of \$542,187 as compared to an increase of \$270,142 for the period ended June 30, 2015. The School Food Service Fund reported an increase in net position of \$378,678 while the Child Care Fund reported an increase in net position of \$163,509 as compared to an increase of net position of \$214,578 and an increase of \$55,564 respectively for fiscal year ended June 30, 2015.

When analyzing the school district's financial reports, it is important to understand what type of costs are reported in each functional category. A brief description of each function category reported on the government-wide statement of activities and the fund statements follows:

CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

*Regular instructional services* - The entire cost of regular classrooms are reported in this category, including teacher and teacher assistant salaries and benefits, instructional supplies, material, books and equipment.

*Special population services* - The cost of additional instructional services for students certified as exceptional children are reported in this category, including teacher and teacher assistant salaries and benefits, contracts with outside providers, instructional supplies, materials, books and equipment.

*Alternative programs and services* - The cost of activities designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these at-risk students are recorded in this category. This includes costs of those individuals responsible for providing school curriculum development and coordination as well as lead teachers for alternative programs and services. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

*School leadership services* - The cost of principals, assistant principals, school treasurers, school clerical support, supplies, materials and equipment are reported in this category.

*Co-curricular services* - The cost of extra-curricular programs, such as athletics, marching band, and after-school clubs, are reported in this category, including extra-duty pay and benefits to/for coaches/sponsors, contracts to lease facilities and equipment and for security and officials, instructional supplies, materials, books and equipment.

*School based support services* - The cost of other direct services to students, such as guidance services, educational media services, student accounting, health, safety and security support services, instructional technology services, and unallocated staff development are reported in this category.

*Support and development services* - Cost of activities to provide program leadership, support, and development services for regular curricular programs of instruction, JROTC, cultural arts, physical education, foreign language and technology curricular support and development services.

*Special population support and development services* - Costs of activities to provide program leadership, support, and development services primarily for identifying and serving students having special physical, emotional, or mental impediments to learning are recorded in this category. Also, included are support and development services for those students needing specialized services such as limited English proficiency and gifted education.

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

*Alternative programs and services support and development* - Costs of activities to provide program leadership, support, and development services for programs designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these at risk students are recorded in this category. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

*Technology support services* - Costs of central activities associated with implementing, supporting and maintaining the computer hardware, software, peripherals, technical infrastructure which provide technology system services to the school system as a whole. Also, included is the development and implementation of technological systems; and technology user support services for the school system.

*Operational support services* - Costs of activities for the operational support of the school system such as printing and copying services, communication services, utility services, transportation of students, facilities, planning and construction, custodial and housekeeping services, maintenance services, and warehouse and delivery services.

*Financial and human resource services* - costs of activities concerned with acquisition, management, reporting and protection of financial resources; and with recruitment, retention, placement, and development of human resources.

*Accountability services* - costs of activities concerned with the development, administration, reporting and analysis of student progress. This area includes the testing and reporting for student accountability and also the planning, research development and program evaluation costs of the school system.

*System-wide pupil support services* - Costs of activities that provide program leadership, support, and development services for system-wide pupil support activities for students in grades K-12. These areas include educational media support, student accounting support, guidance support, health support, safety and security support, and instructional technology support system-wide services.

*Policy, leadership and public relations services* - Costs of activities concerned with the overall general administration of and executive responsibility for the entire school system. These costs include costs of activities of the elected body (Board of Education), legal services, audit services, costs of activities performed by the superintendent, associate superintendents and other system-wide leadership positions generally directing and managing all affairs of the school system.

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to change appropriations in light of the adjusted revenue estimates. Even with the adjustments in revenue, the Board was able to reduce spending and end the year with a smaller than initially anticipated deficit. Adjusted estimates in revenues and corresponding revisions in appropriations totaled an increase of \$1,269,447 in the General Fund.

**Capital Assets**

Capital assets increased by \$1,109,203 (or 1.6%) from the previous year. Depreciation for the total primary government totaled \$3,741,401 while additions from capital expenditures totaled \$4,850,604. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3  
Summary of Capital Assets  
as of June 30, 2016**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 2,950,419	\$ 2,935,919	\$	\$	\$ 2,950,419	\$ 2,935,919
Construction in progress	629,710	14,201,588			629,710	14,201,588
Buildings	61,763,884	48,478,197			61,763,884	48,478,197
Equipment and furniture	1,054,001	570,769	813,241	924,505	1,867,242	1,495,274
Vehicles	<u>3,103,923</u>	<u>2,094,997</u>			<u>3,103,923</u>	<u>2,094,997</u>
Total	<u>\$69,501,937</u>	<u>\$68,281,470</u>	<u>\$813,241</u>	<u>\$924,505</u>	<u>\$70,315,178</u>	<u>\$69,205,975</u>

More detailed information concerning capital assets is available in the notes to the financial statements (Note III.A.4).

**Debt Outstanding**

During the year the Board's outstanding debt increased by \$660,045 due to the use of installment financing to pay for school buses. The Board is limited by North Carolina statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

More detailed information concerning long-term debt activity is available in the notes to the financial statements (Note III.B.8).

**Economic Factors**

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The following factors have an effect on the economic outlook of Caldwell County.

CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016

- Caldwell County's economy has historically been based on the furniture industry, which has seen massive layoffs in recent years due to international competition.
- The County's unemployment rate has decreased by 1.5% from 6.8% in 2015 to 5.3% in 2016. The County's unemployment rate is above the state rate of 4.9%
- Caldwell County Schools is the leading employer in Caldwell County.

**Requests for Information**

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

David Johnson, Finance Officer  
Caldwell County Board of Education  
1914 Hickory Boulevard SW  
Lenoir, North Carolina 28645

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$17,340,468	\$3,836,878	\$21,177,346
Due from other governments	4,128,851	260,209	4,389,060
Receivables (net)	13,089	26,354	39,443
Inventories	623,459	280,166	903,625
Total current assets	<u>22,105,867</u>	<u>4,403,607</u>	<u>26,509,474</u>
Capital assets (Note 1):			
Land and construction in progress	3,580,128		3,580,128
Other capital assets, net of depreciation	65,921,809	813,241	66,735,050
Total capital assets	<u>69,501,937</u>	<u>813,241</u>	<u>70,315,178</u>
Total assets	<u>91,607,804</u>	<u>5,216,848</u>	<u>96,824,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	5,672,373	212,440	5,884,813
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	299,611	67,820	367,431
Accrued salaries and wages payable	3,949,157	53,153	4,002,310
Unearned revenue		67,411	67,411
Liabilities due within one year	4,088,946	131,225	4,220,171
Total current liabilities	<u>8,337,714</u>	<u>319,609</u>	<u>8,657,323</u>
Long-term liabilities:			
Net pension liability	16,816,998	629,835	17,446,833
Due in more than one year	2,545,295	5,671	2,550,966
Total long-term liabilities	<u>19,362,293</u>	<u>635,506</u>	<u>19,997,799</u>
Total liabilities	<u>27,700,007</u>	<u>955,115</u>	<u>28,655,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	5,381,597	156,419	5,538,016
<b>NET POSITION</b>			
Net investment in capital assets	68,434,954	813,241	69,248,195
Restricted for:			
Individual schools	1,249,091		1,249,091
Stabilization by State Statute	761,920		761,920
School Capital Outlay	644,371		644,371
Unrestricted	(6,891,763)	3,504,513	(3,387,250)
Total net position	<u>\$64,198,573</u>	<u>\$4,317,754</u>	<u>\$68,516,327</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
Instructional programs:				
Regular Instructional	\$48,737,842	\$ 18,709	\$ 43,147,248	\$ -
Special Populations	11,414,723		10,744,514	
Alternative Programs	7,631,105	76,642	7,574,594	
School Leadership	6,472,608		4,116,088	
Co-Curricular	3,437,726	864,172	1,945,691	
School-Based Support	5,989,685		4,595,172	
System-wide Support services:				
Support and Development	807,362		270,219	
Special Population Support and Development	554,181		457,084	
Alternative Programs and Services Support and Development	149,473		136,451	
Technology Support	848,115		120,703	
Operational Support	10,741,334	9,727	4,534,451	79,571
Financial and Human Resource Accountability	1,343,297 261,793		90,282	
System-wide Pupil Support	41,367			
Policy, Leadership, and Public Relations	1,512,811		627,802	
Ancillary Services	30,590		9,900	
Non-programmed charges	56,796		186,941	
Unallocated depreciation expense**	2,946,843			
<b>Total governmental activities</b>	<b>102,977,651</b>	<b>969,250</b>	<b>78,557,140</b>	<b>79,571</b>
<b>Business-type activities:</b>				
School food service	6,975,140	1,790,430	5,518,566	
Child care	1,123,377	1,285,296		
<b>Total business-type activities</b>	<b>8,098,517</b>	<b>3,075,726</b>	<b>5,518,566</b>	<b>0</b>
<b>Total primary government</b>	<b>\$111,076,168</b>	<b>\$ 4,044,976</b>	<b>\$ 84,075,706</b>	<b>\$ 79,571</b>

General revenues:

Unrestricted county appropriations - operating  
Unrestricted county appropriations - capital  
Unrestricted state appropriations - operating  
Unrestricted state appropriations - capital  
Investment earnings, unrestricted  
Miscellaneous, unrestricted  
Transfers

Total general revenues and transfers

Change in net position  
Net position, beginning  
Net position - ending

\*\* 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.



Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (5,571,885)	\$ -	\$ (5,571,885)
(670,209)		(670,209)
20,131		20,131
(2,356,520)		(2,356,520)
(627,863)		(627,863)
(1,394,513)		(1,394,513)
(537,143)		(537,143)
(97,097)		(97,097)
(13,022)		(13,022)
(727,412)		(727,412)
(6,117,585)		(6,117,585)
(1,253,015)		(1,253,015)
(261,793)		(261,793)
(41,367)		(41,367)
(885,009)		(885,009)
(20,690)		(20,690)
130,145		130,145
(2,946,843)		(2,946,843)
(23,371,690)		(23,371,690)
	333,856	333,856
	161,919	161,919
	495,775	495,775
(23,371,690)	495,775	(22,875,915)
14,750,000		14,750,000
3,815,152		3,815,152
5,055,774		5,055,774
945,928		945,928
39,433	6,532	45,965
1,908,582		1,908,582
(39,880)	39,880	0
26,474,989	46,412	26,521,401
3,103,299	542,187	3,645,486
61,095,274	3,775,567	64,870,841
\$ 64,198,573	\$ 4,317,754	\$ 68,516,327

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 13,248,722	\$ -	\$1,249,091	\$ 2,842,655	\$ -	\$17,340,468
Due from other governments	130,384	3,119,568		618,447	260,452	4,128,851
Receivables (Net)	13,089					13,089
Inventories	623,459					623,459
<b>Total assets</b>	<u>\$14,015,654</u>	<u>\$3,119,568</u>	<u>\$1,249,091</u>	<u>\$3,461,102</u>	<u>\$260,452</u>	<u>\$22,105,867</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 92,304	\$ -	\$ -	\$ 207,309	\$ -	\$ 299,613
Accrued salaries and benefits payable	569,137	3,119,568			260,452	3,949,157
<b>Total liabilities</b>	<u>661,441</u>	<u>3,119,568</u>	<u>0</u>	<u>207,309</u>	<u>260,452</u>	<u>4,248,770</u>
Deferred inflows of resources	1,204,957					1,204,957
Fund balances:						
Nonspendable:						
Inventories	623,459					623,459
Restricted:						
Stabilization by State Statute	143,473			618,447		761,920
School Capital Outlay				644,371		644,371
Individual Schools			1,249,091			1,249,091
Assigned:						
Subsequent years expenditure	5,201,217			1,990,975		7,192,192
Unassigned	6,181,107					6,181,107
<b>Total fund balances</b>	<u>12,149,256</u>	<u>0</u>	<u>1,249,091</u>	<u>3,253,793</u>	<u>0</u>	<u>16,652,140</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$14,015,654</u>	<u>\$3,119,568</u>	<u>\$1,249,091</u>	<u>\$3,461,102</u>	<u>\$260,452</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,501,937
Deferred outflows of resources related to pensions	5,672,373
Some liabilities, including bonds payable and accrued vacation pay, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(6,634,241)
Net pension liability	(16,816,998)
Deferred inflows of resources related to pensions	(4,176,638)

Net position of government activities \$64,198,573

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>REVENUES</b>						
State of North Carolina	\$ 845,635	\$ 73,011,164	\$ -	\$ 1,627,802	\$ -	\$ 75,484,601
Caldwell County	14,822,012			3,047,928		17,869,940
U.S. Government	110,228				6,679,077	6,789,305
Contributions and donations	1,021,119		1,945,691	0		2,966,810
Other	2,225,862		883,374	53,117		3,162,353
<b>Total revenues</b>	<b>19,024,856</b>	<b>73,011,164</b>	<b>2,829,065</b>	<b>4,728,847</b>	<b>6,679,077</b>	<b>106,273,009</b>
<b>EXPENDITURES</b>						
Current:						
Instructional services:						
Regular Instructional	4,435,214	46,206,767			610,838	51,252,819
Special Populations	1,185,926	8,197,538			2,592,420	11,975,884
Alternative Programs	2,165,617	2,882,666			2,895,069	7,943,352
School Leadership	1,777,167	4,645,129			0	6,422,296
Co-Curricular	537,324	0	2,915,014		0	3,452,338
School-Based Support	1,025,182	5,086,672			153,162	6,265,016
System-wide support services:						
Support and Development	581,612	177,297			88,969	847,878
Special Population Support and Development	99,240	457,084			0	556,324
Alternative Programs & Services Support and Development	16,614	32,844			103,607	153,065
Technology Support	757,769	120,703			0	878,472
Operational Support	5,077,208	4,521,988			13,080	9,612,276
Financial and Human Resource	1,277,174	88,671			1,611	1,367,456
Accountability	271,018	0			0	271,018
System-wide Pupil Support Policy, Leadership, and Public Relations	927,817	553,925			73,877	1,555,619
Ancillary services	34,185					34,185
Non-programmed charges	63,829	0			146,444	210,273
Debt service:						
Principal				681,874		681,874
Capital outlay:						
Real property and buildings				3,554,603		3,554,603
System-wide support services				1,719,578		1,719,578
Instructional services				586,427		586,427
<b>Total expenditures</b>	<b>20,276,695</b>	<b>72,971,284</b>	<b>2,915,014</b>	<b>6,542,482</b>	<b>6,679,077</b>	<b>109,384,552</b>
Excess (deficiency) of revenues over expenditures	(1,251,839)	39,880	(85,949)	(1,813,635)	0	(3,111,543)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (to) from other funds	0	(39,880)		0		(39,880)
Installment purchase obligations issued				1,341,919		1,341,919
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(39,880)</b>		<b>1,341,919</b>	<b>0</b>	<b>1,302,039</b>
<b>Net change in fund balances</b>	<b>(1,251,839)</b>	<b>0</b>	<b>(85,949)</b>	<b>(471,716)</b>		<b>(1,809,504)</b>
Fund balances- beginning	13,385,451		1,335,040	3,725,509		18,446,000
Increase in reserve for inventories	15,644					15,644
<b>Fund balances - ending</b>	<b>\$12,149,256</b>	<b>\$ -</b>	<b>\$1,249,091</b>	<b>\$3,253,793</b>	<b>\$ -</b>	<b>\$ 16,652,140</b>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

