

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2017



CALDWELL COUNTY SCHOOLS

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the fiscal year ended June 30, 2017**

**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



LETTER OF TRANSMITTAL

December 1, 2017

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, 2017, 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 employs just under one thousand five hundred full-time employees and has a student population of eleven thousand nine hundred and four. There are nine hundred and sixteen certified teachers, of which one hundred and forty-six 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 81,287. 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 4.2% unemployment rate is on average with the state.

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 21% of the nation's teachers certified by the National Board of Professional Teaching Standards. This is more than any other state in the nation. Currently, 16% 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 3rd 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, 2016. This was the fourteenth 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.

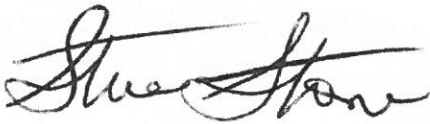
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs' requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from 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 fluid and cursive, with the first and last names being clearly legible.

Dr. Steve Stone
Superintendent

A handwritten signature in black ink that reads "David C. Johnson". The signature is cursive and includes the middle initial "C".

David C. Johnson
Chief Finance Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Caldwell County Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

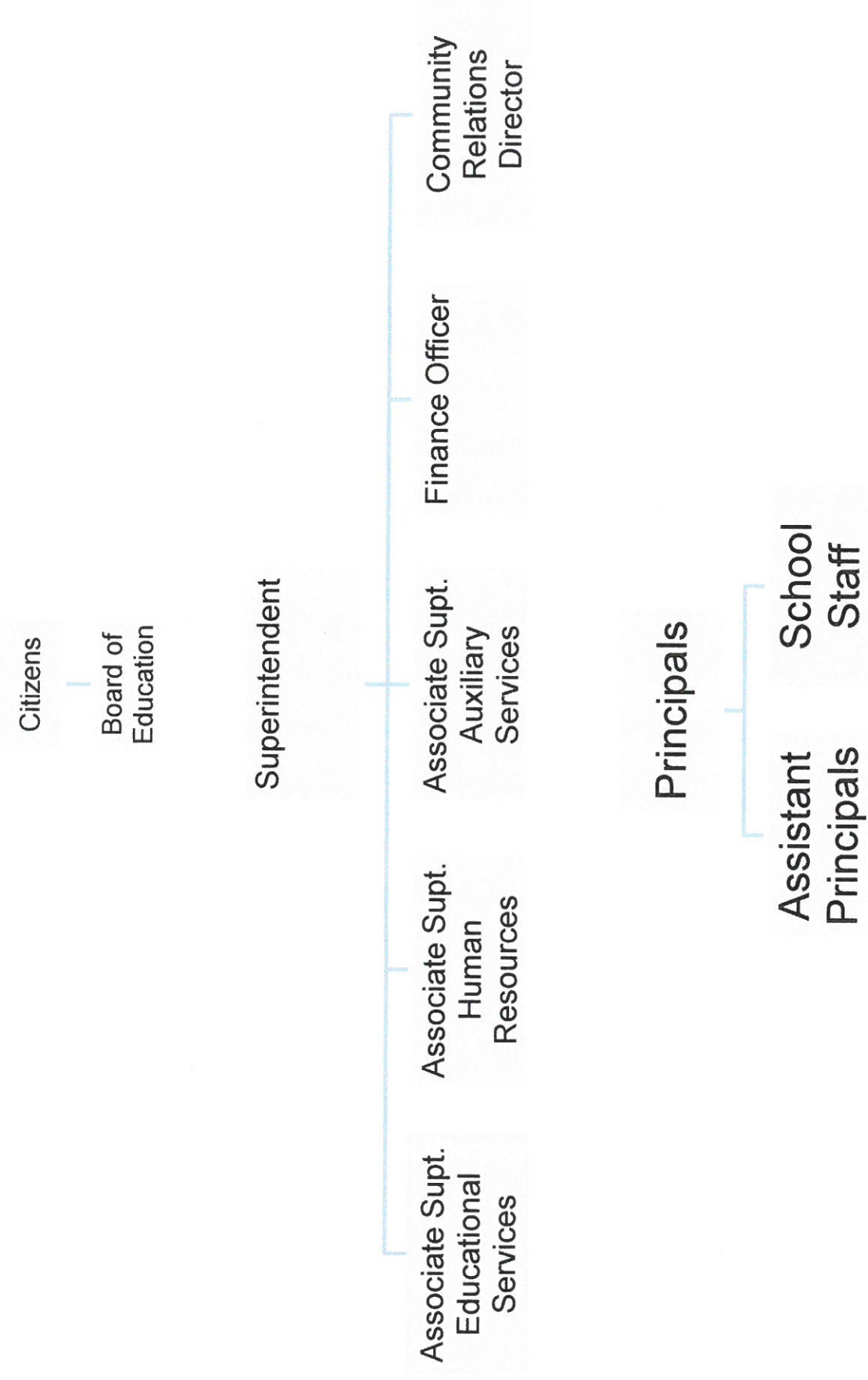
**Caldwell County Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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
Mrs. Ann B. Edwards
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

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, 2017, 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.

Member: American Institute of CPA's - North Carolina Association of CPA's

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, 2017, 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

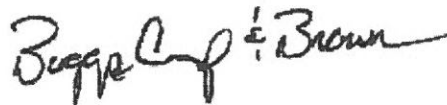
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Caldwell County Board of Education's basic financial statements. The combining and individual fund financial statements and schedules, budgetary schedules and other schedules, as well 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 November 20, 2017 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

November 20, 2017
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The school system experienced an increased enrollment of 51 students (0.4%) from the previous year.
- The assets of the Board exceeded liabilities at the close of the fiscal year by \$65,642,653.
- The Board's total net position decreased by (\$2,873,674).
- Unassigned General Fund balance totaled \$5,690,146 at June 30, 2017. Total General Fund balance decreased by (\$529,340) during fiscal year 2017.
- At the close of the current fiscal year, the Board's governmental funds reported a combined fund balance of \$16,230,272 a decrease of (\$421,868) from the prior year.

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, 2017

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 plus deferred outflows of resources and the total of liabilities plus deferred inflows of resources - is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, 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, 2017

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 \$65,642,653 as of June 30, 2017. The largest component of net position is net investment in capital assets of \$68,424,524.

CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position
as of June 30, 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current assets	\$22,115,649	\$22,105,857	\$4,768,532	\$ 4,403,607	\$26,884,181	\$26,509,474
Capital assets	<u>69,091,591</u>	<u>69,501,937</u>	<u>747,119</u>	<u>813,241</u>	<u>69,838,710</u>	<u>70,315,178</u>
Total assets	<u>91,207,240</u>	<u>91,607,804</u>	<u>5,515,651</u>	<u>5,216,848</u>	<u>96,722,891</u>	<u>96,824,652</u>
Deferred outflows of resources	27,438,250	5,672,373	1,027,616	212,440	28,465,866	5,884,813
Current liabilities	9,953,551	8,337,714	272,180	319,609	10,225,731	8,657,323
Long-term liabilities	<u>45,267,565</u>	<u>19,362,293</u>	<u>1,574,774</u>	<u>635,506</u>	<u>46,842,339</u>	<u>19,997,799</u>
Total liabilities	<u>55,221,116</u>	<u>27,700,007</u>	<u>1,846,954</u>	<u>955,115</u>	<u>57,068,070</u>	<u>28,655,122</u>
Deferred inflows of Resources	2,388,581	5,381,597	89,453	156,419	2,478,034	5,538,016
Net Investment in capital assets	67,677,405	68,434,954	747,119	813,241	68,424,524	69,248,195
Restricted:						
Individual schools	1,319,654	1,249,091			1,319,654	1,249,091
Stabilization by State statute	1,203,193	761,920			1,203,193	761,920
School Capital Outlay	2,170,382	644,371			2,170,382	644,371
Unrestricted net position	<u>(11,334,841)</u>	<u>(6,891,763)</u>	<u>3,859,741</u>	<u>3,504,513</u>	<u>(7,475,100)</u>	<u>(3,387,250)</u>
Total net position	<u>\$61,035,793</u>	<u>\$64,198,573</u>	<u>\$4,606,860</u>	<u>\$ 4,317,754</u>	<u>\$65,642,653</u>	<u>\$68,516,327</u>

Note that net position decreased during the year, indicating a decline in the financial condition of the Board. The decrease in net position 4.20% resulted from pension adjustments required by GASB 68 and a decrease in capital assets. 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, 2017

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenues:						
Program revenues:						
Charges for services	\$ 904,404	\$ 969,250	\$2,848,936	\$ 3,075,726	\$ 3,753,340	\$ 4,044,976
Operating grants and contributions	80,840,548	78,557,140	5,512,757	5,518,566	86,353,305	84,075,706
Capital grants and contributions	91,339	79,571			91,339	79,571
General revenue:						
Other revenues	<u>25,057,905</u>	<u>26,514,869</u>	<u>2,943</u>	<u>6,532</u>	<u>25,060,848</u>	<u>26,521,401</u>
Total revenues	<u>106,894,196</u>	<u>106,120,830</u>	<u>8,364,636</u>	<u>8,600,824</u>	<u>115,258,832</u>	<u>114,721,654</u>
Expenses:						
Governmental activities:						
Instructional services	89,550,006	83,683,689			89,550,006	83,683,689
System-wide support services	17,459,217	16,259,733			17,459,217	16,259,733
Ancillary services	17,572	30,590			17,572	30,590
Non-programmed charges	50,494	56,796			50,494	56,796
Unallocated depreciation expense	2,933,688	2,946,843			2,933,688	2,946,843
Business-type activities:						
Food service			6,923,099	6,975,140	6,923,099	6,975,140
Child care			<u>1,198,430</u>	<u>1,123,377</u>	<u>1,198,430</u>	<u>1,123,377</u>
Total expenses	<u>110,010,977</u>	<u>102,977,651</u>	<u>8,121,529</u>	<u>8,098,517</u>	<u>118,132,506</u>	<u>111,076,168</u>
Increase (decrease) in net position before transfers	(3,116,781)	3,143,179	243,107	502,307	(2,873,674)	3,645,486
Transfers in (out)	<u>(45,999)</u>	<u>(39,880)</u>	<u>45,999</u>	<u>39,880</u>		
Increase (decrease) in net position	(3,162,780)	3,103,299	289,106	542,187	(2,873,674)	3,645,486
Net position, beginning	<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>
Ending net position	<u>\$61,035,793</u>	<u>\$64,198,573</u>	<u>\$4,606,860</u>	<u>\$ 4,317,754</u>	<u>\$65,642,653</u>	<u>\$68,516,327</u>