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

Net changes in fund balances - total governmental funds	\$ (1,809,504)
Change in fund balance due to change in reserve for inventory	15,644
<p>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</p>	
	1,220,466
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>	
	5,672,373
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:</p>	
New debt issued	(1,341,919)
Repayment of long-term debt	681,872
<p>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:</p>	
Pension expense	(1,493,366)
Compensated absences	157,733
Total changes in net position of governmental activities	<u><u>\$ 3,103,299</u></u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 439,890	\$ 804,136	\$ 845,635	\$ 41,499
Caldwell County	14,832,000	14,832,000	14,822,012	(9,988)
U.S. Government	162,120	162,120	110,228	(51,892)
Contributions and donations	455,158	1,067,372	1,021,119	(46,253)
Other	1,331,796	1,624,783	2,225,862	601,079
<b>Total Revenues</b>	<b>17,220,964</b>	<b>18,490,411</b>	<b>19,024,856</b>	<b>534,445</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instructional services:</b>				
Regular Instructional	6,495,936	5,850,438	4,435,214	1,415,224
Special Populations	225,948	1,186,508	1,185,926	582
Alternative Programs	1,327,471	2,582,391	2,165,617	416,774
School Leadership	2,939,753	2,940,253	1,777,167	1,163,086
Co-Curricular	536,057	537,327	537,324	3
School-Based Support	1,057,740	1,101,278	1,025,182	76,096
<b>System-wide Support services:</b>				
Support and Development	494,875	581,693	581,612	81
Special Population Support and Development	143,255	143,255	99,240	44,015
Alternative Programs and Services Support and Development	21,188	21,188	16,614	4,574
Technology Support	763,964	763,964	757,769	6,195
Operational Support	5,094,338	5,098,685	5,077,208	21,477
Financial and Human Resource Accountability	1,459,167	1,426,867	1,277,174	149,693
System-wide Pupil Support	270,327	271,027	271,018	9
Policy, Leadership, and Public Relations	43,322	43,822	43,799	23
Ancillary Services	1,054,823	1,054,823	927,817	127,006
Nutrition Services	12,500	43,400	34,185	9,215
Non-programmed charges	50,000	64,000	63,829	171
<b>Total expenditures</b>	<b>21,990,664</b>	<b>23,710,919</b>	<b>20,276,695</b>	<b>3,434,224</b>
Revenues over (under) expenditures	(4,769,700)	(5,220,508)	(1,251,839)	3,968,669
<b>Other financing sources (uses):</b>				
Transfer to other funds	(80,000)	(68,000)	0	68,000
<b>Total other financing sources (uses)</b>	<b>(80,000)</b>	<b>(68,000)</b>	<b>0</b>	<b>68,000</b>
Revenues and other sources and other uses	(4,849,700)	(5,288,508)	(1,251,839)	4,036,669
Fund balances, beginning of year	4,849,700	5,288,508	13,385,451	8,096,943
Increase in reserve for inventories			15,644	15,644
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$12,149,256</b>	<b>\$ 12,149,256</b>

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

State Public School Fund				Federal Grant Fund			
Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$70,443,272	\$74,574,675	\$73,011,164	(\$1,563,511)	\$ -	\$ -	\$ -	\$ -
				6,952,082	7,359,099	\$6,679,077	(680,022)
<u>70,443,272</u>	<u>74,574,675</u>	<u>73,011,164</u>	<u>(1,563,511)</u>	<u>6,952,082</u>	<u>7,359,099</u>	<u>6,679,077</u>	<u>(680,022)</u>
47,330,802	47,385,074	46,206,767	1,178,307	505,700	612,700	610,838	1,862
6,970,160	8,197,563	8,197,538	25	2,461,207	2,645,881	2,592,420	53,461
5,959,272	3,236,947	2,882,666	354,281	3,235,874	3,348,415	2,895,069	453,346
3,604,267	4,645,129	4,645,129	0				0
			0				
1,463,806	5,086,674	5,086,672	2	173,384	171,946	153,162	18,784
113,064	190,244	177,297	12,947	184,397	184,397	88,969	95,428
236,293	457,084	457,084	0				0
32,404	32,854	32,844	10	113,793	111,779	103,607	8,172
	120,726	120,703	23				0
4,077,967	4,531,423	4,521,988	9,435	16,000	13,080	13,080	0
78,725	88,675	88,671	4	5,960	5,023	1,611	3,412
	0	0	0				0
528,262	554,032	553,925	107	88,726	88,543	73,877	14,666
	0	0	0	167,041	177,335	146,444	30,891
<u>70,395,022</u>	<u>74,526,425</u>	<u>72,971,284</u>	<u>1,555,141</u>	<u>6,952,082</u>	<u>7,359,099</u>	<u>6,679,077</u>	<u>680,022</u>
48,250	48,250	39,880	(8,370)	0	0	0	0
(48,250)	(48,250)	(39,880)	8,370				0
(48,250)	(48,250)	(39,880)	8,370	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$3,051,428	\$ 785,450	\$3,836,878
Receivable	26,354		26,354
Due from other governments	228,921	31,288	260,209
Inventories	280,166		280,166
Total current assets	<u>3,586,869</u>	<u>816,738</u>	<u>4,403,607</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	813,241		813,241
Total noncurrent assets	<u>813,241</u>		<u>813,241</u>
Total assets	<u>\$4,400,110</u>	<u>\$ 816,738</u>	<u>\$5,216,848</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	169,251	43,189	212,440
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 58,574	\$ 9,246	\$ 67,820
Accrued salaries and wages payable	32,534	20,619	53,153
Unearned revenue	52,130	15,281	67,411
Compensated absences	92,067	39,158	131,225
Total current liabilities	<u>235,305</u>	<u>84,304</u>	<u>319,609</u>
Noncurrent liabilities:			
Net pension liability	501,790	128,045	629,835
Compensated absences		5,671	5,671
Total noncurrent liabilities	<u>501,790</u>	<u>133,716</u>	<u>635,506</u>
Total liabilities	<u>737,095</u>	<u>218,020</u>	<u>955,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	124,619	31,800	156,419
<b>NET POSITION</b>			
Net investment in capital assets	813,241		813,241
Unrestricted	2,894,406	610,107	3,504,513
Total net position	<u>\$3,707,647</u>	<u>\$ 610,107</u>	<u>\$4,317,754</u>

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



CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
<b>OPERATING REVENUES</b>			
Food sales	\$1,790,430	\$ -	\$1,790,430
Child care fees		1,285,296	1,285,296
Total operating revenues	<u>1,790,430</u>	<u>1,285,296</u>	<u>3,075,726</u>
<b>OPERATING EXPENSES</b>			
Food cost:			
Purchase of food	2,232,097	47,837	2,279,934
Donated commodities	445,505		445,505
Salaries and benefits	3,302,724	994,542	4,297,266
Indirect costs	387,019		387,019
Materials and supplies	320,698	29,012	349,710
Repairs and maintenance	64,644		64,644
Depreciation	141,410		141,410
Non Capitalized Equipment	65,830	4,296	70,126
Purchased services	15,213	47,690	62,903
Total operating expenses	<u>6,975,140</u>	<u>1,123,377</u>	<u>8,098,517</u>
Operating Income (loss)	<u>(5,184,710)</u>	<u>161,919</u>	<u>(5,022,791)</u>
<b>NONOPERATING REVENUES</b>			
Federal reimbursements	4,668,628		4,668,628
Federal commodities	443,475		443,475
Federal commodities-summer feeding	2,030		2,030
State reimbursements	17,414		17,414
Interest earned	4,942	1,590	6,532
Indirect costs not paid	387,019		387,019
Total nonoperating revenue	<u>5,523,508</u>	<u>1,590</u>	<u>5,525,098</u>
Income (loss) before transfers	338,798	163,509	502,307
Transfers from other funds	39,880		39,880
Change in net position	378,678	163,509	542,187
Total net position, beginning	<u>3,328,969</u>	<u>446,598</u>	<u>3,775,567</u>
Total net position, ending	<u>\$3,707,647</u>	<u>\$ 610,107</u>	<u>\$4,317,754</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,775,532	\$ 1,273,306	\$ 3,048,838
Cash paid for goods and services	(2,584,112)	(136,730)	(2,720,842)
Cash paid for employees services and benefits	(3,401,802)	(1,009,870)	(4,411,672)
Net cash provided (used) by operating activities	(4,210,382)	126,706	(4,083,676)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State reimbursements	4,686,042		4,686,042
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(30,146)		(30,146)
Net cash (used) by capital and related financing activities	(30,146)		(30,146)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	4,942	1,590	6,532
Net increase in cash and cash equivalents	450,456	128,296	578,752
Balances - beginning of year	2,600,972	657,154	3,258,126
Balances - end of year	\$ 3,051,428	\$ 785,450	\$ 3,836,878
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (5,184,710)	\$ 161,919	\$ (5,022,791)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	141,410		141,410
Donated commodities consumed	445,505		445,505
Salaries paid by special revenue fund	39,880		39,880
Indirect costs not paid	387,019		387,019
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in due from other governments	(15,026)	(14,394)	(29,420)
Decrease (increase) in accounts receivable	(5,186)		(5,186)
Decrease (increase) in inventory	64,675		64,675
Increase in pension liability	341,986	87,267	429,253
Decrease in deferred outflows	381	98	479
(Decrease) in deferred inflows	(467,061)	(119,183)	(586,244)
Increase (decrease) in accounts payable and accrued liabilities	46,901	12,070	58,971
Increase (decrease) in accrued annual leave	(11,470)	(3,475)	(14,945)
Increase (decrease) in unearned revenues	5,314	2,404	7,718
Total adjustments	974,328	(35,213)	939,115
Net cash provided (uses) by operating activities	\$ (4,210,382)	\$ 126,706	\$ (4,083,676)

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

The State Public School Fund paid salaries and benefits of \$39,880 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 7.

Indirect costs of \$387,019 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$445,505 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$445,505 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities 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. Interfund fund services provided and used are not eliminated in the process of consolidation. 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.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

B. Basis of Presentation - (Cont'd)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

The Board reports the following major governmental funds:

*General Fund.* The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426]. The General Fund consists of the Local Current Expense Fund (Fund 2) and Fund 8 (Other Special Revenue Fund) which is maintained separate from Fund 2 by the Board of Education pursuant to N.C. G.S. 115C-426.

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

*Federal Grants Fund.* The Federal Grants Fund includes appropriations from the federal government, generally the U.S. Department of Education, which are passed-thru the North Carolina Department of Public Instruction for the current operating expenditures of the public school system.

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

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

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.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

C. Measurement Focus and Basis of Accounting

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

*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.

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

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

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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I. Summary of Significant Accounting Policies - (Cont'd)

D. Budgetary Data - (Cont'd)

level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys between functions within the purpose level. Amendments are required for any revisions that alter total expenditures of any fund or that change purpose level appropriations. All amendments must be approved by the governing board. Amendments which alter the county appropriations or transfer monies to or from Capital Projects Fund also require the approval of the Caldwell County Board of Commissioners.

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. The primary revenue sources of the Board are the State of North Carolina, the Federal government and Caldwell County appropriations. Unexpended allocations from the State of North Carolina revert back to the State at the end of the fiscal year.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. 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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

1. Deposits and Investments - (Cont'd)

authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits 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. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.



CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

4. Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1982 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

Caldwell 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.

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

	<u>Years</u>
Buildings	50
Building Improvements	20
Equipment and furniture	10
Vehicles	8
Computer equipment	3

Land and construction in progress are not depreciated.

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as "unallocated depreciation" on the statement of activities.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and 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 several items that meet this criterion - unearned grant revenue in the General Fund and 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. In addition to the maximum 30 days, noncertified support personnel were awarded an additional 10 days in fiscal years ended June 30, 2003 and June 30, 2004 and an additional 5 days in fiscal year ended June 30, 2006 for a possible accumulation of 55 days as of June 30, 2016. 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, 2016 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.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

8. Net Position/Fund Balance

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [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]

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

8. Net Position/Fund Balance - (Cont'd)

Fund Balance - (Cont'd)

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.

Committed fund balance - portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Caldwell County Board Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance - portion of fund balance that Caldwell County Board of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify appropriations between functions, sub-functions and objects of expenditure within a purpose within a fund.

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

Caldwell County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

8. Net Position/Fund Balance - (Cont'd)

Fund Balance - (Cont'd)

firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

1. 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 \$47,546,433 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$128,010,711
Less Accumulated Depreciation	(58,508,774)
Net capital assets	69,501,937
Pension related deferred outflows of resources	
Contributions made to the pension plan in current fiscal year	5,672,373

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

9. Reconciliation of Government-wide and Fund Financial Statements - (Cont'd)

Description	Amount
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:	
Net pension liability	\$(16,816,998)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(1,912,096)
Difference between projected and actual earnings on plan investments	(1,821,980)
Differences between contributions and proportional share of contributions and changes in proportion	(442,562)
Installment financing	(1,066,981)
Compensated absences	<u>(5,567,260)</u>
Total adjustment	<u>\$ 47,546,433</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,912,803 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,820,457

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

9. Reconciliation of Government-wide and Fund Financial Statements - (Cont'd)

Description	Amount
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.	\$(3,599,991)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(1,341,919)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	681,875
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	5,672,373
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	(1,493,369)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	157,733
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	15,644
Total adjustment	\$ 4,912,803

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity - (Cont'd)

10. Defined Benefit Pension Plans

For purposes of measuring the net pension asset, 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) and additions to/deductions from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS.

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. Investments are reported at fair value.

II. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2016, the Board reported expenditures within the Capital Outlay Fund that violated State law (G.S. 115C-441) because they exceeded the amounts appropriated in the budget ordinance by \$6,129. Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital Outlay Fund:			
System-wide Support			
Services	\$1,713,449	\$1,719,578	\$ (6,129)

Corrective Action Plan: Budget versus actual expenditures for system-wide support services will be closely monitored.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits



CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

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, 2016 the Board had deposits with banks and savings and loans with a carrying amount of \$12,927,346 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$13,132,928 and \$958,869, respectively. Of these balances, \$501,355 was covered by federal depository insurance and \$13,590,442 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2016, the Board of Education had \$8,250,000 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standards and Poor's. The Board has no policy for managing interest rate risk or credit risk.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2016, were as follows:

	Due from other governments	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 130,384	\$ 13,089	\$ 143,473
Other governmental activities	<u>3,998,467</u>		<u>3,998,467</u>
Total	<u>\$ 4,128,851</u>	<u>\$ 13,089</u>	<u>\$ 4,141,940</u>
Business-type activities:			
School Food Service	\$ 228,921	\$ 26,354	\$ 255,275
Child Care	<u>31,288</u>		<u>31,288</u>
Total	<u>\$ 260,209</u>	<u>\$ 26,354</u>	<u>\$ 286,563</u>

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$ 16,974	County - Fines & Forfeitures	
	35,709	State - Smart Start	
	49,737	State - Medicaid	
	27,964	Federal - JROTC	
State Public School Fund	3,119,568	Operating funds from DPI	
Capital Outlay Fund		State - Public School Building Capital Fund	
	618,447	Federal grant funds	
Federal Grants Fund	<u>260,452</u>		
Total	<u>\$ 4,128,851</u>		
Business Activities			
School Food Service	\$ 228,921	Federal funds	
Child Care	<u>31,288</u>	County - DSS	
Total	<u>\$ 260,209</u>		

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,935,919	\$	\$ 14,500	\$	\$ 2,950,419
Construction in progress	<u>14,201,588</u>	<u>(14,201,588)</u>	<u>629,710</u>	<u></u>	<u>629,710</u>
Total capital assets not being depreciated	<u>17,137,507</u>	<u>\$(14,201,588)</u>	<u>\$ 644,210</u>	<u>\$</u>	<u>3,580,129</u>
Capital assets being depreciated:					
Buildings and improvements	92,586,621	\$ 13,843,956	\$ 2,206,687	\$	108,637,264
Equipment and furniture	3,276,891	357,632	307,487		3,942,010
Vehicles	<u>10,976,698</u>	<u></u>	<u>1,662,074</u>	<u>(787,464)</u>	<u>11,851,308</u>
Total capital assets being depreciated	<u>106,840,210</u>	<u>\$ 14,201,588</u>	<u>\$ 4,176,248</u>	<u>\$(787,464)</u>	<u>124,430,582</u>
Less accumulated depreciation for:					
Buildings and Improvements	44,108,424	\$	\$ 2,764,956	\$	46,873,380
Equipment and furniture	2,706,122		181,887		2,888,009
Vehicles	<u>8,881,701</u>	<u></u>	<u>653,148</u>	<u>(787,464)</u>	<u>8,747,385</u>
Total accumulated depreciation	<u>55,696,247</u>	<u>\$</u>	<u>\$ 3,599,991</u>	<u>\$(787,464)</u>	<u>58,508,774</u>
Total capital assets being depreciated, net	<u>51,143,963</u>				<u>65,921,808</u>
Governmental activity capital assets, net	<u>\$68,281,470</u>				<u>\$ 69,501,937</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated				
Furniture and office equipment	\$ 3,062,752	\$ 30,146	\$ _____	\$ 3,092,898
Total capital assets being depreciated	<u>3,062,752</u>	<u>\$ 30,146</u>	<u>\$ _____</u>	<u>3,092,898</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>2,138,247</u>	<u>\$ 141,410</u>	<u>\$ _____</u>	<u>2,279,657</u>
Total accumulated depreciation	<u>2,138,247</u>	<u>\$ 141,410</u>	<u>\$ _____</u>	<u>2,279,657</u>
School Food Service capital assets, net	<u>924,505</u>			<u>813,241</u>
Business-type activities capital assets, net	<u>\$ 924,505</u>			<u>\$ 813,241</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,946,843
Operational support services	<u>653,148</u>
Total	<u>\$3,599,991</u>

Construction commitments

Caldwell County and Caldwell County Board of Education have active renovation projects as of June 30, 2016. At year end, commitments with contractors for school renovations are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
West Lenoir Elementary Roofing	\$ 76,800
Collettsville Elementary Roofing	86,600
South Caldwell High - Track	6,000
Hibriten High - HVAC and Lighting Project	<u>196,173</u>
	<u>\$365,573</u>

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)
- a. Teachers' and State Employees' Retirement System - (Cont'd)

service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contribution. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2016, was 9.15% of covered payroll, actuarially determined as an

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

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 \$5,884,813 for the year ended June 30, 2016.

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

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

At June 30, 2016, the Board reported a liability of \$17,446,833 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015 and at June 30, 2014, the Board's proportion was .47391% and .48170% respectively.

For the year ended June 30, 2016, the Board recognized pension expense of \$1,549,299. At June 30, 2016, the Board reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$	\$ 1,983,705
Net difference between projected and actual earnings on pension plan investments		1,890,217
Changes in proportion and differences between Board contributors and proportionate share of contributions		459,137
Board contributions subsequent to the measurement date	<u>5,884,813</u>	
	<u>\$ 5,884,813</u>	<u>\$ 4,333,059</u>

\$5,884,813 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (2,429,130)
2018	(2,429,130)
2019	(2,329,469)
2020	2,854,670

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

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, 2014 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%	2.2%
Global Equity	42.0%	5.1%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Projection	<u>6.0%</u>	3.4%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

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 County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 52,510,152	\$ 17,446,833	\$(12,308,437)

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

b. Other Post-employment Benefits

1. Healthcare Benefits

*Plan Description.* The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

1. Healthcare Benefits - (Cont'd)

and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

*Funding Policy.* The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees 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 and after October 1, 2006

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

1. Healthcare Benefits - (Cont'd)

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 total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2016, 2015, and 2014, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,601,635, \$3,538,808, and \$3,340,161, respectively. These contributions represented 5.6%, 5.49%, and 5.4% of covered payroll, respectively.

2. Long-term 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. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit 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. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

*Funding Policy.* An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, 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 the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1)

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. 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 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. For the fiscal years ended June 30, 2016, 2015, and 2014, the Board paid all annual required contributions to the DIPNC for disability benefits of \$263,691, \$264,283, and \$272,161, respectively. These contributions represented .41%, .41%, and .44% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2016, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 92,304	\$ 569,137	\$ 661,441
Other Governmental	<u>207,307</u>	<u>3,380,020</u>	<u>3,587,329</u>
Total governmental activities	<u>\$ 299,611</u>	<u>\$3,949,157</u>	<u>\$4,248,768</u>



CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

2. Accounts Payable - (Cont'd)

Business-type Activities:

School Food Service	\$ 58,574	\$ 32,534	\$ 91,108
Other Business-type	<u>9,246</u>	<u>20,619</u>	<u>29,865</u>
Total business-type activities	<u>\$ 67,820</u>	<u>\$ 53,153</u>	<u>\$ 120,973</u>

3. Deferred Inflows of Resources

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

	Deferred Inflows Of Resources
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 459,137
Difference between projected and actual earnings on plan investments	1,890,217
Difference between expected and actual experience	1,983,705
Grants not yet earned (General Fund)	<u>1,204,957</u>
	<u>\$ 5,538,016</u>

4. Unearned Revenues

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

	Unearned Revenue
Pre-payments (Child Care Fund)	\$ 15,281
Pre-payments (School Food Service Fund)	<u>52,130</u>
Total	<u>\$ 67,411</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

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 maintains general liability and errors and omissions coverage of \$1 million per claim. The Board has an annual aggregate limit for general liability of \$2,000,000 and an annual aggregate limit of \$2,000,000 for errors and omissions claims. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction. The Board also has a flood insurance policy for Collettsville Elementary School which is considered a flood risk. Coverage limits are \$500,000 for the building and \$255,300 for contents with a \$5,000 deductible for each. Flood insurance is not carried at other school locations because these locations are not considered to be a flood risk.

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 up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

5. Risk Management - (Cont'd)

In accordance with G. S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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. Operating Lease

The Board has entered into a lease for a facility with a lease term beginning April 1, 2012 and ending March 31, 2020. The Board may terminate this lease by providing at least 180 days advance written notice to lessor. This lease was amended in fiscal year 2015 to lease additional space and increase the monthly lease from \$3,290 to \$4,540.

The Board has entered into a lease agreement for Global Positioning Units (GPS) and related hardware, for the licensing of software related to this equipment, and for the provision of services related to this equipment. The lease term is sixty months with no payments due the first six months and a payment of \$4,824 each month for the final fifty four months.

Total operating lease expense under these leases totaled \$112,368 for fiscal year ended June 30, 2016.

Future minimum lease payments for these leases as of June 30, 2016 are as follows:

June 30, 2017	\$112,368
June 30, 2018	112,368
June 30, 2019	112,368
June 30, 2020	71,508

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III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

7. Contingent Liabilities

At June 30, 2016, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

8. Long-Term Obligations

a. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price. In 2014, the Board entered into an installment purchase contract to finance the purchase of ten school buses. During fiscal year ending June 30, 2016, the Board entered into two installment purchase contracts to finance the purchase of a total of sixteen school buses. These financing contracts require principal only payments of \$538,946 due at the beginning of the contract year.

The future minimum payments of the installment purchases as of June 30, 2016 including \$0 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 538,946	\$
2018	335,480	
2019	<u>192,535</u>	
Principal payments	<u>\$ 1,066,981</u>	
Total interest payments		<u>\$ - 0 -</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

8. Long-Term Obligations - (Cont'd)

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, 2016:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 406,936	\$ 1,341,919	\$ 681,874	\$ 1,066,981	\$ 538,946
Net pension liability	5,355,637	11,461,361		16,816,998	
Compensated absences	<u>5,724,993</u>	<u>3,393,238</u>	<u>3,550,971</u>	<u>5,567,260</u>	<u>3,550,000</u>
Total	<u>\$11,487,566</u>	<u>\$16,196,518</u>	<u>\$ 4,232,845</u>	<u>\$23,451,239</u>	<u>\$4,088,946</u>
Business-type activities:					
Compensated absences	\$ 151,840	\$ 180,212	\$ 195,156	\$ 136,896	\$ 131,225
Net pension liability	<u>200,583</u>	<u>429,252</u>		<u>629,835</u>	
Total	<u>\$ 352,423</u>	<u>\$ 609,464</u>	<u>\$ 195,156</u>	<u>\$ 766,731</u>	<u>\$ 131,225</u>

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

C. Interfund Balances and Activity

*Transfers to/from other funds*

Transfers to/from other funds at June 30, 2016, consist of the following:

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 39,880</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

III. Detail Notes on All Funds - (Cont'd)

D. Fund Balance

The Board of Education has a revenue spending policy that provides policy programs with multiple revenue sources. The Finance Officer will use resources firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to 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.

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

Total fund balance - General Fund	\$12,149,256
Less:	
Inventories	(623,459)
Stabilization by State Statute	(143,473)
Appropriated Fund Balance in 2016 budget	<u>(5,201,217)</u>
Remaining Fund Balance	<u>\$ 6,181,107</u>

IV. 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.

V. Subsequent Events

Management has evaluated subsequent events through October 25, 2016, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

### **Required Supplemental Financial Data**

- Schedule of Proportionate Share of Net Pension Liability for Teachers' and State Employee Retirement System
- Schedule of Contributions to Teachers' and State Employee Retirement System

Caldwell County Board of Education, NC  
Schedules of Required Supplementary Information  
Schedule of the Board's Proportionate Share of the Net Pension Liability  
Teachers' and State Employees' Retirement System  
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.47343%	0.47391%	0.48170%
Board's proportionate share of the net pension liability (asset)	\$ 17,446,833	\$ 5,556,221	\$ 29,244,099
Board's covered-employee payroll	64,459,153	61,854,835	62,183,677
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.07%	8.98%	47.03%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

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



Caldwell County Board of Education, NC  
 Schedule of Board Contributions  
 Teachers' and State Employees' Retirement System  
 Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,884,814	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contribution	<u>5,884,814</u>	<u>5,898,013</u>	<u>5,360,639</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 64,314,908	\$ 64,459,153	\$ 61,854,835
Contributions as a percentage of covered-employee payroll	9.15%	9.15%	8.67%

CALDWELL COUNTY BOARD OF EDUCATION  
GENERAL FUND  
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

<u>REVENUES</u>	Local Current Expenses			2015 Actual
	Budget	2016 Actual	Variances	
State of North Carolina:				
Smart Start		56,156	56,156	
NC Pre K	804,136	789,479	(14,657)	455,588
Total State of North Carolina	804,136	845,635	41,499	455,588
Caldwell County:				
Appropriation	14,750,000	14,750,000	0	14,700,000
Forest Service	82,000	72,012	(9,988)	78,726
Total Caldwell County	14,832,000	14,822,012	(9,988)	14,778,726
United States Government:				
ROTC	162,120	110,228	(51,892)	135,622
Elementary & Secondary School Counseling			0	36,824
Total U.S. Government	162,120	110,228	(51,892)	172,446
Other:				
ABC Revenues	20,000	37,532	17,532	25,365
Sales Taxes	10,766	85,350	74,584	95,399
Tuition and Fees	219,048	95,351	(123,697)	61,196
Fines and Forfeitures	250,000	237,152	(12,848)	268,423
Rental of School Property	8,000	9,727	1,727	11,086
Interest Earned on Investments	6,000	14,432	8,432	4,967
Miscellaneous & School Reimbursements	772,469	657,885	(114,584)	439,982
Indirect Cost Allocations	100,000	152,179	52,179	142,767
Private Grants and Donations	1,067,372	1,021,119	(46,253)	993,743
Medicaid Reimbursement	235,000	904,001	669,001	892,937
Insurance Settlements	3,500	32,253	28,753	4,623
Total Other	2,692,155	3,246,981	554,826	2,940,488
Fund Balance Appropriated	5,288,508		(5,288,508)	
Total Revenue	23,778,919	19,024,856	(4,754,063)	18,347,248
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,882,216		2,668,029
Employee Benefits		904,278		843,097
Purchased Services		398,453		191,377
Supplies and Materials		250,267		288,487
Total Regular Instructional Services	5,850,438	4,435,214	1,415,224	3,990,990

EXPENDITURES	Local Current Expenses			2015 Actual
	Budget	2016 Actual	Variances	
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$	\$ 1,049,359	\$	\$ 345,581
Employee Benefits		119,118		85,412
Purchased Services		7,852		3,455
Supplies and Materials		9,597		7,585
Total Special Population Services	1,186,508	1,185,926	582	442,033
Alternative Programs and Services:				
Salaries		1,042,547		848,474
Employee Benefits		378,805		311,559
Purchased Services		347,365		2,075
Supplies and Materials		396,900		169,970
Total Alternative Programs and Services	2,582,391	2,165,617	416,774	1,332,078
School Leadership Services:				
Salaries		1,275,165		1,740,562
Employee Benefits		420,223		610,118
Purchased Services		36,481		42,171
Supplies and Materials		45,298		37,863
Total School Leadership Services	2,940,253	1,777,167	1,163,086	2,430,714
Co-Curricular Services:				
Salaries		349,438		315,999
Employee Benefits		71,684		64,556
Purchased Services		116,202		105,019
Capital Outlay				6,850
Total Co-Curricular Services	537,327	537,324	3	492,424
School-Based Support Services:				
Salaries		539,672		544,461
Employee Benefits		188,319		192,001
Purchased Services		289,086		203,712
Supplies and Materials		8,105		2,525
Total School-Based Support Services	1,101,278	1,025,182	76,096	942,699
Total Instructional Services	14,198,195	11,126,430	3,071,765	9,630,938
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		432,359		356,182
Employee Benefits		129,788		105,889
Purchased Services		13,888		13,178
Supplies and Materials		5,577		6,941
Total Support and Development Services	581,693	581,612	81	482,190
Special Population Support and Development Services:				
Salaries		35,443		45,311
Employee Benefits		12,002		15,297
Purchased Services		51,795		51,321
Total Special Population Support And Development Services	143,255	99,240	44,015	111,929
Alternative Programs and Services:				
Salaries		6,751		6,667
Employee Benefits		1,493		1,457
Purchased Services		8,217		11,585
Supplies and Materials		153		1,401
Total Alternative Programs and Services	21,188	16,614	4,574	21,110