Total governmental activities generated revenues of \$106,894,196 while expenses in this category totaled \$110,010,977 for the year ended June 30, 2017. Comparatively, revenues were \$106,120,830 and expenses totaled \$102,977,651 for the year ended June 30, 2016. After transfers to the business-type activities, the decrease in net

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

position stands at (\$3,162,780) at June 30, 2017 compared to an increase in net position of \$ 3,103,299 for fiscal year end June 30, 2016. Instructional services expenses comprised 81.4% of total governmental-type expenses while system-wide support services made up 16.9% of those expenses for fiscal year ending June 30, 2017. Instructional services expenses comprised 81.3% of total governmental-type expenses while system-wide support services made up 15.8% of those expenses for fiscal year June 30, 2016. County funding comprised 15.4% of total government revenue for fiscal year end June 30, 2017 as compared to 17.5% in fiscal year end June 30, 2016 while unrestricted state funding comprised 6.3% and 5.7% for fiscal years ending June 30, 2017 and June 30, 2016 respectively. Much of the remaining 78.3% of total governmental revenue consists mainly of restricted State and Federal money for the year ending June 30, 2017. This revenue represented 76.8% of total revenue in 2016. Business-type activities generated revenue of \$8,364,636 and had expenses of \$8,121,529 as compared to revenues of \$8,600,826 and expenses of \$8,098,517 for the period ending June 30, 2016. Net position increased in the business-type activities by \$289,106 as compared to an increase of \$542,187 for the period ending June 30, 2016.

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 \$16,230,272 a decrease of (\$421,868) from the prior year. The Board's General Fund had a decrease in fund balance of (\$529,340) while the Individual School Fund and Capital Outlay Fund both had revenues that exceeded expenditures. The General Fund decrease in fund balance of (\$529,340) 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 \$77,112,444, compared to \$75,484,601 in 2016, an increase of \$1,627,843 for the year. This was mainly due to increased funding from the State Public School Fund. County funding was \$16,447,364, compared to \$17,869,940 in 2016, a decrease of (\$1,422,576). This decrease is due to County funding for school capital outlay in the prior year. Federal Grant funding was \$6,725,396, compared to \$6,789,305 in 2016, a decrease of (\$63,909) for the year.

The Board's business-type funds performed well in the past year with a combined increase in net position of \$289,106 as compared to an increase of \$542,187 for the period ended June 30, 2016. The School Food Service Fund reported an increase in net position of \$184,756 while the Child Care Fund reported an increase in net position of \$104,350 as compared to an increase of net position of \$378,678 and an increase of \$163,509 respectively for fiscal year ended June 30, 2016.

When analyzing the school districts 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, 2017

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, 2017

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, 2017**

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 \$2,999,511 in the General Fund.

Capital Assets

Capital assets decreased by \$476,468 (or 0.70%) from the previous year. Depreciation for the total primary government totaled \$3,829,810 while additions from capital expenditures totaled \$3,353,342. 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, 2017**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	\$ 2,950,419	\$ 2,950,419	\$	\$	\$ 2,950,419	\$ 2,950,419
Construction in progress	563,126	629,710			563,126	629,710
Buildings and Improvements	60,510,707	61,763,884			60,510,707	61,763,884
Equipment and furniture	1,275,034	1,054,001	747,119	813,241	2,022,153	1,867,242
Vehicles	3,792,305	3,103,923			3,792,305	3,103,923
Total	\$69,091,591	\$69,501,937	\$747,119	\$813,241	\$69,838,710	\$70,315,178

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

Debt Outstanding

During the year the Board's outstanding debt increased by \$347,205 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 II.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 affect on the economic outlook of Caldwell County.

CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

- 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 1.1% from 5.3% in 2016 to 4.2% in 2017. The County's unemployment rate is the same as the state rate of 4.2%
- 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, 2017

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	16,527,369	4,239,823	20,767,192
Due from other governments	4,852,110	225,467	5,077,577
Receivables (net)	29,941	22,393	52,334
Internal balances	80,579	(80,579)	-
Inventories	625,650	361,428	987,078
	<u>22,115,649</u>	<u>4,768,532</u>	<u>26,884,181</u>
Total current assets			
Capital assets (Note 1):			
Land and construction in progress	3,513,545		3,513,545
Other capital assets, net of depreciation	65,578,046	747,119	66,325,165
	<u>69,091,591</u>	<u>747,119</u>	<u>69,838,710</u>
Total capital assets			
Total assets			
	<u>91,207,240</u>	<u>5,515,651</u>	<u>96,722,891</u>
DEFERRED OUTFLOWS OF RESOURCES			
	27,438,250	1,027,616	28,465,866
LIABILITIES			
Accounts payable and accrued expenses	553,408	31,593	585,001
Accrued salaries and wages payable	5,331,969	37,967	5,369,936
Unearned revenue		67,305	67,305
Liabilities due within one year	4,068,174	135,315	4,203,489
	<u>9,953,551</u>	<u>272,180</u>	<u>10,225,731</u>
Total current liabilities			
Long-term liabilities:			
Net pension liability	41,913,049	1,569,732	43,482,781
Due in more than one year	3,354,516	5,042	3,359,558
	<u>45,267,565</u>	<u>1,574,774</u>	<u>46,842,339</u>
Total long-term liabilities			
Total liabilities			
	<u>55,221,116</u>	<u>1,846,954</u>	<u>57,068,070</u>
DEFERRED INFLOWS OF RESOURCES			
	2,388,581	89,453	2,478,034
NET POSITION			
Net investment in capital assets	67,677,405	747,119	68,424,524
Restricted for:			
Individual schools	1,319,654		1,319,654
Stabilization by State Statute	1,203,193		1,203,193
School Capital Outlay	2,170,382		2,170,382
Unrestricted	(11,334,841)	3,859,741	(7,475,100)
	<u>\$ 61,035,793</u>	<u>\$ 4,606,860</u>	<u>\$ 65,642,653</u>
Total net position			

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$ 52,342,612		\$ 44,172,978	
Special Populations	12,427,446		10,823,893	
Alternative Programs	8,568,758	91,560	8,451,314	
School Leadership	6,519,353		4,157,504	
Co-Curricular	3,398,857	802,847	2,065,022	
School-Based Support	6,292,980		4,508,292	
System-wide Support services:				
Support and Development	1,212,301		413,031	
Special Population Support and Development	595,455		451,419	
Alternative Programs and Services Support and Development	314,769		309,794	
Technology Support	925,477		149,748	
Operational Support	10,847,458	9,997	4,428,799	91,339
Financial and Human Resource Accountability	1,538,949		91,381	
System-wide Pupil Support	271,417			
45,633				
Policy, Leadership, and Public Relations	1,707,758		645,264	
Ancillary Services	17,572			
Non-programmed charges	50,494		172,109	
Unallocated depreciation expense**	2,933,688			
Total governmental activities	\$ 110,010,977	\$ 904,404	\$ 80,840,548	\$ 91,339
Business-type activities:				
School food service	6,923,099	1,547,227	5,512,757	
Child care	1,198,430	1,301,709		
Total business-type activities	8,121,529	2,848,936	5,512,757	-
Total primary government	\$ 118,132,506	\$ 3,753,340	\$ 86,353,305	\$ 91,339

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.

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (8,169,634)	\$ -	\$ (8,169,634)
(1,603,553)		(1,603,553)
(25,884)		(25,884)
(2,361,849)		(2,361,849)
(530,988)		(530,988)
(1,784,688)		(1,784,688)
(799,270)		(799,270)
(144,036)		(144,036)
(4,975)		(4,975)
(775,729)		(775,729)
(6,317,323)		(6,317,323)
(1,447,568)		(1,447,568)
(271,417)		(271,417)
(45,633)		(45,633)
(1,062,494)		(1,062,494)
(17,572)		(17,572)
121,615		121,615
(2,933,688)		(2,933,688)
<u>(28,174,686)</u>		<u>(28,174,686)</u>
	136,885	136,885
	103,279	103,279
	<u>240,164</u>	<u>240,164</u>
<u>(28,174,686)</u>	<u>240,164</u>	<u>(27,934,522)</u>
14,800,000		14,800,000
1,636,789		1,636,789
4,816,164		4,816,164
1,866,809		1,866,809
79,325	2,943	82,268
1,858,818		1,858,818
(45,999)	45,999	-
<u>25,011,906</u>	<u>48,942</u>	<u>25,060,848</u>
(3,162,780)	289,106	(2,873,674)
64,198,573	4,317,754	68,516,327
<u>\$ 61,035,793</u>	<u>\$ 4,606,860</u>	<u>\$ 65,642,653</u>

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	12,541,059		1,319,654	2,666,656		16,527,369
Due from other government	52,932	3,408,913		1,120,320	269,945	4,852,110
Due from other funds	84,893					84,893
Receivables (Net)	29,941					29,941
Inventories	625,650					625,650
Total assets	13,334,475	3,408,913	1,319,654	3,786,976	269,945	22,119,963
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	57,134		-	496,274		553,408
Accrued salaries and benefits payable	1,653,111	3,408,913			269,945	5,331,969
Due to other funds	4,314					4,314
Total liabilities	1,714,559	3,408,913	-	496,274	269,945	5,889,691
Fund balances:						
Nonspendable:						
Inventories	625,650					625,650
Restricted:						
Stabilization by State Statute	82,873			1,120,320		1,203,193
School Capital Outlay Individual Schools			1,319,654	2,170,382		2,170,382
Assigned:						1,319,654
Subsequent years expenditure	5,221,247					5,221,247
Unassigned	5,690,146					5,690,146
Total fund balance	11,619,916	-	1,319,654	3,290,702	-	16,230,272
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,334,475</u>	<u>\$ 3,408,913</u>	<u>\$ 1,319,654</u>	<u>\$ 3,786,976</u>	<u>\$ 269,945</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.	69,091,591
Deferred outflows of resources related to pensions	27,438,250
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).	(7,422,690)
Net pension liability	(41,913,049)
Deferred inflows of resources related to pensions	(2,388,581)