## Local Current Expenses

EXPENDITURES - (Cont'd):	2016			2015
	Budget	Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	\$ 443,826	\$	\$ 441,157
Employee Benefits		158,279		157,795
Purchased Services		46,494		40,780
Supplies and Materials		109,170		92,377
Total Technology Support Services	763,964	757,769	6,195	732,109
Operational Support Services:				
Salaries		1,041,080		983,696
Employee Benefits		364,405		345,995
Purchased Services		2,915,739		2,810,260
Supplies and Materials		755,984		829,690
Capital Outlay				68,965
Total Operational Support Services	5,098,685	5,077,208	21,477	5,038,606
Financial and Human Resource Services:				
Salaries		502,685		213,874
Employee Benefits		282,813		208,723
Purchased Services		480,884		427,931
Supplies and Materials		10,792		9,679
Total Financial and Human Resource Services	1,426,867	1,277,174	149,693	860,207
Accountability Services:				
Salaries		153,259		152,312
Employee Benefits		49,068		48,816
Purchased Services		31,141		30,254
Supplies and Materials		37,550		25,435
Total Accountability Services	271,027	271,018	9	256,817
System-Wide Pupil Support:				
Salaries		31,315		29,892
Employee Benefits		12,484		12,143
Total System-Wide Pupil Support Services	43,822	43,799	23	42,035
Policy, Leadership and Public Relations Services:				
Salaries		446,339		418,455
Employee Benefits		100,066		95,574
Purchased Services		282,987		281,805
Supplies and Materials		98,425		89,237
Total Policy, Leadership and Public Relations Services	1,054,823	927,817	127,006	885,071
Total System-Wide Support Services	9,405,324	9,052,251	353,073	8,430,074
ANCILLARY SERVICES:				
Nutrition Services:				
Salaries		17,973		3,357
Employee Benefits		3,971		760
Supplies and Materials		12,241		7,143
Total Nutrition Services	43,400	34,185	9,215	11,260
Total Ancillary Services	43,400	34,185	9,215	11,260
Non-Programmed Charges:				
Payments to Charter Schools		62,378		51,720
Other		1,451		
Total Programmed Charges	64,000	63,829	171	51,720
Total Expenditures	23,710,919	20,276,695	3,434,224	18,123,992

	Local Current Expenses			2015 Actual
	Budget	2016 Actual	Variances	
<b>EXPENDITURES - (Cont'd):</b>				
Excess of Revenue Over (Under) Expenditures	\$ 68,000	\$ (1,251,839)	\$ (1,319,839)	\$ 223,256
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (Out)	(68,000)		68,000	
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(1,251,839)	\$ (1,251,839)	223,256
Fund Balance - July 1, 2015		13,385,451		13,107,667
Increase (Decrease) in Reserve for Inventories		15,644		54,528
Fund Balance - June 30, 2016		\$ 12,149,256		\$ 13,385,451

CALDWELL COUNTY BOARD OF EDUCATION  
STATE PUBLIC SCHOOL FUND  
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016			2015
	Budget	Actual	Variance	Actual
<b>REVENUES:</b>				
State of North Carolina	\$74,574,675	\$73,011,164	\$(1,563,511)	\$73,106,190
Total Revenues	74,574,675	73,011,164	(1,563,511)	73,106,190
<b>EXPENDITURES:</b>				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		32,881,767		32,852,365
Employee Benefits		11,216,103		11,250,314
Purchased Services		300,615		462,392
Supplies and Materials		1,762,270		1,612,424
Capital Outlay		46,012		
Total Regular Instructional Services	47,385,074	46,206,767	1,178,307	46,177,495
Special Populations:				
Salaries		5,823,472		6,355,508
Employee Benefits		2,237,546		2,203,007
Purchased Services		100,977		117,103
Supplies and Materials		35,543		41,760
Total Special Populations Services	8,197,563	8,197,538	25	8,717,378
Alternative Programs and Services:				
Salaries		1,971,524		1,972,583
Employee Benefits		669,095		682,301
Purchased Services		36,341		30,807
Supplies and Materials		205,706		274,836
Total Alternative Programs And Services	3,236,947	2,882,666	354,281	2,960,527
School Leadership Services:				
Salaries		3,474,160		2,899,929
Employee Benefits		1,155,455		944,091
Purchased Services		15,514		11,987
Total School Leadership Services	4,645,129	4,645,129	0	3,856,007
School-Based Support Services:				
Salaries		3,403,998		3,374,030
Employee Benefits		1,110,467		1,114,200
Purchased Services		567,917		587,004
Supplies and Materials		4,290		8,419
Total School-Based Support Services	5,086,674	5,086,672	2	5,083,653
Total Instructional Services	68,551,387	67,018,772	1,532,615	66,795,060

EXPENDITURES - (Cont'd):	2016			2015
	Budget	Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries	\$	\$ 138,351	\$	\$ 162,480
Employee Benefits		38,946		47,897
Total Support and Development Services	190,244	177,297	12,947	210,377
Special Population Support and Development Services:				
Salaries		343,021		189,167
Employee Benefits		108,604		63,983
Purchased Services		5,459		6,414
Total Special Population Support And Development Services	457,084	457,084	0	259,564
Alternative Programs and Services:				
Salaries		22,232		24,778
Employee Benefits		9,539		10,062
Purchased Services		1,073		140
Total Alternative Programs and Services	32,854	32,844	10	34,980
Technology Support Services:				
Salaries		5		3,856
Employee Benefits		1		871
Purchased Services		103,720		75,056
Supplies and Materials		16,977		31,394
Total Technology Support Services	120,726	120,703	23	111,177
Operational Support Services:				
Salaries		2,941,454		2,918,787
Employee Benefits		949,721		956,065
Purchased Services		118,381		37,253
Supplies and Materials		454,289		686,145
Capital Outlay		58,143		17,617
Total Operational Support Services	4,531,423	4,521,988	9,435	4,615,867
Financial and Human Resource Services:				
Salaries		68,175		352,940
Employee Benefits		20,496		115,657
Total Financial and Human Resource Services	88,675	88,671	4	468,597
Accountability Services:				
Salaries				1,440
Employee Benefits				326
Total Accountability Services		0	0	1,766
Policy, Leadership and Public Relations Services:				
Salaries		438,030		432,810
Employee Benefits		115,895		114,328
Total Policy, Leadership and Public Relations Services:	554,032	553,925	107	547,138
Total System-Wide Support Services	5,975,038	5,952,512	22,526	6,249,466

	Budget	2016 Actual	Variance	2015 Actual
<b>NON-PROGRAMMED CHARGES:</b>				
Sales Tax Refund	\$	\$	\$	\$ (3,271)
Total Non-Programmed Charges		0	0	(3,271)
Total Expenditures	74,526,425	72,971,284	1,555,141	73,041,255
Excess of Revenue Over (Under) Expenditures	48,250	39,880	(8,370)	64,935
<b>OTHER FINANCING SOURCES:</b>				
Transfer to Child Nutrition Fund	(48,250)	(39,880)	8,370	(64,935)
Fund Balance:				
Beginning of Year	0	0	0	0
End of Year	\$ -	\$ -	\$ -	\$ -



CALDWELL COUNTY BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
State of North Carolina	\$ 2,607,851	\$ 1,627,802	\$ (980,049)	\$ 894,085
Caldwell County	3,225,651	3,047,928	(177,723)	13,179,436
Other	60,000	53,117	(6,883)	111,516
Total Revenues	<u>5,893,502</u>	<u>4,728,847</u>	<u>(1,164,655)</u>	<u>14,185,037</u>
<b>Expenditures:</b>				
Instructional Services Equipment	609,265	586,427	22,838	767,159
System-Wide Support Services Equipment and Vehicles	1,713,449	1,719,578	(6,129)	1,046,864
Capital Outlay Projects - Building and Improvements	5,656,202	3,554,603	2,101,599	12,232,233
<b>Debt Service:</b>				
Principal	1,160,408	681,874	478,534	545,085
Total Expenditures	<u>9,139,324</u>	<u>6,542,482</u>	<u>2,596,842</u>	<u>14,591,341</u>
Excess of Revenues Over (Under) Expenditures	(3,245,822)	(1,813,635)	1,432,187	(406,304)
<b>Other Financing Sources (Uses):</b>				
Installment purchase obligations issued	1,341,919	1,341,919	0	813,864
Fund Balance Appropriated	1,903,903		(1,903,903)	
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>(471,716)</u>	<u>\$ (471,716)</u>	<u>407,560</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1, 2015		<u>3,725,509</u>		<u>3,317,949</u>
End of Year, June 30, 2016		<u>\$ 3,253,793</u>		<u>\$ 3,725,509</u>

CALDWELL COUNTY BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

REVENUE	Budget	2016 Actual	Variance	2015 Actual
State of North Carolina:				
Public School Building Capital Fund	\$ 335,000	\$ 54,563	\$ (280,437)	\$ 41,103
Public School Building Capital Fund - Lottery	1,590,977	891,365	(699,612)	307,897
State Appropriations - Buses	681,874	681,874	0	545,085
Total State Revenues	<u>2,607,851</u>	<u>1,627,802</u>	<u>(980,049)</u>	<u>894,085</u>
Caldwell County:				
Appropriation from general revenues	1,325,651	1,319,697	(5,954)	2,060,708
Appropriation - Issued Installment Purchase	1,900,000	1,728,231	(171,769)	11,118,728
Total	<u>3,225,651</u>	<u>3,047,928</u>	<u>(177,723)</u>	<u>13,179,436</u>
Other:				
Sales Tax	28,000		(28,000)	
Interest Earned	20,000	5,799	(14,201)	2,594
Disposition Capital Assets	12,000	17,875	5,875	10,002
Insurance Settlement		29,443	29,443	
Private Foundation Donation			0	98,920
Total	<u>60,000</u>	<u>53,117</u>	<u>(6,883)</u>	<u>111,516</u>
Total Revenues	<u>\$ 5,893,502</u>	<u>\$ 4,728,847</u>	<u>\$ (1,164,655)</u>	<u>\$ 14,185,037</u>

CALDWELL COUNTY BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016		Variance	2015
	Budget	Actual		Actual
<b>Operating Revenues:</b>				
Food Sales	\$ 1,765,056	\$ 1,790,430	\$ 25,374	\$ 1,888,529
<b>Operating Expenses:</b>				
Business Support Services:				
Purchase of Food		2,612,927		2,585,086
Salaries and Benefits		3,438,885		3,442,579
Materials and Supplies		320,698		236,651
Repairs and Maintenance		64,644		58,681
Purchased Services		15,213		15,065
Capital Outlay		30,146		246,526
Non-Capitalized Equipment		65,830		94,701
Total Operating Expenses	6,967,030	6,548,343	418,687	6,679,289
Operating (Loss)	(5,201,974)	(4,757,913)	444,061	(4,790,760)
<b>Nonoperating Revenue:</b>				
Federal Reimbursements	4,672,997	4,668,628	(4,369)	4,339,584
Federal Commodities	444,504	443,475	(1,029)	387,290
Federal Commodities - Summer Feeding		2,030	2,030	608
Interest Earned	2,217	4,942	2,725	2,216
State Reimbursement	17,322	17,414	92	21,802
Total Nonoperating Revenue	5,137,040	5,136,489	(551)	4,751,500
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	(64,934)	378,576	443,510	(39,260)
<b>Other Financing Sources:</b>				
Transfer From Other Funds	64,934	39,880	(25,054)	64,935
Fund Balance Appropriated			0	
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 418,456	\$ 418,456	\$ 25,675
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
Excess of Revenues and Other Sources Over Expenditures		\$ 418,456		\$ 25,675
Reconciling Items:				
Depreciation		(141,410)		(110,133)
Deferred outflows - pension		(380)		169,632
Deferred inflows - pension		467,056		
Net pension liability		(341,985)		
Indirect cost		(387,019)		(376,980)
Indirect cost not paid		387,019		376,980
Equipment Purchases		30,146		246,526
Pension expense				(64,573)
Increase (Decrease) in Inventory		(64,675)		(72,441)
(Increase) Decrease in Accrued Vacation Pay		11,470		19,892
Change in net position(full accrual)		\$ 378,678		\$ 214,578

CALDWELL COUNTY BOARD OF EDUCATION  
CHILD CARE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015)

	2016		2015	
	Budget	Actual	Variance	Actual
<b>Operating Revenues:</b>				
Child Care Fees	\$ 1,635,400	\$ 1,285,296	\$ (350,104)	\$ 1,162,652
<b>Operating Expenses:</b>				
Business Support Services:				
Purchase of Food		47,837		52,102
Salaries and Benefits		1,029,836		1,029,232
Materials and Supplies		29,010		24,434
Non Capitalized Equipment		4,296		268
Purchased Services		47,690		39,345
Total Operating Expenses	1,635,400	1,158,669	476,731	1,145,381
Operating Income	0	126,627	126,627	17,271
<b>Nonoperating Revenue:</b>				
Interest Earned		1,590		326
Total Nonoperating Revenue	0	1,590	1,590	326
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 128,217	\$ 128,217	\$ 17,597
<b>Reconciliation of Modified Accrual to Full Accrual Basis:</b>				
Excess of Revenues and Other Sources Over Expenditures		\$ 128,217		\$ 17,597
Reconciling Items:				
Deferred outflows - pension		(98)		
Deferred inflows - pension		119,183		43,286
Net pension liability		(87,267)		
Pension expense				(16,478)
(Increase) Decrease in Accrued Vacation Pay		3,474		11,159
Change in net position(full accrual)		\$ 163,509		\$ 55,564

# STATISTICAL SECTION



**Caldwell County Board of Education**  
**Statistical Section**  
**June 30, 2016**

The statistical section of Caldwell County Board of Education's (the system) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the system's overall financial outlook.

The sub-sections are as follows:

**Financial Trends**

These tables contain trend information to help the reader understand how the system's financial performance and well-being have changed over time.