Net position of government activities \$ 61,035,793

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, 2017

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 908,075	\$ 74,337,560		\$ 1,866,809		\$ 77,112,444
Caldwell County	14,810,575			1,636,789		16,447,364
U.S. Government	93,460				6,631,936	6,725,396
Contributions and donations	1,582,592		2,065,022			3,647,614
Other	2,186,895		826,650	78,866		3,092,411
Total revenues	19,581,597	74,337,560	2,891,672	3,582,464	6,631,936	107,025,229
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	3,294,694	47,023,237			587,068	50,904,999
Special Populations	1,318,002	8,431,581			2,393,239	12,142,822
Alternative Programs	2,322,704	3,077,607			3,046,473	8,446,784
School Leadership	1,843,150	4,514,852			-	6,358,002
Co-Curricular	571,791	-	2,821,109		-	3,392,900
School-Based Support	1,115,212	4,928,080			139,004	6,182,296
System-wide support services:						
Support and Development	819,323	249,374			111,590	1,180,287
Special Population Support and Development	131,948	451,419				583,367
Alternative Programs & Services						
Support and Development	120,259	39,722			141,530	301,511
Technology Support	814,625	149,748				964,373
Operational Support	5,248,014	4,413,216			15,583	9,676,813
Financial and Human Resource	1,093,484	436,801			1,999	1,532,284
Accountability	266,177					266,177
System-wide Pupil Support	45,399					45,399
Policy, Leadership, and Public Relations	1,033,626	575,924			71,532	1,681,082
Ancillary services	17,111					17,111
Non-programmed charges	57,609				123,918	181,527
Debt service:						
Principal				863,570		863,570
Capital outlay:						
Real property and buildings				1,792,340		1,792,340
System-wide support services				1,465,154		1,465,154
Instructional services				635,266		635,266
Total expenditures	20,113,128	74,291,561	2,821,109	4,756,330	6,631,936	108,614,064
Excess (deficiency) of revenues over expenditures	(531,531)	45,999	70,563	(1,173,866)	-	(1,588,835)
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	-	(45,999)		-		(45,999)
Installment purchase obligations issued				1,210,775		1,210,775
Total other financing sources (uses)	-	(45,999)		1,210,775	-	1,164,776
Net change in fund balances	(531,531)	-	70,563	36,909		(424,059)
Fund balances- beginning	12,149,256		1,249,091	3,253,793		16,652,140
Increase in reserve for inventories	2,191					2,191
Fund balances - ending	\$11,619,916	\$ -	\$1,319,654	\$3,290,702	\$ -	\$ 16,230,272

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, 2017

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

Net changes in fund balances - total governmental funds	\$ (424,059)
Change in fund balance due to change in reserve for inventory	2,191
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	
	(410,348)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,309,556
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:	
New debt issued	(1,210,775)
Repayment of long-term debt	863,570
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(7,851,671)
Compensated absences	(441,244)
Total changes in net position of governmental activities	<u>\$ (3,162,780)</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, 2017

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ 809,113	\$ 908,075	\$ 98,962
Caldwell County	14,882,000	14,882,000	14,810,575	(71,425)
U.S. Government	146,000	146,000	93,460	(52,540)
Contributions and donations	-	1,957,393	1,582,592	(374,801)
Other	1,401,164	1,634,169	2,186,895	552,726
Total Revenues	16,429,164	19,428,675	19,581,597	152,922
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	6,677,055	5,150,475	3,294,694	1,855,781
Special Populations	411,605	1,318,605	1,318,002	603
Alternative Programs	634,560	3,345,066	2,322,704	1,022,362
School Leadership	2,514,077	2,514,077	1,843,150	670,927
Co-Curricular	664,806	664,806	571,791	93,015
School-Based Support	740,636	1,115,216	1,115,212	4
System-wide Support services:				
Support and Development	680,616	1,030,675	819,323	211,352
Special Population Support and Development	130,087	131,949	131,948	1
Alternative Programs and Services Support and Development	23,447	120,260	120,259	1
Technology Support	910,944	910,944	814,625	96,319
Operational Support	5,254,543	5,309,543	5,248,014	61,529
Financial and Human Resource Accountability	1,544,108	1,542,826	1,093,484	449,342
System-wide Pupil Support	265,873	266,178	266,177	1
Policy, Leadership, and Public Relations	44,424	45,401	45,399	2
Ancillary Services	1,090,429	1,091,406	1,033,626	57,780
Nutrition Services	6,558	26,558	17,111	9,447
Non-programmed charges	64,376	74,376	57,609	16,767
Total expenditures	21,658,144	24,658,361	20,113,128	4,545,233
Revenues over (under) expenditures	(5,228,980)	(5,229,686)	(531,531)	4,698,155
Other financing sources (uses):				
Transfer to other funds	(80,000)	(80,000)	-	80,000
Total other financing sources (uses)	(80,000)	(80,000)	-	80,000
Revenues and other sources and other uses	(5,308,980)	(5,309,686)	(531,531)	4,778,155
Fund balances, beginning of year	5,308,980	5,309,686	12,149,256	6,839,570
Increase in reserve for inventories			2,191	2,191
Fund balances, end of year	\$ -	\$ -	\$11,619,916	\$ 11,619,916

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,352,083	\$ 887,740	\$ 4,239,823
Receivable	22,393		22,393
Due from other governments	199,552	25,915	225,467
Due from other funds	4,314		4,314
Inventories	361,428		361,428
Total current assets	<u>3,939,770</u>	<u>913,655</u>	<u>4,853,425</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	747,119		747,119
Total noncurrent assets	<u>747,119</u>		<u>747,119</u>
Total assets	<u>\$ 4,686,889</u>	<u>\$ 913,655</u>	<u>\$ 5,600,544</u>
DEFERRED OUTFLOWS OF RESOURCES	810,715	216,901	1,027,616
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	26,862	4,731	31,593
Accrued salaries and wages payable	30,811	7,156	37,967
Due to other funds	84,893		84,893
Unearned revenue	49,234	18,071	67,305
Compensated absences	91,528	43,787	135,315
Total current liabilities	<u>283,328</u>	<u>73,745</u>	<u>357,073</u>
Noncurrent liabilities:			
Net pension liability	1,250,606	319,126	1,569,732
Compensated absences		5,042	5,042
Total noncurrent liabilities	<u>1,250,606</u>	<u>324,168</u>	<u>1,574,774</u>
Total liabilities	<u>1,533,934</u>	<u>397,913</u>	<u>1,931,847</u>
DEFERRED INFLOWS OF RESOURCES	71,267	18,186	89,453
NET POSITION			
Net investment in capital assets	747,119		747,119
Unrestricted	3,145,284	714,457	3,859,741
Total net position	<u>\$ 3,892,403</u>	<u>\$ 714,457</u>	<u>\$ 4,606,860</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, 2017

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 1,547,227		\$ 1,547,227
Child care fees		1,301,709	1,301,709
	<u>1,547,227</u>	<u>1,301,709</u>	<u>2,848,936</u>
Total operating revenues			
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,053,835	54,184	2,108,019
Donated commodities	468,432		468,432
Salaries and benefits	3,464,504	1,063,788	4,528,292
Indirect costs	370,798		370,798
Materials and supplies	272,341	35,380	307,721
Repairs and maintenance	57,727		57,727
Depreciation	140,260		140,260
Non Capitalized Equipment	80,360	4,007	84,367
Purchased services	14,842	41,071	55,913
	<u>6,923,099</u>	<u>1,198,430</u>	<u>8,121,529</u>
Total operating expenses			
Operating Income (loss)	<u>(5,375,872)</u>	<u>103,279</u>	<u>(5,272,593)</u>
NONOPERATING REVENUES			
Federal reimbursements	4,655,276		4,655,276
Federal commodities	468,432		468,432
State reimbursements	18,251		18,251
Interest earned	1,872	1,071	2,943
Indirect costs not paid	370,798		370,798
	<u>5,514,629</u>	<u>1,071</u>	<u>5,515,700</u>
Total nonoperating revenue			
Income (loss) before transfers	138,757	104,350	243,107
Transfers from other funds	45,999		45,999
	<u>184,756</u>	<u>104,350</u>	<u>289,106</u>
Change in net position			
Total net position, beginning	<u>3,707,647</u>	<u>610,107</u>	<u>4,317,754</u>
Total net position, ending	<u>\$ 3,892,403</u>	<u>\$ 714,457</u>	<u>\$ 4,606,860</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, 2017

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,577,661	\$ 1,309,872	\$ 2,887,533
Cash paid for goods and services	(2,465,501)	(134,642)	(2,600,143)
Cash paid for employees services and benefits	(3,413,036)	(1,074,011)	(4,487,047)
Net cash provided (used) by operating activities	(4,300,876)	101,219	(4,199,657)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	4,673,527		4,673,527
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(73,868)		(73,868)
Net cash (used) by capital and related financing activities	(73,868)		(73,868)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,872	1,071	2,943
Net increase in cash and cash equivalents	300,655	102,290	402,945
Balances - beginning of year	3,051,428	785,450	3,836,878
Balances - end of year	\$ 3,352,083	\$ 887,740	\$ 4,239,823
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(5,375,872)	103,279	(5,272,593)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	140,260		140,260
Donated commodities consumed	468,432		468,432
Salaries paid by special revenue fund	45,999		45,999
Indirect costs not paid	370,798		370,798
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			0
Decrease (increase) in due from other governments	29,369	5,373	34,742
Decrease (increase) in accounts receivable	3,961		3,961
Decrease (increase) in inventory	(81,262)		(81,262)
Increase in pension liability	748,816	191,081	939,897
(Increase) in deferred outflows	(641,464)	(173,712)	(815,176)
(Decrease) in deferred inflows	(53,352)	(13,614)	(66,966)
Increase (decrease) in accounts payable and accrued liabilities	47,144	(17,978)	29,166
Increase (decrease) in accrued annual leave	(809)	4,000	3,191
Increase (decrease) in unearned revenues	(2,896)	2,790	(106)
Total adjustments	1,074,996	(2,060)	1,072,936
Net cash provided (uses) by operating activities	\$ (4,300,876)	\$ 101,219	\$ (4,199,657)

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, 2017

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$45,999 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 \$370,798 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 \$468,432 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$468,432 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, 2017

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, 2017

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, 2017

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017

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, 2016 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 one item that meets this criterion - pension related deferrals.

6. Long-term obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. 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, 2017. 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, 2017 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, 2017

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 \$44,805,521 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)	\$131,014,351
Less Accumulated Depreciation	(61,922,760)
Net capital assets	69,091,591
Pension related deferred outflows of resources	
Contributions made to the pension plan in current fiscal year	6,309,556
Difference between projected and actual earnings	14,947,538
On plan investments	
Changes of assumptions	6,181,156

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$(41,913,049)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(1,980,869)
Differences between contributions and proportional share of contributions and changes in proportion	(407,712)
Installment financing	(1,414,186)
Compensated absences	<u>(6,008,504)</u>
Total adjustment	<u>\$ 44,805,521</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 (\$2,738,721) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,279,202

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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.	\$(3,689,550)
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.	(1,210,775)
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	863,570
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	6,309,556
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	(7,851,671)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(441,244)
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	2,191
Total adjustment	(\$2,738,721)

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

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, 2017 the Board had deposits with banks and savings and loans with a carrying amount of \$12,517,192 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$12,802,700 and \$2,190,992 respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$14,493,692 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2017, the Board of Education had \$8,250,000 invested with the North Carolina Capital Management Trust's Government 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, 2017

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

A. Assets - (Cont'd)

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2017, were as follows:

	Due from (To) other funds (Internal Balances)	Due from other governments	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 80,579	\$ 52,932	\$ 29,941	\$ 165,452
Other governmental activities	<u> </u>	<u>4,799,178</u>	<u> </u>	<u>4,799,178</u>
Total	<u>\$ 80,579</u>	<u>\$ 4,852,110</u>	<u>\$ 29,941</u>	<u>\$4,962,630</u>
Business-type activities:				
School Food Service	\$ (80,579)	\$ 199,552	\$ 22,393	\$ 141,366
Child Care	<u> </u>	<u>25,915</u>	<u> </u>	<u>25,915</u>
Total	<u>\$ (80,579)</u>	<u>\$ 225,467</u>	<u>\$ 22,393</u>	<u>\$ 167,281</u>

Internal balances consist of administrative costs due to the General Fund from the School Food Service Fund.

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 17,438	County - Fines & Forfeitures
	7,983	State - Other Grants
	27,511	State - Medicaid
State Public School Fund	3,408,913	Operating funds from DPI
Capital Outlay Fund	1,120,320	State - Public School Building Capital Fund
Federal Grants Fund	<u>269,945</u>	Federal grant funds
Total	<u>\$4,852,110</u>	
Business Activities		
School Food Service	\$ 199,552	Federal funds
Child Care	<u>25,915</u>	County - DSS
Total	<u>\$ 225,467</u>	

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balances</u>	<u></u>	<u></u>	<u></u>	<u>Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,950,419	\$	\$	\$	\$ 2,950,419
Construction in progress	<u>629,710</u>	<u>(629,710)</u>	<u>563,126</u>	<u></u>	<u>563,126</u>
Total capital assets not being depreciated	<u>3,580,129</u>	<u>\$ (629,710)</u>	<u>\$ 563,126</u>	<u>\$</u>	<u>3,513,545</u>
Capital assets being depreciated:					
Buildings and improvements	108,637,264	\$ 629,710	\$ 875,302	\$	110,142,276
Equipment and furniture	3,942,010	<u></u>	396,532	(15,696)	4,322,846
Vehicles	<u>11,851,308</u>	<u></u>	<u>1,444,244</u>	<u>(259,868)</u>	<u>13,035,684</u>
Total capital assets being depreciated	<u>124,430,582</u>	<u>\$ 629,710</u>	<u>\$ 2,716,078</u>	<u>\$ (275,564)</u>	<u>127,500,806</u>
Less accumulated depreciation for:					
Buildings and Improvements	46,873,380	\$	\$ 2,758,189	\$	49,631,569
Equipment and furniture	2,888,009	<u></u>	175,499	(15,696)	3,047,812
Vehicles	<u>8,747,385</u>	<u></u>	<u>755,862</u>	<u>(259,868)</u>	<u>9,243,379</u>
Total accumulated depreciation	<u>58,508,774</u>	<u>\$</u>	<u>\$ 3,689,550</u>	<u>\$ (275,564)</u>	<u>61,922,760</u>
Total capital assets being depreciated, net	<u>65,921,808</u>				<u>65,578,046</u>
Governmental activity capital assets, net	<u>\$69,501,937</u>				<u>\$ 69,091,591</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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	\$ 3,092,898	\$ 74,138	\$ _____	\$ 3,167,036
Total capital assets being depreciated	<u>3,092,898</u>	<u>\$ 74,138</u>	<u>\$ _____</u>	<u>3,167,036</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>2,279,657</u>	<u>\$140,260</u>	<u>\$ _____</u>	<u>2,419,917</u>
Total accumulated depreciation	<u>2,279,657</u>	<u>\$140,260</u>	<u>\$ _____</u>	<u>2,419,917</u>
School Food Service capital assets, net	<u>813,241</u>			<u>747,119</u>
Business-type activities capital assets, net	<u>\$ 813,241</u>			<u>\$ 747,119</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,933,688
Operational support services	<u>755,862</u>
Total	<u>\$3,689,550</u>

Construction commitments

Caldwell County and Caldwell County Board of Education have active renovation projects as of June 30, 2017. At year end, commitments with contractors for school renovations are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Lower Creek Elementary Parking Lot	\$240,000
Hibriten High - Track	117,500
Hibriten High - HVAC for Cafeteria	<u>213,285</u>
	<u>\$570,785</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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.

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2017, was 9.98% of covered payroll, actuarially determined as an

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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 \$6,545,862 for the year ended June 30, 2017.

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, 2017, the Board reported a liability of \$43,482,781 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016 and at June 30, 2015, the Board's proportion was .47343% and .47391% respectively.

For the year ended June 30, 2017, the Board recognized pension expense of \$8,145,732. At June 30, 2017, the Board reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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	\$	\$ 2,055,052
Changes of assumptions	6,412,653	
Net difference between projected and actual earnings on pension plan investments	15,507,351	
Changes in proportion and differences between Board contributions and proportionate share of contributions		422,982
Board contributions subsequent to the measurement date	<u>6,545,862</u>	<u> </u>
	<u>\$ 28,465,866</u>	<u>\$ 2,478,034</u>

\$6,545,862 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:

2018	\$ 3,112,940
2019	3,112,550
2020	8,393,153
2021	4,723,315

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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	3.5 to 8.10 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Projection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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)	\$ 81,782,701	\$ 43,482,777	\$ 11,277,791

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2017, 2016, and 2015, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,809,035, \$3,601,635, and \$3,538,808, respectively. These contributions represented 5.8%, 5.6%, and 5.49% 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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.

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2017, 2016, and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$249,241, \$263,691, and \$264,283, respectively. These contributions represented .38%, .41%, and .41% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2017, are as follows:

	<u>Vendors</u>	Salaries and <u>Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 57,134	\$1,653,111	\$ 1,710,245
Other Governmental	<u>496,274</u>	<u>3,678,858</u>	<u>4,175,132</u>
Total governmental activities	<u>\$553,408</u>	<u>\$5,331,969</u>	<u>\$ 5,885,377</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Liabilities - (Cont'd)

2. Accounts Payable - (Cont'd)

Business-type Activities:

School Food Service	\$ 26,862	\$ 30,811	\$ 57,673
Other Business-type	<u>4,731</u>	<u>7,156</u>	<u>11,887</u>

Total business-type activities	<u>\$ 31,593</u>	<u>\$ 37,967</u>	<u>\$ 69,560</u>
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3. Deferred Inflows of Resources

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

	<u>Deferred Inflows Of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 422,982
Difference between expected and actual experience	<u>2,055,052</u>
	<u>\$ 2,478,034</u>

4. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (Child Care Fund)	\$ 18,071
Pre-payments (School Food Service Fund)	<u>49,234</u>
Total	<u>\$ 67,305</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2017.

Future minimum lease payments for these leases as of June 30, 2017 are as follows:

June 30, 2018	112,368
June 30, 2019	112,368
June 30, 2020	71,508

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

B. Liabilities - (Cont'd)

7. Contingent Liabilities

At June 30, 2017, 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. In 2017 the Board entered two installment purchase contracts to finance the purchase of fourteen school buses. These financing contracts require principal only payments of \$638,174 due at the beginning of the contract year.