**Revenue and Debt Capacity**

Since the system has no tax-levying or debt-issuing authority, the County of Caldwell provides significant funding to the schools. Selected fiscal data from the County of Caldwell has been included to help the reader better understand the school system and its financial operations.

**Demographic and Economic Information**

These tables offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place. County information is included.

**Operating Information**

These tables contain service data to help the reader understand how the information in the system's financial report relates to the services the system provides and the activities it performs.

Sources: Caldwell County Board of Education, North Carolina, Annual Financial Report and County of Caldwell, North Carolina, Annual Financial Report unless otherwise noted

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## FINANCIAL TRENDS



**CALDWELL COUNTY BOARD OF EDUCATION**  
**Net Position by Component**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$68,434,954	\$67,874,534	\$57,947,547	\$57,485,628	\$57,537,448	\$57,200,782	\$57,354,116	\$56,980,734	\$58,119,239	\$58,819,943
Restricted	2,655,382	5,336,302	4,805,333	4,851,438	4,912,610	4,735,585	1,256,683	1,053,650	1,091,178	1,136,311
Unrestricted	(6,891,763)	(12,115,562)	7,093,003	7,314,194	7,606,061	4,739,942	5,962,135	4,878,608	3,293,371	2,007,093
<b>Total Governmental Activities</b>	<b>64,198,573</b>	<b>61,095,274</b>	<b>69,845,883</b>	<b>69,651,260</b>	<b>70,056,119</b>	<b>66,676,309</b>	<b>64,572,934</b>	<b>62,912,992</b>	<b>62,503,788</b>	<b>61,963,347</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	813,241	924,505	788,112	756,862	828,345	743,005	718,839	751,005	838,315	853,642
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,504,513	2,851,062	3,579,506	3,390,931	3,123,697	3,158,056	2,860,134	2,430,659	2,382,922	2,296,150
<b>Total Business-Type Activities</b>	<b>4,317,754</b>	<b>3,775,567</b>	<b>4,367,618</b>	<b>4,147,793</b>	<b>3,952,042</b>	<b>3,901,061</b>	<b>3,578,973</b>	<b>3,181,664</b>	<b>3,221,237</b>	<b>3,149,792</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	69,248,195	68,799,039	58,735,659	58,242,490	58,365,793	57,943,787	58,072,955	57,731,739	58,957,554	59,673,585
Restricted	2,655,382	5,336,302	4,805,333	4,851,438	4,912,610	4,735,585	1,256,683	1,053,650	1,091,178	1,136,311
Unrestricted	(3,387,250)	(9,264,500)	10,672,509	10,705,125	10,729,758	7,897,998	8,822,269	7,309,267	5,676,293	4,303,243
<b>Total District-Wide</b>	<b>\$68,516,327</b>	<b>\$64,870,941</b>	<b>\$74,213,501</b>	<b>\$73,799,053</b>	<b>\$74,008,161</b>	<b>\$70,577,370</b>	<b>\$68,151,907</b>	<b>\$66,094,656</b>	<b>\$65,725,025</b>	<b>\$65,113,139</b>

CALDWELL COUNTY BOARD OF EDUCATION

Changes in Net Position

Last Ten Fiscal Years

Table 2

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fiscal Year Ended June 30,										
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Instructional Programs	\$ 83,683,689	\$ 82,753,411	\$ 83,794,656	\$ 84,353,606	\$ 82,391,721	\$ 83,788,101	\$ 81,702,318	\$ 85,944,607	\$ 84,903,428	\$ 72,653,300
Support Services	16,316,529	15,655,779	15,727,382	15,157,435	15,213,975	14,958,992	14,412,605	15,308,167	15,286,465	20,996,116
Community Services	30,590	8,240	54,643	-	9,317	13,850	19,216	19,302	29,066	119,096
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	2,557	9,105
Depreciation, Unallocated	2,946,843	2,540,169	2,447,107	1,960,649	2,446,437	2,309,540	2,246,910	2,251,295	2,236,822	2,229,312
<b>Total Governmental Activities Expenses</b>	<b>102,977,651</b>	<b>100,957,599</b>	<b>102,023,788</b>	<b>101,471,690</b>	<b>100,061,450</b>	<b>101,070,483</b>	<b>98,380,749</b>	<b>103,523,371</b>	<b>102,458,368</b>	<b>98,006,929</b>
<b>Business-Type Activities:</b>										
School Food Service	6,975,140	6,867,366	7,155,561	7,287,269	7,200,620	6,978,426	6,910,897	7,118,768	6,985,339	6,769,462
Child Care	1,123,377	1,107,414	1,180,074	1,181,496	1,183,572	1,162,270	1,170,291	1,269,288	1,401,504	1,408,179
<b>Total Business-Type Activities Expenses</b>	<b>8,098,517</b>	<b>7,974,780</b>	<b>8,335,635</b>	<b>8,468,765</b>	<b>8,384,192</b>	<b>8,140,696</b>	<b>8,081,188</b>	<b>8,388,056</b>	<b>8,386,843</b>	<b>8,177,641</b>
<b>Total District-Wide Expenses</b>	<b>\$ 111,076,168</b>	<b>\$ 108,932,379</b>	<b>\$ 110,359,423</b>	<b>\$ 109,940,455</b>	<b>\$ 108,445,642</b>	<b>\$ 109,211,179</b>	<b>\$ 106,461,937</b>	<b>\$ 111,911,427</b>	<b>\$ 110,845,211</b>	<b>\$ 104,184,570</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instructional Programs	959,523	851,231	809,078	837,764	775,265	713,090	750,908	782,017	738,340	766,836
Support Services	9,727	11,086	6,306	10,179	3,114	5,997	2,338	3,097	2,617	105,706
Operating Grants and Contributions	78,557,140	78,411,262	75,382,142	75,997,322	77,055,973	79,035,486	76,091,874	80,322,202	79,992,671	74,868,570
Capital Grants and Contributions	79,571	14,625	12,312	35,104	188,439	837,047	680,304	40,618	4,012	12,525
<b>Total Governmental Activities Program Revenues</b>	<b>79,605,961</b>	<b>79,288,204</b>	<b>76,209,638</b>	<b>76,880,369</b>	<b>78,032,791</b>	<b>80,591,620</b>	<b>77,525,424</b>	<b>81,147,934</b>	<b>80,737,640</b>	<b>75,753,637</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
School Food Service	1,790,430	1,888,529	2,044,941	2,152,268	2,304,577	2,442,563	2,584,028	2,848,182	3,003,042	3,073,626
Child Care	1,285,296	1,162,652	1,234,847	1,308,555	1,253,632	1,179,913	1,206,477	1,299,561	1,374,618	1,318,276
Operating Grants and Contributions:										
School Food Service	5,518,566	5,126,264	5,208,065	5,146,882	4,829,402	4,791,617	4,614,561	4,149,559	3,891,431	3,672,036
Child Care	-	-	-	-	-	-	-	-	105,060	114,395
Capital Grants and Contributions	-	-	-	4,953	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>8,594,292</b>	<b>8,177,445</b>	<b>8,487,853</b>	<b>8,612,658</b>	<b>8,387,611</b>	<b>8,414,093</b>	<b>8,405,066</b>	<b>8,287,302</b>	<b>8,374,151</b>	<b>8,176,333</b>
<b>Total District-Wide Program Revenues</b>	<b>88,200,253</b>	<b>87,465,649</b>	<b>84,697,491</b>	<b>85,493,027</b>	<b>86,420,402</b>	<b>89,005,713</b>	<b>85,930,490</b>	<b>89,445,236</b>	<b>89,111,791</b>	<b>83,931,970</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (23,371,690)	\$ (21,669,395)	\$ (25,813,950)	\$ (24,591,321)	\$ (22,028,659)	\$ (20,478,863)	\$ (20,855,325)	\$ (22,375,437)	\$ (21,720,728)	\$ (20,253,292)
Business-Type Activities	495,775	202,665	152,218	143,893	3,419	273,397	323,878	(90,754)	(12,692)	692
<b>Total District-Wide Net (Expense)/Revenue</b>	<b>\$ (22,875,915)</b>	<b>\$ (21,466,730)</b>	<b>\$ (25,661,732)</b>	<b>\$ (24,447,428)</b>	<b>\$ (22,025,240)</b>	<b>\$ (20,205,466)</b>	<b>\$ (20,531,447)</b>	<b>\$ (22,466,191)</b>	<b>\$ (21,733,420)</b>	<b>\$ (20,252,600)</b>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expense)/Revenue</b>											
Governmental Activities:											#REF!
Business-Type Activities:											#REF!
<b>Total District-Wide Net (Expense)/Revenue</b>	<u>(23,371,690)</u> <u>495,175</u> <b>(22,876,515)</b>	<u>(21,669,395)</u> <u>202,665</u> <b>(21,466,730)</b>	<u>(25,813,950)</u> <u>152,218</u> <b>(25,661,732)</b>	<u>(24,591,321)</u> <u>143,893</u> <b>(24,447,428)</b>	<u>(22,028,659)</u> <u>3,419</u> <b>(22,025,240)</b>	<u>(20,478,863)</u> <u>273,997</u> <b>(20,205,466)</b>	<u>(20,855,325)</u> <u>323,878</u> <b>(20,531,447)</b>	<u>(22,375,437)</u> <u>(90,754)</u> <b>(22,466,191)</b>	<u>(21,720,728)</u> <u>(12,692)</u> <b>(21,733,420)</b>	<u>(20,253,292)</u> <u>692</u> <b>(20,252,600)</b>	
<b>General Revenues and Other Changes in Net Position</b>											
<b>Governmental Activities:</b>											
Unrestricted County Appropriations - Operating	14,750,000	14,778,726	14,649,205	14,485,000	14,400,000	14,446,200	14,300,000	14,100,000	13,799,727	12,699,727	12,489,978
Unrestricted County Appropriations - Capital	3,815,152	13,179,436	3,287,036	1,974,016	3,516,055	1,286,812	1,923,423	2,254,872	2,265,345	2,685,107	6,266,941
Unrestricted State Appropriations - Operating	5,055,774	5,308,566	5,688,950	5,347,151	5,418,666	4,925,826	4,407,948	3,138,587	3,070,543	2,784,799	1,972,529
Unrestricted State Appropriations - Capital	945,928	894,085	881,797	906,671	277,227	437,213	415,193	1,179,771	1,142,785	1,079,810	295,897
Unrestricted Federal Appropriations - Operating	-	-	-	-	292,559	-	-	-	-	-	-
Unrestricted Federal Appropriations - Capital	-	-	-	-	-	-	-	7,603	-	14,979	-
Investment Earnings, Unrestricted	39,433	23,149	23,100	22,328	19,969	29,510	46,440	96,916	286,800	294,691	261,027
Miscellaneous, Unrestricted	1,908,582	1,821,026	1,564,685	1,501,757	1,530,473	1,502,030	1,489,886	2,043,313	1,756,036	1,301,772	1,392,884
Transfers	(39,880)	(64,935)	(66,200)	(50,461)	(46,480)	(45,953)	(67,623)	(36,421)	(40,067)	(38,369)	(38,071)
<b>Total Governmental Activities</b>	<u>26,474,989</u> <b>26,474,989</b>	<u>35,940,053</u> <b>35,940,053</b>	<u>26,008,573</u> <b>26,008,573</b>	<u>24,196,462</u> <b>24,196,462</b>	<u>25,408,469</u> <b>25,408,469</b>	<u>22,582,238</u> <b>22,582,238</b>	<u>22,515,267</u> <b>22,515,267</b>	<u>22,784,641</u> <b>22,784,641</b>	<u>22,261,169</u> <b>22,261,169</b>	<u>20,822,516</u> <b>20,822,516</b>	<u>22,641,185</u> <b>22,641,185</b>
<b>Business-Type Activities</b>											
Unrestricted State Appropriations - Operating	-	-	-	-	899	3,338	5,808	14,760	44,070	70,461	53,331
Investment Earnings, Unrestricted	6,532	2,542	1,407	1,397	183	-	-	-	-	-	-
Miscellaneous, Unrestricted	-	-	-	-	-	-	-	-	-	-	-
Transfers	39,880	64,935	66,200	50,461	46,480	45,353	67,623	36,421	40,067	38,369	38,071
<b>Total Business-Type Activities</b>	<u>46,412</u> <b>46,412</b>	<u>67,477</u> <b>67,477</b>	<u>67,607</u> <b>67,607</b>	<u>51,858</u> <b>51,858</b>	<u>47,562</u> <b>47,562</b>	<u>48,691</u> <b>48,691</b>	<u>73,431</u> <b>73,431</b>	<u>51,181</u> <b>51,181</b>	<u>84,137</u> <b>84,137</b>	<u>108,830</u> <b>108,830</b>	<u>91,402</u> <b>91,402</b>
<b>Total District-Wide</b>	<u>\$ 26,521,401</u> <b>\$ 26,521,401</b>	<u>\$ 36,007,530</u> <b>\$ 36,007,530</b>	<u>\$ 26,076,180</u> <b>\$ 26,076,180</b>	<u>\$ 24,238,320</u> <b>\$ 24,238,320</b>	<u>\$ 25,456,031</u> <b>\$ 25,456,031</b>	<u>\$ 22,630,929</u> <b>\$ 22,630,929</b>	<u>\$ 22,588,698</u> <b>\$ 22,588,698</b>	<u>\$ 22,835,822</u> <b>\$ 22,835,822</b>	<u>\$ 22,345,306</u> <b>\$ 22,345,306</b>	<u>\$ 20,931,346</u> <b>\$ 20,931,346</b>	<u>\$ 22,732,587</u> <b>\$ 22,732,587</b>
<b>Change in Net Position</b>											
Governmental Activities	3,103,299	14,270,658	194,623	(404,859)	3,379,810	2,103,375	1,659,942	409,204	540,441	569,224	#REF!
Business-Type Activities	542,187	270,142	219,825	195,751	50,981	322,088	397,309	(39,573)	71,445	109,522	#REF!
<b>Total District-Wide</b>	<u>3,645,486</u> <b>3,645,486</b>	<u>14,540,800</u> <b>14,540,800</b>	<u>414,448</u> <b>414,448</b>	<u>(209,108)</u> <b>(209,108)</b>	<u>3,430,791</u> <b>3,430,791</b>	<u>2,425,463</u> <b>2,425,463</b>	<u>2,057,251</u> <b>2,057,251</b>	<u>389,631</u> <b>389,631</b>	<u>611,886</u> <b>611,886</b>	<u>678,746</u> <b>678,746</b>	<u>678,746</u> <b>678,746</b>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**