The future minimum payments of the installment purchases as of June 30, 2017 including \$0 of interest, are as follows:

Year Ending June 30	<u>Governmental Activities Principal</u>	<u>Interest</u>
2018	\$ 638,174	\$
2019	473,318	
2020	302,694	
Principal payments	\$ 1,414,186	
Total interest payments		\$ - 0 -

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
Governmental activities:					
Installment purchases	\$ 1,066,981	\$ 1,210,775	\$ 863,570	\$ 1,414,186	\$ 638,174
Net pension liability	16,816,998	25,096,051		41,913,049	
Compensated absences	<u>5,567,260</u>	<u>3,871,412</u>	<u>3,430,168</u>	<u>6,008,504</u>	<u>3,430,000</u>
Total	<u>\$23,451,239</u>	<u>\$30,178,278</u>	<u>\$ 4,293,738</u>	<u>\$49,335,739</u>	<u>\$4,068,174</u>
Business-type activities:					
Compensated absences	\$ 136,896	\$ 208,805	\$ 205,344	\$ 140,357	\$ 135,315
Net pension liability	<u>629,835</u>	<u>939,897</u>		<u>1,569,732</u>	
Total	<u>\$ 766,731</u>	<u>\$ 1,148,702</u>	<u>\$ 205,344</u>	<u>\$ 1,710,089</u>	<u>\$ 135,315</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 at June 30, 2017, consist of the following:

Interfund Balances	<u>Amount</u>
From the School Food Service Fund to the General Fund for Administrative Costs	<u>\$ 80,579</u>
Transfers to/from other funds	
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 45,999</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

II. 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	\$11,619,916
Less:	
Inventories	(625,650)
Stabilization by State Statute	(82,873)
Appropriated Fund Balance in 2018 budget	<u>(5,221,247)</u>
Remaining Fund Balance	<u>\$ 5,690,146</u>

III. 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.

IV. Subsequent Events

Management has evaluated subsequent events through November 20, 2017, 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 Four Fiscal Years

	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.47310%	0.47343%	0.47391%	0.48170%
Board's proportionate share of the net pension liability (asset)	\$ 43,482,777	\$ 17,446,833	\$ 5,556,221	\$ 29,244,099
Board's covered-employee payroll	\$ 64,314,908	\$ 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	67.61%	27.07%	8.98%	47.03%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,545,862	\$ 5,884,814	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contributor	<u>6,545,862</u>	<u>5,884,814</u>	<u>5,898,013</u>	<u>5,360,639</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,854,835
Contributions as a percentage of covered-employee payroll	9.98%	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, 2017
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016)

<u>REVENUES</u>	Local Current Expenses			2016 Actual
	Budget	2017 Actual	Variances	
State of North Carolina:				
Smart Start	\$ -	\$ 139,553	\$ 139,553	\$ 56,156
NC Pre K	809,113	768,522	(40,591)	789,479
Total State of North Carolina	809,113	908,075	98,962	845,635
Caldwell County:				
Appropriation	14,800,000	14,800,000	0	14,750,000
Forest Service	82,000	10,575	(71,425)	72,012
Total Caldwell County	14,882,000	14,810,575	(71,425)	14,822,012
United States Government:				
ROTC	146,000	93,460	(52,540)	110,228
Total U.S. Government	146,000	93,460	(52,540)	110,228
Other:				
ABC Revenues	30,000	30,511	511	37,532
Sales Taxes	0	83,377	83,377	85,350
Tuition and Fees	95,000	91,560	(3,440)	95,351
Fines and Forfeitures	250,000	231,901	(18,099)	237,152
Rental of School Property	8,000	9,997	1,997	9,727
Interest Earned on Investments	6,000	54,266	48,266	14,432
Miscellaneous & School Reimbursements	771,958	940,645	168,687	657,885
Indirect Cost Allocations	115,000	131,033	16,033	152,179
Contract Revenue	119,711	52,067	(67,644)	
Private Grants and Donations	1,957,393	1,582,592	(374,801)	1,021,119
Medicaid Reimbursement	235,000	545,809	310,809	904,001
Insurance Settlements	3,500	15,729	12,229	32,253
Total Other	3,591,562	3,769,487	177,925	3,246,981
Fund Balance Appropriated	5,309,686		(5,309,686)	
Total Revenue	24,738,361	19,581,597	(5,156,764)	19,024,856
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,245,716		2,882,216
Employee Benefits		686,993		904,278
Purchased Services		263,368		398,453
Supplies and Materials		98,617		250,267
Total Regular Instructional Services	\$ 5,150,475	\$ 3,294,694	\$ 1,855,781	\$ 4,435,214

EXPENDITURES	Local Current Expenses			2016 Actual
	Budget	2017 Actual	Variiances	
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$	1,161,077	\$	\$ 1,049,359
Employee Benefits		113,758		119,118
Purchased Services		9,573		7,852
Supplies and Materials		33,594		9,597
Total Special Population Services	1,318,605	1,318,002	603	1,185,926
Alternative Programs and Services:				
Salaries		1,263,930		1,042,547
Employee Benefits		478,461		378,805
Purchased Services		351,869		347,365
Supplies and Materials		228,444		396,900
Total Alternative Programs and Services	3,345,066	2,322,704	1,022,362	2,165,617
School Leadership Services:				
Salaries		1,313,154		1,275,165
Employee Benefits		460,923		420,223
Purchased Services		35,919		36,481
Supplies and Materials		33,154		45,298
Total School Leadership Services	2,514,077	1,843,150	670,927	1,777,167
Co-Curricular Services:				
Salaries		381,314		349,438
Employee Benefits		79,956		71,684
Purchased Services		110,521		116,202
Total Co-Curricular Services	664,806	571,791	93,015	537,324
School-Based Support Services:				
Salaries		666,329		539,672
Employee Benefits		238,868		188,319
Purchased Services		209,935		289,086
Supplies and Materials		80		8,105
Total School-Based Support Services	1,115,216	1,115,212	4	1,025,182
Total Instructional Services	14,108,245	10,465,553	3,642,692	11,126,430
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		622,539		432,359
Employee Benefits		169,539		129,788
Purchased Services		20,554		13,888
Supplies and Materials		6,691		5,577
Total Support and Development Services	1,030,675	819,323	211,352	581,612
Special Population Support and Development Services:				
Salaries		53,286		35,443
Employee Benefits		17,324		12,002
Purchased Services		61,338		51,795
Total Special Population Support And Development Services	131,949	131,948	1	99,240
Alternative Programs and Services:				
Salaries		84,526		6,751
Employee Benefits		25,717		1,493
Purchased Services		10,016		8,217
Supplies and Materials		0		153
Total Alternative Programs and Services	\$ 120,260	\$ 120,259	\$ 1	\$ 16,614

<u>EXPENDITURES - (Cont'd):</u>	Local Current Expenses			2016
	Budget	2017 Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	439,467	\$	\$ 443,826
Employee Benefits		165,797		158,279
Purchased Services		38,791		46,494
Supplies and Materials		170,570		109,170
Total Technology Support Services	910,944	814,625	96,319	757,769
Operational Support Services:				
Salaries		1,175,223		1,041,080
Employee Benefits		417,509		364,405
Purchased Services		2,925,099		2,915,739
Supplies and Materials		730,183		755,984
Total Operational Support Services	5,309,543	5,248,014	61,529	5,077,208
Financial and Human Resource Services:				
Salaries		317,170		502,685
Employee Benefits		222,094		282,813
Purchased Services		523,843		480,884
Supplies and Materials		30,377		10,792
Total Financial and Human Resource Services	1,542,826	1,093,484	449,342	1,277,174
Accountability Services:				
Salaries		156,986		153,259
Employee Benefits		52,481		49,068
Purchased Services		22,536		31,141
Supplies and Materials		34,174		37,550
Total Accountability Services	266,178	266,177	1	271,018
System-Wide Pupil Support:				
Salaries		32,080		31,315
Employee Benefits		13,319		12,484
Total System-Wide Pupil Support Services	45,401	45,399	2	43,799
Policy, Leadership and Public Relations Services:				
Salaries		491,313		446,339
Employee Benefits		117,586		100,066
Purchased Services		326,511		282,987
Supplies and Materials		98,216		98,425
Total Policy, Leadership and Public Relations Services	1,091,406	1,033,626	57,780	927,817
Total System-Wide Support Services	10,449,182	9,572,855	876,327	9,052,251
ANCILLARY SERVICES:				
Nutrition Services:				
Salaries		3,381		17,973
Employee Benefits		2,572		3,971
Supplies and Materials		11,158		12,241
Total Nutrition Services	26,558	17,111	9,447	34,185
Total Ancillary Services	26,558	17,111	9,447	34,185
Non-Programmed Charges:				
Payments to Charter Schools		57,609		62,378
Other		0		1,451
Total Programmed Charges	74,376	57,609	16,767	63,829
Total Expenditures	\$ 24,658,361	\$ 20,113,128	\$ 4,545,233	\$ 20,276,695

	Local Current Expenses			2016
	Budget	Actual	Variances	Actual
EXPENDITURES - (Cont'd):				
Excess of Revenue Over (Under) Expenditures	80,000	(531,531)	(611,531)	(1,251,839)
OTHER FINANCING SOURCES (USES):				
Transfers (Out)	(80,000)		80,000	
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(531,531)	\$ (531,531)	(1,251,839)
Fund Balance - July 1, 2016		12,149,256		13,385,451
Increase (Decrease) in Reserve for Inventories		2,191		15,644
Fund Balance - June 30, 2017		\$ 11,619,916		\$ 12,149,256

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, 2017
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016)

	2017			2016
	Budget	Actual	Variance	Actual
REVENUES:				
State of North Carolina	\$76,332,533	\$ 74,337,560	\$ (1,994,973)	\$73,011,164
Total Revenues	76,332,533	74,337,560	(1,994,973)	73,011,164
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		33,330,368		32,881,767
Employee Benefits		11,873,810		11,216,103
Purchased Services		352,917		300,615
Supplies and Materials		1,427,646		1,762,270
Capital Outlay		38,496		46,012
Total Regular Instructional Services	48,546,950	47,023,237	1,523,713	46,206,767
Special Populations:				
Salaries		5,869,557		5,823,472
Employee Benefits		2,453,455		2,237,546
Purchased Services		77,234		100,977
Supplies and Materials		31,335		35,543
Total Special Populations Services	8,431,581	8,431,581	-	8,197,538
Alternative Programs and Services:				
Salaries		2,035,302		1,971,524
Employee Benefits		705,959		669,095
Purchased Services		44,244		36,341
Supplies and Materials		292,102		205,706
Total Alternative Programs And Services	3,204,496	3,077,607	126,889	2,882,666
School Leadership Services:				
Salaries		3,333,960		3,474,160
Employee Benefits		1,178,279		1,155,455
Purchased Services		2,613		15,514
Total School Leadership Services	4,514,853	4,514,852	1	4,645,129
School-Based Support Services:				
Salaries		3,189,160		3,403,998
Employee Benefits		1,106,230		1,110,467
Purchased Services		628,181		567,917
Supplies and Materials		4,509		4,290
Total School-Based Support Services	4,928,081	4,928,080	1	5,086,672
Total Instructional Services	\$ 69,625,961	\$ 67,975,357	\$ 1,650,604	\$ 67,018,772