Table 3

Fiscal Year Ended June 30,	2016	2015	2014	2013	2012
<b>General Fund</b>					
Nonspendable	\$ 623,459	\$ 607,815	\$ 553,287	\$ 603,008	\$ 733,149
Restricted	143,473	229,174	161,256	31,358	103,065
Committed	-	-	-	-	-
Assigned	5,201,217	4,849,700	5,040,007	4,485,711	3,446,806
Unassigned	6,181,107	7,698,762	7,353,117	7,721,104	8,379,818
<b>Total General Fund</b>	<b><u>\$ 12,149,256</u></b>	<b><u>\$ 13,385,451</u></b>	<b><u>\$ 13,107,667</u></b>	<b><u>\$ 12,841,181</u></b>	<b><u>\$ 12,662,838</u></b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,511,909	3,156,646	1,687,125	3,479,211	3,479,211
Committed	-	-	-	-	-
Assigned	1,990,975	1,903,903	2,956,952	1,330,334	1,330,334
Unassigned	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 4,502,884</u></b>	<b><u>\$ 5,060,549</u></b>	<b><u>\$ 4,644,077</u></b>	<b><u>\$ 4,809,545</u></b>	<b><u>\$ 4,809,545</u></b>
<b>Fiscal Year Ended June 30,</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>General Fund</b>					
Nonspendable	\$ 764,037	\$ 688,291	\$ 597,590	\$ 547,075	\$ 553,360
Restricted	115,788	112,868	202,345	97,735	163,764
Committed	-	-	-	-	-
Assigned	1,952,800	1,752,022	2,128,709	662,688	518,662
Unassigned	6,873,012	4,266,281	2,098,465	2,274,973	1,183,358
<b>Total General Fund</b>	<b><u>\$ 9,705,637</u></b>	<b><u>\$ 6,819,462</u></b>	<b><u>\$ 5,027,109</u></b>	<b><u>\$ 3,582,471</u></b>	<b><u>\$ 2,419,144</u></b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,271,881	1,347,362	1,273,685	1,488,649	1,741,759
Committed	-	-	-	-	-
Assigned	1,347,916	2,096,039	1,194,548	1,619,892	1,272,570
Unassigned	-	1,693,811	3,208,088	2,282,480	2,005,029
<b>Total All Other Governmental Funds</b>	<b><u>\$ 4,619,797</u></b>	<b><u>\$ 5,137,212</u></b>	<b><u>\$ 5,676,321</u></b>	<b><u>\$ 5,391,021</u></b>	<b><u>\$ 5,019,358</u></b>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Last Ten Fiscal Years**

Table 4

Fiscal Year Ended June 30,	2016	2015	2014	2013	2012
<b>Revenues</b>					
State of North Carolina	\$ 75,484,601	\$ 74,455,863	\$ 72,478,336	\$ 72,353,783	\$ 69,536,085
Caldwell County	17,869,940	27,958,162	17,936,241	16,545,310	17,995,918
U.S. Government	6,789,305	6,984,361	6,845,387	7,356,720	10,770,347
Other	6,129,163	6,037,572	5,132,845	4,877,254	5,269,556
<b>Total Revenues</b>	<b><u>106,273,009</u></b>	<b><u>115,435,958</u></b>	<b><u>102,392,809</u></b>	<b><u>101,133,067</u></b>	<b><u>103,571,906</u></b>
<b>Expenditures</b>					
Instructional Programs	81,046,689	79,487,088	76,360,158	76,986,111	75,705,802
Support Services	19,995,304	19,764,490	19,814,554	19,209,687	19,110,777
Community Services	1,800,077	1,702,240	1,650,847	1,679,944	1,625,069
Debt Service - Principal	681,874	545,085	138,153	451,547	175,246
Debt Service - Interest	-	-	-	-	-
Capital Outlay	5,860,608	14,046,256	4,222,692	2,988,910	3,730,695
<b>Total Expenditures</b>	<b><u>109,384,552</u></b>	<b><u>115,545,159</u></b>	<b><u>102,186,404</u></b>	<b><u>101,316,199</u></b>	<b><u>100,347,589</u></b>
<b>Revenues Over (Under) Expenditures</b>	<b><u>(3,111,543)</u></b>	<b><u>(109,201)</u></b>	<b><u>206,405</u></b>	<b><u>(183,132)</u></b>	<b><u>3,224,317</u></b>
<b>Other Financing Sources (Uses)</b>					
Installment Purchase Obligations Issued	1,341,919	813,864	-	552,612	-
Transfers In (Out)	(39,880)	(64,935)	(66,200)	(50,461)	(46,480)
<b>Net Change in Fund Balances</b>	<b><u>\$ (1,809,504)</u></b>	<b><u>\$ 639,728</u></b>	<b><u>\$ 140,205</u></b>	<b><u>\$ 319,019</u></b>	<b><u>\$ 3,177,837</u></b>
Debt Service as a percentage of Non-Capital Expenditures	0.66%	0.54%	0.14%	0.46%	0.18%
<b>Fiscal Year Ended June 30,</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>					
State of North Carolina	\$ 68,312,439	\$ 68,473,301	\$ 74,766,647	\$ 74,643,259	\$ 69,480,490
Caldwell County	15,722,734	16,311,436	16,441,906	16,065,072	15,384,834
U.S. Government	13,836,835	10,683,964	7,558,824	7,479,826	7,185,544
Other	5,497,124	4,816,880	5,263,296	4,976,686	4,658,879
<b>Total Revenues</b>	<b><u>103,369,132</u></b>	<b><u>100,285,581</u></b>	<b><u>104,030,673</u></b>	<b><u>103,164,843</u></b>	<b><u>96,709,747</u></b>
<b>Expenditures</b>					
Instructional Programs	76,929,110	75,276,677	79,437,319	78,377,082	72,523,660
Support Services	18,939,789	18,453,793	18,278,233	18,457,236	19,495,729
Community Services	1,693,817	1,462,553	1,355,646	1,382,775	230,177
Debt Service - Principal	437,213	415,193	932,330	541,702	596,537
Debt Service - Interest	-	-	-	2,590	9,105
Capital Outlay	3,569,200	3,610,013	3,434,916	2,887,544	3,278,486
<b>Total Expenditures</b>	<b><u>101,569,129</u></b>	<b><u>99,218,229</u></b>	<b><u>103,438,444</u></b>	<b><u>101,648,929</u></b>	<b><u>96,133,694</u></b>
<b>Revenues Over (Under) Expenditures</b>	<b><u>1,800,003</u></b>	<b><u>1,067,352</u></b>	<b><u>592,229</u></b>	<b><u>1,515,914</u></b>	<b><u>576,053</u></b>
<b>Other Financing Sources (Uses)</b>					
Installment Purchase Obligations Issued	538,365	162,614	1,123,615	65,429	866,450
Transfers In (Out)	(45,353)	(67,623)	(36,421)	(40,067)	(38,369)
<b>Net Change in Fund Balances</b>	<b><u>\$ 2,293,015</u></b>	<b><u>\$ 1,162,343</u></b>	<b><u>\$ 1,679,423</u></b>	<b><u>\$ 1,541,276</u></b>	<b><u>\$ 1,404,134</u></b>
Debt Service as a percentage of Non-Capital Expenditures	0.45%	0.43%	0.93%	0.55%	0.65%

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## REVENUE AND DEBT CAPACITY



**CALDWELL COUNTY BOARD OF EDUCATION**  
**General Governmental Revenues by Source**  
**Last Ten Fiscal Years**

Table 5

<b>Fiscal Year Ended June 30,</b>	<b>State of North Carolina</b>	<b>Caldwell County</b>	<b>U. S. Government</b>	<b>Other</b>	<b>TOTAL</b>
<b>2016</b>	\$75,484,601	\$17,869,940	\$ 6,789,305	\$6,129,163	<b>\$ 106,273,009</b>
<b>2015</b>	74,455,863	27,958,162	6,984,361	6,037,572	<b>115,435,958</b>
<b>2014</b>	72,478,336	17,936,241	6,845,387	5,132,845	<b>102,392,809</b>
<b>2013</b>	72,353,783	16,545,310	7,356,720	4,877,254	<b>101,133,067</b>
<b>2012</b>	69,536,085	17,995,918	10,770,347	5,269,556	<b>103,571,906</b>
<b>2011</b>	68,312,439	15,722,734	13,836,835	5,497,124	<b>103,369,132</b>
<b>2010</b>	68,473,301	16,311,436	10,683,964	4,816,880	<b>100,285,581</b>
<b>2009</b>	74,766,647	16,441,906	7,558,824	5,263,296	<b>104,030,673</b>
<b>2008</b>	74,643,259	16,065,072	7,479,826	4,976,686	<b>103,164,843</b>
<b>2007</b>	69,480,490	15,384,834	7,185,544	4,658,879	<b>96,709,747</b>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**General Governmental Expenditures by Function**  
**Per Pupil and in Total**  
**Last Ten Fiscal Years**

Table 6

<b>Fiscal Year Ended June 30,</b>	<b>Average Daily Membership</b>	<b>Instructional Programs</b>	<b>Support Services</b>	<b>Capital Outlay</b>	<b>Community Services</b>	<b>Other</b>	<b>Per Pupil/ Total</b>
		\$ 6,775	\$ 1,671	\$ 490	\$ 150	\$ 57	\$ 9,143
2016	11,964	\$81,046,689	\$19,995,304	\$ 5,860,608	\$1,800,077	\$681,874	\$ 109,384,552
		6,669	1,658	1,179	143	46	9,695
2015	11,918	79,487,088	19,764,490	14,046,256	1,702,240	545,085	115,545,159
		6,332	1,643	350	137	11	8,473
2014	12,060	76,360,158	19,814,554	4,222,692	1,650,847	138,153	102,186,404
		6,298	1,571	245	137	37	8,288
2013	12,224	76,986,111	19,209,687	2,988,910	1,679,944	451,547	101,316,199
		6,138	1,550	317	132	-	8,137
2012	12,333	75,705,802	19,110,777	3,905,941	1,625,069	-	100,347,589
		6,127	1,509	319	135	-	8,090
2011	12,555	76,929,110	18,939,789	4,006,413	1,693,817	-	101,569,129
		5,938	1,456	317	115	-	7,826
2010	12,678	75,276,677	18,453,793	4,025,206	1,462,553	-	99,218,229
		6,158	1,417	339	105	-	8,019
2009	12,899	79,437,319	18,278,233	4,367,246	1,355,646	-	103,438,444
		6,041	1,423	256	107	8	7,835
2008	12,974	78,377,082	18,457,236	3,323,283	1,382,775	108,553	101,648,929
		5,574	1,499	289	18	10	7,390
2007	13,010	72,523,660	19,495,729	3,753,869	230,177	130,259	96,133,694

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Capital Projects Fund**  
**Expenditures by Function**  
**Last Ten Fiscal Years**

Table 7

<b>Fiscal Year Ended June 30,</b>	<b>Instructional Services Equipment</b>	<b>Support Services Equipment &amp; Vehicles</b>	<b>Ancillary Services Projects</b>	<b>Building and Site Improvements</b>	<b>Debt Service</b>	<b>Total</b>
<b>2016</b>	\$ 586,427	\$1,719,578	\$ -	\$ 3,554,603	\$681,874	\$ <b>6,542,482</b>
<b>2015</b>	767,159	1,046,864	-	12,232,233	545,085	<b>14,591,341</b>
<b>2014</b>	552,229	297,677	-	3,372,786	138,153	<b>4,360,845</b>
<b>2013</b>	510,357	823,283	-	1,655,270	451,547	<b>3,440,457</b>
<b>2012</b>	289,963	190,891	-	3,249,841	175,246	<b>3,905,941</b>
<b>2011</b>	517,828	710,775	-	2,340,597	437,213	<b>4,006,413</b>
<b>2010</b>	517,539	241,426	-	2,851,048	415,193	<b>4,025,206</b>
<b>2009</b>	921,114	1,270,026	12,661	1,231,115	932,330	<b>4,367,246</b>
<b>2008</b>	896,896	103,760	*	1,886,888	435,739	<b>3,323,283</b>
<b>2007</b>	816,134	943,181	*	1,519,171	475,383	<b>3,753,869</b>

Note: Equipment was not segregated by function prior to 2009

**CALDWELL COUNTY BOARD OF EDUCATION**  
**School Food Service**  
**Expenditures by Function**  
**Last Ten Fiscal Years**

Table 8

<b>Fiscal Year Ended June 30,</b>	<b>Food Purchases</b>	<b>Donated Commodities</b>	<b>Salaries and Benefits</b>	<b>Indirect Costs</b>	<b>Materials and Supplies</b>	<b>Other</b>	<b>Total</b>
<b>2016</b>	\$2,232,097	\$ 445,505	\$3,302,724	\$387,019	\$320,698	\$ 287,097	<b>\$ 6,975,140</b>
<b>2015</b>	2,269,629	387,898	3,317,628	376,980	236,651	278,580	<b>6,867,366</b>
<b>2014</b>	2,240,615	470,459	3,594,321	395,733	260,748	193,685	<b>7,155,561</b>
<b>2013</b>	2,260,963	435,315	3,637,901	381,777	270,623	300,690	<b>7,287,269</b>
<b>2012</b>	2,276,318	349,769	3,539,638	344,873	291,148	398,874	<b>7,200,620</b>
<b>2011</b>	2,112,716	454,674	3,470,972	374,014	257,324	308,726	<b>6,978,426</b>
<b>2010</b>	2,079,046	450,626	3,397,779	366,032	270,484	346,930	<b>6,910,897</b>
<b>2009</b>	2,307,736	389,959	3,585,149	320,746	273,154	242,024	<b>7,118,768</b>
<b>2008</b>	2,153,000	373,298	3,540,401	311,784	336,779	270,077	<b>6,985,339</b>
<b>2007</b>	2,169,521	300,567	3,374,215	341,510	343,699	239,950	<b>6,769,462</b>

**CALDWELL COUNTY BOARD OF EDUCATION  
School Food Service  
Revenues by Source  
Last Ten Fiscal Years**

Table 9

<b>Fiscal Year Ended June 30,</b>	<b>Food Sales</b>	<b>Federal Reimburse- ments</b>	<b>Federal Commodities</b>	<b>Other</b>	<b>Total</b>
<b>2016</b>	\$ 1,790,430	\$ 4,668,628	\$ 445,505	\$ 409,375	\$ <b>7,313,938</b>
<b>2015</b>	1,888,529	4,339,584	387,898	400,998	<b>7,017,009</b>
<b>2014</b>	2,044,941	4,319,853	469,897	419,433	<b>7,254,124</b>
<b>2013</b>	2,152,268	4,309,688	435,315	408,229	<b>7,305,500</b>
<b>2012</b>	2,304,577	4,116,803	349,769	363,912	<b>7,135,061</b>
<b>2011</b>	2,442,563	3,948,997	454,674	391,104	<b>7,237,338</b>
<b>2010</b>	2,584,028	3,780,832	450,626	388,296	<b>7,203,782</b>
<b>2009</b>	2,848,182	3,419,369	389,959	352,895	<b>7,010,405</b>
<b>2008</b>	3,003,042	3,189,474	373,298	370,049	<b>6,935,863</b>
<b>2007</b>	3,073,626	3,013,739	300,567	425,697	<b>6,813,629</b>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Child Care**  
**Expenditures by Function**  
**Last Ten Fiscal Years**