	2017		2016	
	Budget	Actual	Variance	Actual
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries	\$	190,694	\$	\$ 138,351
Employee Benefits		58,680		38,946
Total Support and Development Services	398,561	249,374	149,187	177,297
Special Population Support and Development Services:				
Salaries		334,748		343,021
Employee Benefits		112,490		108,604
Purchased Services		4,181		5,459
Total Special Population Support And Development Services	460,814	451,419	9,395	457,084
Alternative Programs and Services:				
Salaries		27,575		22,232
Employee Benefits		11,871		9,539
Purchased Services		276		1,073
Total Alternative Programs and Services	39,723	39,722	1	32,844
Technology Support Services:				
Salaries				5
Employee Benefits				1
Purchased Services		105,218		103,720
Supplies and Materials		44,530		16,977
Total Technology Support Services	167,235	149,748	17,487	120,703
Operational Support Services:				
Salaries		2,799,602		2,941,454
Employee Benefits		982,593		949,721
Purchased Services		99,265		118,381
Supplies and Materials		480,270		454,289
Capital Outlay		51,486		58,143
Total Operational Support Services	4,580,376	4,413,216	167,160	4,521,988
Financial and Human Resource Services:				
Salaries		322,558		68,175
Employee Benefits		114,243		20,496
Total Financial and Human Resource Services	436,804	436,801	3	88,671
Accountability Services:				
Salaries				
Employee Benefits				
Total Accountability Services		-	-	-
Policy, Leadership and Public Relations Services:				
Salaries		450,031		438,030
Employee Benefits		125,893		115,895
Total Policy, Leadership and Public Relations Services:	573,733	575,924	(2,191)	553,925
Total System-Wide Support Services	\$ 6,657,246	\$ 6,316,204	\$ 341,042	\$ 5,952,512

	Budget	2017 Actual	Variance	2016 Actual
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	\$	\$	\$	\$
Total Non-Programmed Charges		-	-	-
Total Expenditures	76,283,207	74,291,561	1,991,646	72,971,284
Excess of Revenue Over (Under) Expenditures	49,326	45,999	(3,327)	39,880
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(49,326)	(45,999)	3,327	(39,880)
Fund Balance:				
Beginning of Year	-	-	-	-
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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>2017 Actual</u>	<u>Variance</u>	<u>2016 Actual</u>
Revenues:				
State of North Carolina	3,719,672	1,866,809	(1,852,863)	1,627,802
Caldwell County	1,368,623	1,636,789	268,166	3,047,928
Other	60,000	78,866	18,866	53,117
Total Revenues	<u>5,148,295</u>	<u>3,582,464</u>	<u>(1,565,831)</u>	<u>4,728,847</u>
Expenditures:				
Instructional Services Equipment	707,189	635,266	71,923	586,427
System-Wide Support Services Equipment and Vehicles	1,551,152	1,465,154	85,998	1,719,578
Capital Outlay Projects - Building and Improvements	5,228,134	1,792,340	3,435,794	3,554,603
Debt Service:				
Principal	863,570	863,570	-	681,874
Total Expenditures	<u>8,350,045</u>	<u>4,756,330</u>	<u>3,593,715</u>	<u>6,542,482</u>
Excess of Revenues Over (Under) Expenditures	(3,201,750)	(1,173,866)	2,027,884	(1,813,635)
Other Financing Sources (Uses):				
Installment purchase obligations issued	1,210,775	1,210,775	-	1,341,919
Fund Balance Appropriated	1,990,975		(1,990,975)	
Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>36,909</u>	<u>36,909</u>	<u>(471,716)</u>
Fund Balance:				
Beginning of Year, July 1, 2016		<u>3,253,793</u>		<u>3,725,509</u>
End of Year, June 30, 2017		<u>\$ 3,290,702</u>		<u>\$ 3,253,793</u>

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

REVENUE	2017		Variance	2016
	Budget	Actual		Actual
State of North Carolina:				
Public School Building Capital Fund	\$ 469,423	\$ 78,387	\$ (391,036)	\$ 54,563
Public School Building Capital Fund - Lottery	2,386,679	734,852	(1,651,827)	891,365
State Appropriations - Capital Outlay		190,000	190,000	
State Appropriations - Buses	863,570	863,570	-	681,874
Total State Revenues	3,719,672	1,866,809	(1,852,863)	1,627,802
Caldwell County:				
Appropriation from general revenues	1,368,623	1,636,789	268,166	1,319,697
Appropriation - Issued Installment Purchase	-	-	-	1,728,231
Total	1,368,623	1,636,789	268,166	3,047,928
Other:				
Sales Tax	28,000		(28,000)	
Interest Earned	20,000	1,256	(18,744)	5,799
Disposition Capital Assets	12,000	26,176	14,176	17,875
Insurance Settlement		49,434	49,434	29,443
Other		2,000	2,000	
Total	60,000	78,866	18,866	53,117
Total Revenues	\$ 5,148,295	\$ 3,582,464	\$ (1,565,831)	\$ 4,728,847

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, 2017
 (WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016)

	2017			2016
	Budget	Actual	Variance	Actual
Operating Revenues:				
Food Sales	\$1,736,804	\$ 1,547,227	\$ (189,577)	\$1,790,430
Operating Expenses:				
Business Support Services:				
Purchase of Food		2,603,529		2,612,927
Salaries and Benefits		3,411,043		3,438,885
Materials and Supplies		272,341		320,698
Repairs and Maintenance		57,727		64,644
Purchased Services		14,842		15,213
Capital Outlay		74,138		30,146
Non-Capitalized Equipment		80,360		65,830
Total Operating Expenses	6,964,779	6,513,980	450,799	6,548,343
Operating (Loss)	(5,227,975)	(4,966,753)	261,222	(4,757,913)
Nonoperating Revenue:				
Federal Reimbursements	4,778,471	4,655,276	(123,195)	4,668,628
Federal Commodities	445,504	468,432	22,928	443,475
Federal Commodities - Summer Feeding		-	-	2,030
Interest Earned	-	1,872	1,872	4,942
State Reimbursement	4,000	18,251	14,251	17,414
Total Nonoperating Revenue	5,227,975	5,143,831	(84,144)	5,136,489
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	-	177,078	177,078	378,576
Other Financing Sources:				
Transfer From Other Funds	-	45,999	45,999	39,880
Fund Balance Appropriated			-	
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 223,077	\$ 223,077	\$ 418,456
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		223,077		\$ 418,456
Reconciling Items:				
Depreciation		(140,260)		(141,410)
Deferred outflows - pension		641,464		(380)
Deferred inflows - pension		53,352		467,056
Net pension liability		(748,816)		(341,985)
Indirect cost		(370,798)		(387,019)
Indirect cost not paid		370,798		387,019
Equipment Purchases		74,138		30,146
Increase (Decrease) in Inventory		81,262		(64,675)
(Increase) Decrease in Accrued Vacation Pay		539		11,470
Change in net position(full accrual)		\$ 184,756		\$ 378,678

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, 2017
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2016)

	2017		2016
	Budget	Actual	Variance
			Actual
Operating Revenues:			
Child Care Fees	\$ 1,605,000	\$ 1,301,709	\$ (303,291)
Operating Expenses:			
Business Support Services:			
Purchase of Food		54,184	47,837
Salaries and Benefits		1,056,033	1,029,836
Materials and Supplies		35,380	29,010
Non Capitalized Equipment		4,007	4,296
Purchased Services		41,071	47,690
Total Operating Expenses	1,605,000	1,190,675	414,325
Operating Income	-	111,034	111,034
Nonoperating Revenue:			
Interest Earned		1,071	1,590
Total Nonoperating Revenue	-	1,071	1,071
Excess of Revenues Over (Under) Expenditures	-	112,105	112,105
Reconciliation of Modified Accrual to Full Accrual Basis:			
Excess of Revenues and Other Sources Over Expenditures		112,105	\$ 128,217
Reconciling Items:			
Deferred outflows - pension		173,712	(98)
Deferred inflows - pension		13,614	119,183
Net pension liability		(191,081)	(87,267)
Pension expense			
(Increase) Decrease in Accrued Vacation Pay		(4,000)	3,474
Change in net position(full accrual)		\$ 104,350	\$ 163,509

STATISTICAL SECTION

Caldwell County Board of Education
Statistical Section
June 30, 2017

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

Table 1

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

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$67,677,405	\$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
Restricted	4,693,229	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
Unrestricted	(11,334,841)	(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
Total Governmental Activities	61,035,793	64,198,573	61,095,274	69,845,883	69,651,260	70,056,119	66,676,309	64,572,934	62,912,992	62,503,788
Business-Type Activities										
Net Investment in Capital Assets	747,119	813,241	924,505	788,112	756,862	828,345	743,005	718,839	751,005	838,315
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,859,741	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
Total Business-Type Activities	4,606,860	4,317,754	3,775,567	4,367,618	4,147,793	3,952,042	3,901,061	3,578,973	3,181,664	3,221,237
District-Wide										
Net Investment in Capital Assets	68,424,524	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
Restricted	4,693,229	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
Unrestricted	(7,475,100)	(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
Total District-Wide	\$65,642,653	\$68,516,327	\$64,870,841	\$74,213,501	\$73,799,053	\$74,008,161	\$70,577,370	\$68,151,907	\$66,094,656	\$65,725,025