Table 10

<b>Fiscal Year Ended June 30,</b>	<b>Salaries and Benefits</b>	<b>Food Purchases</b>	<b>Other</b>	<b>Total</b>
<b>2016</b>	\$ 994,542	\$ 47,837	\$ 80,998	\$ <b>1,123,377</b>
<b>2015</b>	991,265	52,102	64,047	<b>1,107,414</b>
<b>2014</b>	1,038,687	51,864	89,523	<b>1,180,074</b>
<b>2013</b>	1,043,476	46,648	91,372	<b>1,181,496</b>
<b>2012</b>	1,066,616	53,564	63,392	<b>1,183,572</b>
<b>2011</b>	1,044,557	58,017	59,696	<b>1,162,270</b>
<b>2010</b>	1,050,172	55,062	65,057	<b>1,170,291</b>
<b>2009</b>	1,141,910	62,616	64,762	<b>1,269,288</b>
<b>2008</b>	1,126,281	88,888	186,335	<b>1,401,504</b>
<b>2007</b>	1,168,786	71,486	167,907	<b>1,408,179</b>



**CALDWELL COUNTY BOARD OF EDUCATION**  
**Child Care**  
**Revenues by Source**  
**Last Ten Fiscal Years**

Table 11

<b>Fiscal Year Ended June 30,</b>	<b>Child Care Fees</b>	<b>Federal Reimbursements</b>	<b>Other</b>	<b>Total</b>
<b>2016</b>	\$1,285,296	\$ -	\$ 1,590	<b>\$ 1,286,886</b>
<b>2015</b>	1,162,652	-	326	<b>1,162,978</b>
<b>2014</b>	1,234,847	-	289	<b>1,235,136</b>
<b>2013</b>	1,308,555	-	-	<b>1,308,555</b>
<b>2012</b>	1,253,632	-	-	<b>1,253,632</b>
<b>2011</b>	1,179,913	-	180	<b>1,180,093</b>
<b>2010</b>	1,206,477	-	615	<b>1,207,092</b>
<b>2009</b>	1,299,561	-	2,096	<b>1,301,657</b>
<b>2008</b>	1,374,618	-	107,740	<b>1,482,358</b>
<b>2007</b>	1,318,276	1,437	115,452	<b>1,435,165</b>

**CALDWELL COUNTY**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Table 12

Fiscal Year ended June 30,	Real Property			Personal Property	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			
2016	\$ 3,689,922,794	\$ 1,030,356,302	\$ 192,102,157	\$ 1,709,561,514	\$6,621,942,767	0.6000
2015	3,657,284,205	996,743,902	172,991,129	1,606,514,532	6,433,533,768	0.6000
2014	3,659,115,363	947,655,902	162,932,838	1,537,951,255	6,307,655,358	0.6000
2013	3,414,325,936	920,237,105	167,839,261	1,172,319,060	5,674,721,362	0.6299
2012	3,426,480,303	902,868,206	148,757,743	1,062,451,120	5,540,557,372	0.6599
2011	3,323,782,084	1,107,927,362	151,108,254	888,755,661	5,471,573,361	0.6599
2010	3,311,783,748	1,103,927,916	151,108,254	809,946,209	5,376,766,127	0.6599
2009	3,250,248,000	941,736,910	151,108,254	1,172,276,042	5,515,369,206	0.6599
2008	3,279,688,059	931,385,820	166,791,893	831,528,408	5,209,394,180	0.6599
2007	3,372,003,068	714,617,100	-	1,029,338,400	5,115,958,568	0.5399

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

**CALDWELL COUNTY**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**(Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**

Table 13

	Taxes payable in the fiscal year ended June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>CALDWELL COUNTY</b>										
General	0.6000	0.6000	0.6000	0.6299	0.6599	0.6599	0.6599	0.6599	0.6599	0.5399
<b>CITY</b>										
City of Lenoir	0.5800	0.5800	0.5600	0.5600	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
<b>SPECIAL DISTRICTS</b>										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
<b>TOWNS</b>										
Hudson	0.3900	0.3900	0.3900	0.3700	0.3700	0.3700	0.3700	0.3500	0.3500	0.3500
Granite Falls	0.4400	0.4400	0.4400	0.4400	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
Rhodhiss	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
Blowing Rock	0.3300	0.3100	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Sawmills	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.1500	0.1500	0.1500
<b>VILLAGES</b>										
Cedar Rock	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1000	0.1000
<b>RESCUE SERVICES</b>	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
<b>FIRE DISTRICTS</b>	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310
	to	to	to	to	to	to	to	to	to	to
	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

**CALDWELL COUNTY**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Table 14

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2016	\$ 39,744,478	\$ 38,217,503	96.16%	\$ -	\$ 38,217,503	96.16%
2015	38,611,973	37,065,023	95.99%	544,065	37,609,088	97.40%
2014	37,906,403	35,909,696	94.73%	1,087,278	36,996,974	97.60%
2013	35,746,118	34,386,100	96.20%	565,168	34,951,268	97.78%
2012	36,566,382	35,461,834	96.98%	438,028	35,899,862	98.18%
2011	35,009,037	34,160,132	97.58%	280,897	34,441,029	98.38%
2010	35,997,030	35,325,921	98.14%	187,780	35,513,701	98.66%
2009	36,421,115	35,866,112	98.48%	266,545	36,132,657	99.21%
2008	34,510,433	34,220,745	99.16%	76,069	34,296,814	99.38%
2007	27,654,595	27,515,783	99.50%	38,858	27,554,641	99.64%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Table 15

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Percentage of Personal Income	Per Capita
	Installment Purchases	Installment Purchases			
2016	\$ 1,066,981	\$ -	\$ 1,066,981	0.0660%	\$ 12.94
2015	406,936	-	406,936	0.0250%	4.94
2014	138,157	-	138,157	0.0080%	1.67
2013	276,310	-	276,310	0.0180%	3.32
2012	175,245	-	175,245	0.0110%	2.11
2011	350,490	-	350,490	0.0200%	4.21
2010	249,329	-	249,329	0.0150%	3.12
2009	501,908	-	501,908	0.0240%	6.49
2008	310,623	-	310,623	0.0130%	3.90
2007	786,895	-	786,895	0.0350%	9.92

**CALDWELL COUNTY**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Table 16

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Personal Income</b>	<b>Percentage of Actual Value of Taxable Property</b>	<b>Per Capita</b>	<b>Population</b>
2016	\$ 500,000	0.03%	0.01%	\$ 6.06	82,445
2015	825,000	0.05%	0.01%	9.93	83,117
2014	1,385,000	0.09%	0.02%	16.66	83,117
2013	2,445,000	0.16%	0.04%	29.42	83,117
2012	3,945,000	0.24%	0.07%	47.43	83,176
2011	5,485,000	0.32%	0.10%	68.55	80,020
2010	7,090,000	0.43%	0.13%	88.60	80,020
2009	8,660,077	n/a	0.16%	111.91	77,386
2008	10,238,325	n/a	0.19%	128.63	79,594
2007	11,753,389	n/a	0.23%	148.22	79,298

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

**CALDWELL COUNTY**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**

Table 17

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Direct			
Caldwell County	\$40,735,195	100.00%	\$40,735,195
Underlying			
City of Lenoir	2,914,719	100.00%	2,914,719
Overlapping			
City of Hickory	35,073,488	1.93%	676,918
<b>Totals</b>	<b>\$78,723,402</b>		<b>\$44,326,832</b>

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016  
Note: Applicable percentage is determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

**CALDWELL COUNTY**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Table 18

Fiscal Year ended June 30,	2016	2015	2014	2013	2012
Assessed Value of Property	\$6,621,942,767	\$6,433,533,768	\$6,307,655,358	\$5,674,721,362	\$5,540,557,372
Debt Limit 8% of Assessed Value (statutory limitation)	529,755,421	514,682,701	504,612,429	453,977,709	443,244,590
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	40,735,195	44,596,174	47,200,967	35,780,074	39,909,568
<b>Legal Debt Margin</b>	<b>489,020,226</b>	<b>470,086,527</b>	<b>457,411,462</b>	<b>418,197,635</b>	<b>403,335,022</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>7.69%</b>	<b>8.66%</b>	<b>9.35%</b>	<b>7.88%</b>	<b>9.00%</b>
Fiscal Year ended June 30,	2011	2010	2009	2008	2007
Assessed Value of Property	\$5,389,529,112	\$5,377,766,127	\$5,515,369,206	\$5,209,394,180	\$5,115,958,568
Debt Limit 8% of Assessed Value (statutory limitation)	431,162,329	430,221,290	441,229,536	416,751,534	409,276,685
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	45,689,498	52,634,496	54,763,025	56,231,823	61,317,651
<b>Legal Debt Margin</b>	<b>385,472,831</b>	<b>377,586,794</b>	<b>386,466,511</b>	<b>360,519,711</b>	<b>347,959,034</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>10.60%</b>	<b>12.23%</b>	<b>12.41%</b>	<b>13.49%</b>	<b>14.98%</b>

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016



DEMOGRAPHIC AND ECONOMIC  
INFORMATION



**CALDWELL COUNTY**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Table 19

<b>Taxpayer</b>	<b>Fiscal Year ended June 30, 2016</b>			<b>Fiscal Year ended June 30, 2007</b>		
	<b>Assessed</b>	<b>Rank</b>	<b>% of</b>	<b>Assessed</b>	<b>Rank</b>	<b>% of</b>
	<b>Value</b>		<b>Total County</b>	<b>Value</b>		<b>Total County</b>
	<b>Value</b>		<b>Assessed</b>	<b>Value</b>		<b>Assessed</b>
			<b>Value</b>	<b>Value</b>		<b>Value</b>
Google	\$600,733,510	1	9.07%			
Tapaha Dynamics LLC	258,514,400	2	3.90%			
MDI/Merchant Distributors Inc.	113,086,977	3	1.71%	\$94,053,183	1	1.86%
Duke Energy	76,418,365	4	1.15%	55,449,910	3	1.10%
Blue Ridge Electric Membership	53,204,473	5	0.80%	37,985,083	4	0.75%
Wal Mart	32,463,638	6	0.49%			
Bernhardt Industires	24,221,182	7	0.37%	34,746,005	5	0.69%
Heritage Home Group LLC	22,441,124	8	0.34%			
BellSouth	20,059,392	9	0.30%	24,348,894	7	0.48%
Sealed Air Corporation	19,697,236	10	0.30%			
Broyhill Industries				62,815,105	2	1.24%
Neptco				25,809,705	6	0.51%
Kincaid Furniture				21,373,817	8	0.42%
Shuford Mills				16,648,938	9	0.33%
Bemis				16,578,000	10	0.33%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal years ended June 30, 2016

**CALDWELL COUNTY**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Table 20

Year	Population	Personal Income (in thousands of dollars)	Per Capita Personal Income	Median Age	Public School Enrollment	Private School Enrollment	Unemployment Rate
2016	82,445	\$ 1,611,965	\$ 19,552	43.0	11,918	400	6.30%
2015	82,321	1,609,540	19,552	44.0	12,060	400	7.10%
2014	82,590	1,587,545	19,222	42.0	12,072	421	7.40%
2013	83,117	1,549,301	18,640	42.0	12,333	400	10.00%
2012	83,117	1,609,311	19,362	42.0	12,555	400	13.20%
2011	83,209	1,711,957	21,217	42.0	12,452	400	13.30%
2010	80,020	1,656,654	20,703	40.0	12,888	400	12.70%
2009	77,386	2,107,995	27,240	n/a	12,741	400	15.60%
2008	79,594	2,366,568	29,733	n/a	12,817	400	7.50%
2007	79,298	2,244,213	28,301	n/a	12,872	395	7.50%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Table 21

<b>Employer</b>	<b>Fiscal Year ended June 30, 2016</b>			<b>Fiscal Year ended June 30, 2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Total County Employment</b>
Caldwell County Schools	1000+	1	35,252	1000+	1	37,191
Merchant Distributors Inc.	1000+	2	35,252	1000+	2	37,191
Bernhardt Furniture, Inc.	1000+	3	35,252	1000+	4	37,191
Heritage Home Group	1000+	4	35,252			
Caldwell Memorial Hospital	500-999	5	35,252	500-999	5	37,191
Caldwell County	500-999	6	35,252	500-999	8	37,191
Wal Mart Associates, Inc.	500-999	7	35,252			
Caldwell Community College	500-999	8	35,252	500-999	6	37,191
Fairfield Chair Company	250-499	9	35,252			
Skill Creations Inc.	250-499	10	35,252			
Broyhill Furniture Industries, Inc.				1000+	3	37,191
Thomasville Furniture Industries, Inc.				500-999	7	37,191
Paxar Americas				250-499	9	37,191
Kincaid Furniture Co., Inc.				500-999	10	37,191

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2016

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## OPERATING INFORMATION





**CALDWELL COUNTY BOARD OF EDUCATION**

Table 22

**Full-Time Employees by Function  
Last Ten Fiscal Years**

<b>Position</b>	<b>Fiscal Year Ended June 30,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Officials, Adm., Mgrs.	26	26	26	25	26
Principals	26	26	25	26	26
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	18	18	18	18	16
Elementary Teachers	397	398	399	401	404
Secondary Teachers	198	192	194	197	196
Other Teachers	223	225	228	221	225
Guidance	34	34	35	37	36
Psychological	5	4	5	6	3
Librarian, Audiovisual	18	18	19	19	18
Consultant, Supervisor	0	0	0	0	0
Other Professionals	68	68	74	74	73
Teacher Assistants	253	262	271	282	281
Technicians	8	8	8	7	7
Clerical, Secretarial	87	83	83	85	85
Service Workers	108	111	116	124	135
Skilled Crafts	23	21	21	22	20
Laborers, Unskilled	0	0	0	0	1
<b>Total</b>	<b>1,492</b>	<b>1,494</b>	<b>1,522</b>	<b>1,544</b>	<b>1,552</b>

<b>Position</b>	<b>Fiscal Year Ended June 30,</b>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Officials, Adm., Mgrs.	29	28	30	22	23
Principals	26	26	27	24	26
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	19	21	22	19	17
Elementary Teachers	422	447	483	460	456
Secondary Teachers	201	206	229	193	180
Other Teachers	242	236	251	243	257
Guidance	39	35	37	36	38
Psychological	4	3	5	4	5
Librarian, Audiovisual	20	20	21	22	22
Consultant, Supervisor	0	1	1	4	4
Other Professionals	78	64	63	53	56
Teacher Assistants	310	347	388	326	333
Technicians	8	8	8	10	9
Clerical, Secretarial	88	89	89	88	87
Service Workers	159	158	186	178	186
Skilled Crafts	19	20	18	20	20
Laborers, Unskilled	1	1	1	1	0
<b>Total</b>	<b>1,665</b>	<b>1,710</b>	<b>1,859</b>	<b>1,703</b>	<b>1,719</b>