CALDWELL COUNTY BOARD OF EDUCATION
Changes in Net Position
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
Instructional Programs	\$ 89,550,006	\$ 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
Support Services	17,509,711	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
Community Services	17,572	30,590	8,240	54,843	-	9,317	13,850	19,216	19,302	29,066
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	2,587
Depreciation, Unallocated	2,933,688	2,946,843	2,540,169	2,447,107	1,960,649	2,446,437	2,309,540	2,246,610	2,251,295	2,236,822
Total Governmental Activities Expenses	110,010,977	102,977,651	100,957,599	102,023,788	101,471,690	100,061,450	101,070,483	98,380,749	103,523,371	102,458,368
Business-Type Activities:										
School Food Service	6,923,099	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
Child Care	1,198,430	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
Total Business-Type Activities Expenses	8,121,529	8,098,517	7,974,780	8,335,635	8,468,765	8,384,192	8,140,696	8,081,188	8,388,056	8,386,843
Total District-Wide Expenses	\$ 118,132,506	\$ 111,076,168	\$ 108,932,379	\$ 110,359,423	\$ 109,940,455	\$ 108,445,642	\$ 109,211,179	\$ 106,461,937	\$ 111,911,427	\$ 110,845,211
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional Programs	894,407	959,523	851,231	809,078	837,764	775,265	713,090	750,908	762,017	738,340
Support Services	9,997	9,727	11,086	6,306	10,179	3,114	5,997	2,338	3,097	2,617
Operating Grants and Contributions	80,840,548	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
Capital Grants and Contributions	91,339	79,571	14,625	12,312	36,104	198,439	837,047	680,304	40,618	4,012
Total Governmental Activities Program Revenues	81,836,291	79,605,961	79,286,204	76,209,838	76,880,369	78,032,791	80,591,620	77,525,424	81,147,934	80,737,640
Business-Type Activities:										
Charges for Services:										
School Food Service	1,547,227	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
Child Care	1,301,709	1,285,296	1,162,652	1,234,847	1,308,555	1,253,632	1,179,913	1,206,477	1,298,561	1,374,618
Operating Grants and Contributions:										
School Food Service	5,512,757	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
Child Care	-	-	-	-	-	-	-	-	-	105,060
Capital Grants and Contributions	-	-	-	-	4,953	-	-	-	-	-
Total Business-Type Activities Program Revenues	8,361,693	8,594,292	8,177,445	8,487,853	8,612,658	8,387,611	8,414,093	8,405,066	8,297,302	8,374,151
Total District-Wide Program Revenues	90,197,984	88,200,253	87,465,649	84,697,691	85,493,027	86,420,402	89,005,713	85,930,490	89,445,236	89,111,791
Net (Expense)/Revenue										
Governmental Activities	\$ (28,174,686)	\$ (23,371,690)	\$ (21,669,395)	\$ (25,813,950)	\$ (24,591,321)	\$ (22,028,658)	\$ (20,478,863)	\$ (20,855,325)	\$ (22,375,437)	\$ (21,720,728)
Business-Type Activities	240,164	495,775	202,665	152,218	143,893	3,419	273,397	323,878	(90,754)	(12,692)
Total District-Wide Net (Expense)/Revenue	\$ (27,934,522)	\$ (22,875,915)	\$ (21,466,730)	\$ (25,661,732)	\$ (24,447,428)	\$ (22,025,240)	\$ (20,205,466)	\$ (20,531,447)	\$ (22,466,191)	\$ (21,733,420)

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

Table 2
(cont'd)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue										
Governmental Activities:	(28,174,686)	(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)
Business-Type Activities:	240,164	495,775	202,665	152,218	143,893	3,419	273,397	323,878	(90,754)	(12,692)
Total District-Wide Net (Expense)/Revenue	(27,934,522)	(22,875,915)	(21,466,730)	(25,661,732)	(24,447,428)	(22,025,240)	(20,205,466)	(20,531,447)	(22,466,191)	(21,733,420)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Unrestricted County Appropriations - Operating	14,800,000	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
Unrestricted County Appropriations - Capital	1,636,789	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
Unrestricted State Appropriations - Operating	4,816,164	5,055,774	5,308,566	5,668,950	5,347,151	5,418,666	4,925,826	4,407,948	3,138,587	3,070,543
Unrestricted State Appropriations - Capital	1,866,809	945,928	894,085	881,797	906,671	277,227	437,213	415,193	1,179,771	1,142,785
Unrestricted Federal Appropriations - Operating	-	-	-	-	-	292,559	-	-	-	-
Unrestricted Federal Appropriations - Capital	-	-	-	-	-	-	-	-	7,603	-
Investment Earnings, Unrestricted	79,325	39,433	23,149	23,100	22,328	19,969	29,510	46,440	96,916	266,800
Miscellaneous, Unrestricted	1,856,818	1,908,562	1,821,026	1,564,685	1,501,757	1,530,473	1,502,030	1,489,886	2,043,313	1,756,036
Transfers	(45,999)	(39,880)	(64,935)	(66,200)	(50,461)	(46,480)	(45,353)	(67,623)	(36,421)	(40,067)
Total Governmental Activities	25,011,906	26,474,989	35,940,053	26,009,573	24,186,462	25,408,469	22,582,238	22,515,267	22,784,641	22,261,169
Business-Type Activities										
Unrestricted State Appropriations - Operating	-	-	-	-	-	-	-	-	-	-
Investment Earnings, Unrestricted	2,943	6,532	2,542	1,407	1,397	899	3,338	5,808	14,760	44,070
Miscellaneous, Unrestricted	-	-	-	-	-	183	-	-	-	-
Transfers	45,999	39,880	64,935	66,200	50,461	46,480	45,353	67,623	36,421	40,067
Total Business-Type Activities	48,942	46,412	67,477	67,607	51,858	47,562	48,691	73,431	51,181	84,137
Total District-Wide	\$ 25,060,848	\$ 26,521,401	\$ 36,007,530	\$ 26,076,180	\$ 24,238,320	\$ 25,456,031	\$ 22,630,929	\$ 22,588,698	\$ 22,835,822	\$ 22,345,306
Change in Net Position										
Governmental Activities	(3,162,780)	3,103,299	14,270,658	194,623	(404,859)	3,379,810	2,103,375	1,659,942	409,204	540,441
Business-type Activities	289,106	542,187	270,142	219,825	195,751	50,981	322,088	397,309	(39,573)	71,445
Total District-Wide	(2,873,674)	3,645,486	14,540,800	414,448	(209,108)	3,430,791	2,425,463	2,057,251	369,631	611,886

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

Table 3

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ 625,650	\$ 623,459	\$ 607,815	\$ 553,287	\$ 603,008
Restricted	82,873	143,473	229,174	161,256	31,358
Committed	-	-	-	-	-
Assigned	5,221,247	5,201,217	4,849,700	5,040,007	4,485,711
Unassigned	5,690,146	6,181,107	7,698,762	7,353,117	7,721,104
Total General Fund	<u>\$ 11,619,916</u>	<u>\$ 12,149,256</u>	<u>\$ 13,385,451</u>	<u>\$ 13,107,667</u>	<u>\$ 12,841,181</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,610,356	2,511,909	3,156,646	1,687,125	3,479,211
Committed	-	-	-	-	-
Assigned	-	1,990,975	1,903,903	2,956,952	1,330,334
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,610,356</u>	<u>\$ 4,502,884</u>	<u>\$ 5,060,549</u>	<u>\$ 4,644,077</u>	<u>\$ 4,809,545</u>
Fiscal Year Ended June 30,	2012	2011	2010	2009	2008
General Fund					
Nonspendable	\$ 733,149	\$ 764,037	\$ 688,291	\$ 597,590	\$ 547,075
Restricted	103,065	115,788	112,868	202,345	97,735
Committed	-	-	-	-	-
Assigned	3,446,806	1,952,800	1,752,022	2,128,709	662,688
Unassigned	8,379,818	6,873,012	4,266,281	2,098,465	2,274,973
Total General Fund	<u>\$ 12,662,838</u>	<u>\$ 9,705,637</u>	<u>\$ 6,819,462</u>	<u>\$ 5,027,109</u>	<u>\$ 3,582,471</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,479,211	3,271,881	1,347,362	1,273,685	1,488,649
Committed	-	-	-	-	-
Assigned	1,330,334	1,347,916	2,096,039	1,194,548	1,619,892
Unassigned	-	-	1,693,811	3,208,088	2,282,480
Total All Other Governmental Funds	<u>\$ 4,809,545</u>	<u>\$ 4,619,797</u>	<u>\$ 5,137,212</u>	<u>\$ 5,676,321</u>	<u>\$ 5,391,021</u>

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

Table 4

Fiscal Year Ended June 30,	2017	2016	2015	2014	2013
Revenues					
State of North Carolina	\$ 77,112,444	\$ 75,484,601	\$ 74,455,863	\$ 72,478,336	\$ 72,353,783
Caldwell County	16,447,364	17,869,940	27,958,162	17,936,241	16,545,310
U.S. Government	6,725,396	6,789,305	6,984,361	6,845,387	7,356,720
Other	6,740,025	6,129,163	6,037,572	5,132,845	4,877,254
Total Revenues	<u>107,025,229</u>	<u>106,273,009</u>	<u>115,435,958</u>	<u>102,392,809</u>	<u>101,133,067</u>
Expenditures					
Instructional Programs	81,245,507	81,046,689	79,487,088	76,360,158	76,986,111
Support Services	20,732,507	19,995,304	19,764,490	19,814,554	19,209,687
Community Services	1,879,720	1,800,077	1,702,240	1,650,847	1,679,944
Debt Service - Principal	863,570	681,874	545,085	138,153	451,547
Debt Service - Interest	-	-	-	-	-
Capital Outlay	3,892,760	5,860,608	14,046,256	4,222,692	2,988,910
Total Expenditures	<u>108,614,064</u>	<u>109,384,552</u>	<u>115,545,159</u>	<u>102,186,404</u>	<u>101,316,199</u>
Revenues Over (Under) Expenditures	<u>(1,588,835)</u>	<u>(3,111,543)</u>	<u>(109,201)</u>	<u>206,405</u>	<u>(183,132)</u>
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	1,210,775	1,341,919	813,864	-	552,612
Transfers In (Out)	(45,999)	(39,880)	(64,935)	(66,200)	(50,461)
Net Change in Fund Balances	<u>\$ (424,059)</u>	<u>\$ (1,809,504)</u>	<u>\$ 639,728</u>	<u>\$ 140,205</u>	<u>\$ 319,019</u>
Debt Service as a percentage of Non-Capital Expenditures	0.82%	0.66%	0.54%	0.14%	0.46%
Fiscal Year Ended June 30,					
	2012	2011	2010	2009	2008
Revenues					
State of North Carolina	\$ 69,536,085	\$ 68,312,439	\$ 68,473,301	\$ 74,766,647	\$ 74,643,259
Caldwell County	17,995,918	15,722,734	16,311,436	16,441,906	16,065,072
U.S. Government	10,770,347	13,836,835	10,683,964	7,558,824	7,479,826
Other	5,269,556	5,497,124	4,816,880	5,263,296	4,976,686
Total Revenues	<u>103,571,906</u>	<u>103,369,132</u>	<u>100,285,581</u>	<u>104,030,673</u>	<u>103,164,843</u>
Expenditures					
Instructional Programs	75,705,802	76,929,110	75,276,677	79,437,319	78,377,082
Support Services	19,110,777	18,939,789	18,453,793	18,278,233	18,457,236
Community Services	1,625,069	1,693,817	1,462,553	1,355,646	1,382,775
Debt Service - Principal	175,246	437,213	415,193	932,330	541,702
Debt Service - Interest	-	-	-	-	2,590
Capital Outlay	3,730,695	3,569,200	3,610,013	3,434,916	2,887,544
Total Expenditures	<u>100,347,589</u>	<u>101,569,129</u>	<u>99,218,229</u>	<u>103,438,444</u>	<u>101,648,929</u>
Revenues Over (Under) Expenditures	<u>3,224,317</u>	<u>1,800,003</u>	<u>1,067,352</u>	<u>592,229</u>	<u>1,515,914</u>
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	-	538,365	162,614	1,123,615	65,429
Transfers In (Out)	(46,480)	(45,353)	(67,623)	(36,421)	(40,067)
Net Change in Fund Balances	<u>\$ 3,177,837</u>	<u>\$ 2,293,015</u>	<u>\$ 1,162,343</u>	<u>\$ 1,679,423</u>	<u>\$ 1,541,276</u>
Debt Service as a percentage of Non-Capital Expenditures	0.18%	0.45%	0.43%	0.93%	0.55%