Source: NC Department of Public Instruction Statistical Profile

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Table 23

<b>Fiscal Year Ended June 30,</b>	<b>Average Daily Membership</b>	<b>Percentage Increase in ADM</b>	<b>Operating Expenditures (excl. Capital)</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Schools</b>	<b>Graduating Class</b>
2016	11,964	0.39%	\$ 103,523,944	8,653	2.00%	26	n/a
2015	11,918	-1.18%	101,498,903	8,516	3.61%	26	841
2014	12,060	-1.34%	97,963,712	8,123	-0.37%	26	901
2013	12,224	-0.88%	98,327,289	8,044	1.96%	26	865
2012	12,333	-1.77%	96,441,648	7,820	-1.15%	26	885
2011	12,555	-0.97%	97,562,716	7,771	2.49%	26	908
2010	12,678	-1.71%	95,193,023	7,509	-3.91%	26	773
2009	12,899	-0.58%	99,071,198	7,681	0.76%	26	769
2008	12,974	-0.28%	98,325,646	7,579	6.44%	26	767
2007	13,010	0.68%	92,379,825	7,101	5.46%	26	736

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Teachers' Salaries**  
**Last Ten Fiscal Years**

Table 24

<b>Fiscal Year Ended June 30,</b>		<b>Minimum</b>		<b>Maximum</b>		<b>Average</b>
<b>2016</b>	\$	35,000	\$	65,331	\$	46,285
<b>2015</b>		33,000		64,050		44,720
<b>2014</b>		30,800		65,520		40,260
<b>2013</b>		30,800		65,520		40,390
<b>2012</b>		30,430		55,910		37,030
<b>2011</b>		30,430		55,910		37,105
<b>2010</b>		30,430		55,910		37,295
<b>2009</b>		30,430		55,910		37,407
<b>2008</b>		29,750		55,910		37,355
<b>2007</b>		28,510		55,910		36,780

**CALDWELL COUNTY BOARD OF EDUCATION**  
**Capital Asset Information**  
**Last Ten Fiscal Years**

Table 25

School Buildings	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>Elementary &amp; K8 Schools</u></b>										
Number	16	16	16	16	16	16	16	16	16	16
Square Feet	980,984	980,984	980,984	980,984	962,636	962,636	962,636	962,636	962,636	962,636
Acres	309	309	309	309	309	309	309	309	309	309
Portables/Mobiles	8	8	8	8	8	8	8	8	8	8
Enrollment	5,836	5,629	5,830	5,884	5,930	6,013	6,227	6,508	6,571	6,594
<b><u>Middle Schools</u></b>										
Number	4	4	4	4	4	4	4	4	4	4
Square Feet	398,647	398,647	358,356	358,356	358,356	358,356	358,356	358,356	358,356	358,356
Acres	190	190	145	145	145	145	145	145	145	145
Portables/Mobiles	8	8	8	8	8	8	8	8	8	9
Enrollment	2,407	2,446	2,538	2,497	2,610	2,637	2,612	2,553	2,562	2,573
<b><u>High Schools</u></b>										
Number	6	6	6	6	6	6	6	6	6	4
Square Feet	677,843	677,843	677,843	677,843	677,843	677,843	677,843	677,843	677,843	677,843
Acres	213	213	213	213	213	213	213	213	213	213
Portables/Mobiles	9	9	9	9	9	8	8	8	8	8
Enrollment	3,862	3,739	3,715	3,952	3,685	3,788	3,759	3,332	3,470	3,729
<b><u>Support Facilities</u></b>										
Number	4	4	3	3	3	3	3	3	3	3
Square Feet	122,992	122,992	63,783	63,783	63,783	63,783	63,783	63,783	63,783	60,783
Acres	>18.5	>18.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Portables/Mobiles	0	0	0	0	0	0	0	0	0	0

# COMPLIANCE SECTION



# Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Education  
Caldwell County Board of Education  
Lenoir, 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 the Caldwell County Board of Education, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Caldwell County Board of Education's basic financial statements, and have issued our report thereon dated October 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Caldwell County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caldwell County Board of Education'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caldwell County Board of Education's financial statements are free from material misstatement, we performed test 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 disclose 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.



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

October 25, 2016  
Morganton, North Carolina



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

To the Board of Education  
Caldwell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Caldwell County Board of Education, North Carolina, 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 Caldwell County Board of Education's major federal programs for the year ended June 30, 2016. Caldwell County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

October 25, 2016  
Morganton, North Carolina

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB UNIFORM GUIDANCE  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

To the Board of Education  
Caldwell County Board of Education  
Lenoir, North Carolina

Report on Compliance for Each Major State Program

We have audited Caldwell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Caldwell County Board of Education's major State programs for the year ended June 30, 2016. The Caldwell County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

#### Opinion on Each Major State Program

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

#### Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item #2016-001 and 2016-002. Our opinion on each major state program is not modified with respect to these matters.

The Caldwell County Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Caldwell County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we considered to be significant deficiencies.

The Board's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Boggs, Crump & Brown, P.A.  
Certified Public Accountants

October 25, 2016  
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- \* Material weakness(es) identified? \_\_\_ yes X no
- \* Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_ yes reported X none
- Noncompliance material to financial statements noted \_\_\_ yes X no

Federal Awards

Internal control over major federal programs:

- \* Material weakness(es) identified? \_\_\_ yes X no
- \* Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_ yes X none reported
- Noncompliance material to federal awards \_\_\_ yes X no

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.010	Title I - Educationally Deprived
84.010A	Title I - Rewards School Mini Grant
	Special Education Cluster:
84.027	IDEA - Handicapped
84.173	Pre-School Grant
84.027A	Special Needs Targeted Assistance
84.173A	Pre-School Targeted Assistance

CALDWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I. Summary of Auditor's Results

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

\$750,000

Auditee qualified as low-risk auditee?            X yes            \_\_\_ no

State Awards

Internal control over major State programs:

\* Material weakness(es) identified?            \_\_\_ yes            X no

\* Significant deficiency(s) identified  
that are not considered to be  
material weaknesses            X yes            \_\_\_ none reported

Noncompliance material to State awards            \_\_\_ yes            X no

Type of auditor's 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            X yes            \_\_\_ no

Identification of major State programs:

Program Name

State Public School Fund  
Public School Building Capital Fund  
Public School Building Capital Fund - Lottery  
School Bus Appropriation

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None





CALDWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section IV. State Awards Findings and Questioned Costs:

Finding 2016-002:

Internal Control and Compliance

Cause:

The Board failed to appropriately monitor months allotted versus months used as it relates to classroom teachers and vocational education instructors.

Recommendation:

The finance officer should review monthly the months allotted versus months used to determine if any adjustments are needed. A refund should be made back to the state for the dollar amount of the months used that exceeded the months allotted.

View of Responsible  
Officials and Planned  
Corrective Actions:

The Board agrees with this finding. The finance officer will ensure that months allotted versus months used will be monitored monthly. Before the report was issued a refund was issued to the state in the amount of \$26,908.

CALDWELL COUNTY BOARD OF EDUCATION  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

**Finding 2016-001**

Name of contact person:

David Johnson, Finance Officer

Corrective action:

Prior to release of this report, the Associate Superintendent issued a memo to all middle and high school principals and athletic directors outlining the law and indicating how important the retention of these records are. The Board has also added to their internal audit procedures for individual schools a testing of these records.

Proposed completion date:

October 2016

**Finding 2016-002**

Name of contact person:

David Johnson, Finance Officer

Corrective action:

The finance officer will monitor the months allotted versus months used monthly to determine if any adjustments are needed.

Proposed completion date:

October 2016

CALDWELL COUNTY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<b>Finding:</b>	10-01	"Accounts Receivable - USDA" was not reconciled to detail records on a monthly basis
<b>Status:</b>	Corrected	
<b>Finding:</b>	10-02	Same as 2010-01
<b>Status:</b>	Corrected	
<b>Finding:</b>	10-03	Child Nutrition program acquired equipment with ARRA funds which were bid in compliance with state law but not placed on IPS which was not in compliance with ARRA directive #3 requirement as to utilizing the state wide Interactive Purchasing System (IPS).
<b>Status:</b>	Corrected	
<b>Finding:</b>	10-04	One teaching position was filled and paid with IDEA VI B - ARRA funds but not posted with the local employment security commission office which was a requirement of ARRA directive #3.
<b>Status:</b>	Corrected	
<b>Finding:</b>	12-01	Budget overexpenditure in Capital Outlay Fund.
<b>Status:</b>	Corrected	
<b>Finding:</b>	12-02	Late payroll tax deposits.
<b>Status:</b>	Corrected	
<b>Finding:</b>	12-03	Soft drinks were sold during lunch period in violation of NC General Statute 115-264 as it relates to the National School Lunch and Breakfast Program.
<b>Status:</b>	Corrected	

CALDWELL COUNTY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Finding:** 13-01 The monitoring function of the internal control system failed to prevent the disbursements of unauthorized payments at an individual school.

**Status:** Corrected

**Finding:** 13-02 Public School Building Capital Fund project reports were not submitted to the grantor within 60 days of the completion date.

**Status:** Corrected

**Finding:** 15-001 The Board failed to submit timely budget amendments via BAAS (Budget and Amendment System).

**Status:** Corrected

**Finding:** 15-002 The Board failed to retain required records under Session Law 2011-147.

**Status:** Partially corrected fiscal 2015-2016 - Although document retention improved there still appears to be a lack of total understanding of Session Law 2011-147. See Finding 2016-001.

CALDWELL COUNTY BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL GRANTS:</b>			
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	12.000	\$ 110,228	
Total U.S. Department of Defense		<u>110,228</u>	
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed thru N.C. Department of Public Instruction:			
Title I, Part A Cluster:			
Title I - Educationally Deprived	84.01	3,160,746	
Title I - Rewards School mini grant	84.010A	<u>2,822</u>	
Total Title I, Part A Cluster		<u>3,163,568</u>	
Special Education Cluster:			
IDEA - Handicapped	84.027	2,534,434	
IDEA - Pre-School Grant	84.173	89,403	
IDEA - Special Needs Targeted Assistance	84.027A	8,585	
IDEA - Pre-School	84.173A	<u>7,450</u>	
Total Special Education Cluster		<u>2,639,872</u>	
Career and Technical Education - Basic Grants to States			
	84.048	142,147	
Career and Technical Education - CTE Building Capacity Grant			
	84.048		
Improving Teacher Quality			
	84.367	430,041	
Language Acquisition			
	84.365	58,378	
Special Education State Improvement			
	84.323A	24,387	
Homeless Children			
	84.196A	14,231	
Math and Science Partnerships			
	84.366B	<u>153,299</u>	
Total U.S. Department of Education		<u>6,625,923</u>	
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	443,475	
Summer Feeding	10.555	<u>2,030</u>	
Total Non-Cash Assistance		<u>445,505</u>	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	1,237,438	
National School Lunch Program	10.555	3,297,337	
Summer Food Service Program for Children	10.559	<u>133,853</u>	
Total Cash Assistance		<u>4,668,628</u>	
Total Child Nutrition Cluster		<u>5,114,133</u>	
Total U.S. Department of Agriculture		<u>5,114,133</u>	
<u>U.S. Department Health and Human Services</u>			
Passed thru N.C. Department of Public Instruction:			
Abstinence Education	93.235	<u>53,154</u>	
Total Federal Assistance Programs		<u>\$11,903,438</u>	

CALDWELL COUNTY BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>STATE GRANTS:</b>			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 68,537,328
Vocational Education - State Months of Employment			3,699,988
- Program Support Funds			309,373
Driver Training - SPSF			183,124
State Technology Fund - SPSF			199,532
Breakfast Program Reduced Price			17,414
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			789,479
Passed thru Caldwell County Smart Start:			
Smart Start			56,156
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund			54,563
Public School Building Capital Fund - Lottery			891,365
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation			681,874
Textbooks			81,819
Total State Assistance Programs			<u>\$ 75,502,015</u>

**Notes to the Schedule of Expenditures of Federal and State Financial 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 the Caldwell County board of Education under the programs of the federal government and the state of North Carolina for the year ended June 30, 2016. 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 Caldwell County Schools it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets or cash flows of Caldwell County Schools.

**Note 2 - Summary of Significant Accounting Policies:**

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

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

**Note 3 - Cluster of Programs:**

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

CALDWELL COUNTY BOARD OF EDUCATION  
 GASB 34 CALCULATION OF MAJOR FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2016

Type of Fund	Assets	Computes "X" if Meets		Liabilities	Computes "X" if Meets	
		10%	5%		10%	5%
		Rule	Rule		Rule	Rule
General Fund	\$ 14,015,654	x	x	\$ 1,866,398	x	x
Special Revenue Funds:						
State Public School Fund	3,119,568	x	x	3,119,568	x	x
Federal Grants Fund	260,452			260,452		
Individual Schools	1,249,091			0		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,461,102</u>	x	x	<u>207,309</u>		
Total Government Funds	<u>\$ 22,105,867</u>			<u>\$ 5,453,727</u>		
10% of Total Governmental Funds	<u>\$ 2,210,587</u>			<u>\$ 545,373</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 4,569,361	x	x	\$ 861,714	x	x
Child Care	<u>859,927</u>	x		<u>249,820</u>	x	
Total Enterprise Funds	<u>\$ 5,429,288</u>			<u>\$ 1,111,534</u>		
10% of Total Enterprise Funds	<u>\$ 542,929</u>			<u>\$ 111,153</u>		
Total Governmental and Enterprise Funds	<u>\$ 27,535,155</u>			<u>\$ 6,565,261</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,376,758</u>			<u>\$ 328,263</u>		



Revenue	Computes "X" if Meets		Expenditures/ Expenses	Computes "X" if Meets		Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
	10% Rule	5% Rule		10% Rule	5% Rule	
\$ 19,024,856	x	x	\$ 20,276,695	x	x	Always major
73,011,164	x	x	72,971,284	x	x	Major
6,679,077		x	6,679,077		x	Major - Discretion of Auditee
2,829,065			2,915,014			Major - Discretion of Auditee
<u>4,728,847</u>			<u>6,542,482</u>		x	Major
<u>\$ 106,273,009</u>			<u>\$ 109,384,552</u>			
<u>\$ 10,627,301</u>			<u>\$ 10,938,455</u>			
\$ 7,313,938	x	x	\$ 6,975,140	x	x	Major
1,286,886	x		1,123,377	x		Major - Discretion of Auditee
<u>\$ 8,600,824</u>			<u>\$ 8,098,517</u>			
<u>\$ 860,082</u>			<u>\$ 809,852</u>			
<u>\$ 114,873,833</u>			<u>\$ 117,483,069</u>			
<u>\$ 5,743,692</u>			<u>\$ 5,874,153</u>			

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