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REVENUE AND DEBT CAPACITY

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

Table 5

Fiscal Year Ended June 30,	State of North Carolina	Caldwell County	U. S. Government	Other	TOTAL
2017	\$77,112,444	\$16,447,364	\$ 6,725,396	\$6,740,025	\$ 107,025,229
2016	\$75,484,601	\$17,869,940	\$ 6,789,305	\$6,129,163	\$ 106,273,009
2015	74,455,863	27,958,162	6,984,361	6,037,572	115,435,958
2014	72,478,336	17,936,241	6,845,387	5,132,845	102,392,809
2013	72,353,783	16,545,310	7,356,720	4,877,254	101,133,067
2012	69,536,085	17,995,918	10,770,347	5,269,556	103,571,906
2011	68,312,439	15,722,734	13,836,835	5,497,124	103,369,132
2010	68,473,301	16,311,436	10,683,964	4,816,880	100,285,581
2009	74,766,647	16,441,906	7,558,824	5,263,296	104,030,673
2008	74,643,259	16,065,072	7,479,826	4,976,686	103,164,843

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

Table 6

Fiscal Year Ended June 30,	Average Daily Membership	Instructional Programs	Support Services	Capital Outlay	Community Services	Other	Per Pupil/ Total
2017	11,904	\$ 6,826 \$ 81,245,507	\$ 1,742 \$ 20,732,507	\$ 327 \$ 3,892,760	\$ 158 \$ 1,879,720	\$ 73 \$ 863,570	\$ 9,124 \$ 108,614,064
2016	11,964	6,774 81,046,689	1,671 19,995,304	490 5,860,608	150 1,800,077	57 681,874	9,143 109,384,552
2015	11,918	6,669 79,487,088	1,658 19,764,490	1,179 14,046,256	143 1,702,240	46 545,085	9,695 115,545,159
2014	12,060	6,332 76,360,158	1,643 19,814,554	350 4,222,692	137 1,650,847	11 138,153	8,473 102,186,404
2013	12,224	6,298 76,986,111	1,571 19,209,687	245 2,988,910	137 1,679,944	37 451,547	8,288 101,316,199
2012	12,333	6,138 75,705,802	1,550 19,110,777	317 3,905,941	132 1,625,069	-	8,137 100,347,589
2011	12,555	6,127 76,929,110	1,509 18,939,789	319 4,006,413	135 1,693,817	-	8,090 101,569,129
2010	12,678	5,938 75,276,677	1,456 18,453,793	317 4,025,206	115 1,462,553	-	7,826 99,218,229
2009	12,899	6,158 79,437,319	1,417 18,278,233	339 4,367,246	105 1,355,646	-	8,019 103,438,444
2008	12,974	6,041 78,377,082	1,423 18,457,236	256 3,323,283	107 1,382,775	8 108,553	7,835 101,648,929

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

Table 7

Fiscal Year Ended June 30,	Instructional Services Equipment	Support Services Equipment & Vehicles	Ancillary Services Projects	Building and Site Improvements	Debt Service	Total
2017	\$ 635,266	\$1,465,154	\$ -	\$ 1,792,340	\$ 863,570	\$ 4,756,330
2016	586,427	1,719,578	-	3,554,603	681,874	6,542,482
2015	767,159	1,046,864	-	12,232,233	545,085	14,591,341
2014	552,229	297,677	-	3,372,786	138,153	4,360,845
2013	510,357	823,283	-	1,655,270	451,547	3,440,457
2012	289,963	190,891	-	3,249,841	175,246	3,905,941
2011	517,828	710,775	-	2,340,597	437,213	4,006,413
2010	517,539	241,426	-	2,851,048	415,193	4,025,206
2009	921,114	1,270,026	12,661	1,231,115	932,330	4,367,246
2008	896,896	103,760	*	1,886,888	435,739	3,323,283

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

Fiscal Year Ended June 30,	Food Purchases	Donated Commodities	Salaries and Benefits	Indirect Costs	Materials and Supplies	Other	Total
2017	\$2,053,835	\$ 468,432	\$3,464,504	\$ 370,798	\$ 272,341	\$ 293,189	\$ 6,923,099
2016	2,232,097	445,505	3,302,724	387,019	320,698	287,097	6,975,140
2015	2,269,629	387,898	3,317,628	376,980	236,651	278,580	6,867,366
2014	2,240,615	470,459	3,594,321	395,733	260,748	193,685	7,155,561
2013	2,260,963	435,315	3,637,901	381,777	270,623	300,690	7,287,269
2012	2,276,318	349,769	3,539,638	344,873	291,148	398,874	7,200,620
2011	2,112,716	454,674	3,470,972	374,014	257,324	308,726	6,978,426
2010	2,079,046	450,626	3,397,779	366,032	270,484	346,930	6,910,897
2009	2,307,736	389,959	3,585,149	320,746	273,154	242,024	7,118,768
2008	2,153,000	373,298	3,540,401	311,784	336,779	270,077	6,985,339

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

Table 9

Fiscal Year Ended June 30,	Food Sales	Federal Reimburse- ments	Federal Commodities	Other	Total
2017	\$ 1,547,227	\$ 4,655,276	\$ 468,432	\$ 390,921	\$ 7,061,856
2016	1,790,430	4,668,628	445,505	409,375	7,313,938
2015	1,888,529	4,339,584	387,898	400,998	7,017,009
2014	2,044,941	4,319,853	469,897	419,433	7,254,124
2013	2,152,268	4,309,688	435,315	408,229	7,305,500
2012	2,304,577	4,116,803	349,769	363,912	7,135,061
2011	2,442,563	3,948,997	454,674	391,104	7,237,338
2010	2,584,028	3,780,832	450,626	388,296	7,203,782
2009	2,848,182	3,419,369	389,959	352,895	7,010,405
2008	3,003,042	3,189,474	373,298	370,049	6,935,863

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

Table 10

Fiscal Year Ended June 30,	Salaries and Benefits	Food Purchases	Other	Total
2017	\$ 1,063,788	\$ 54,184	\$ 80,458	\$ 1,198,430
2016	994,542	47,837	80,998	1,123,377
2015	991,265	52,102	64,047	1,107,414
2014	1,038,687	51,864	89,523	1,180,074
2013	1,043,476	46,648	91,372	1,181,496
2012	1,066,616	53,564	63,392	1,183,572
2011	1,044,557	58,017	59,696	1,162,270
2010	1,050,172	55,062	65,057	1,170,291
2009	1,141,910	62,616	64,762	1,269,288
2008	1,126,281	88,888	186,335	1,401,504

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

Table 11

Fiscal Year Ended June 30,	Child Care Fees	Federal Reimbursements	Other	Total
2017	\$1,301,709	\$ -	\$ 1,071	\$ 1,302,780
2016	1,285,296	-	1,590	1,286,886
2015	1,162,652	-	326	1,162,978
2014	1,234,847	-	289	1,235,136
2013	1,308,555	-	-	1,308,555
2012	1,253,632	-	-	1,253,632
2011	1,179,913	-	180	1,180,093
2010	1,206,477	-	615	1,207,092
2009	1,299,561	-	2,096	1,301,657
2008	1,374,618	-	107,740	1,482,358

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			
2017	\$ 3,373,027,508	\$ 1,469,790,995	\$ 193,828,780	\$ 1,644,220,879	\$6,680,868,162	0.0630
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

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>2017</u>	<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>
CALDWELL COUNTY										
General	0.6300	0.6000	0.6000	0.6000	0.6299	0.6599	0.6599	0.6599	0.6599	0.6599
CITY										
City of Lenoir	0.5800	0.5800	0.5800	0.5600	0.5600	0.5400	0.5400	0.5400	0.5400	0.5400
City of Hickory	0.0570	0.0570	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
TOWNS										
Hudson	0.0430	0.3900	0.3900	0.3900	0.3700	0.3700	0.3700	0.3700	0.3500	0.3500
Granite Falls	0.4500	0.4400	0.4400	0.4400	0.4400	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	0.3700	0.3300	0.3100	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	0.2000	0.1500	0.1500
VILLAGES										
Cedar Rock	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1000
RESCUE SERVICES	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
FIRE DISTRICTS	0.3950	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
	0.1385	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, 2017

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
2017	\$ 42,109,895	\$ 40,529,324	96.25%	\$ -	\$ 40,529,324	96.25%
2016	39,744,478	38,217,503	96.16%	443,913	38,661,416	97.27%
2015	38,611,973	37,065,023	95.99%	787,917	37,852,940	98.03%
2014	37,906,403	35,909,696	94.73%	1,306,005	37,215,701	98.18%
2013	35,746,118	34,386,100	96.20%	674,344	35,060,444	98.08%
2012	36,566,382	35,461,834	96.98%	524,571	35,986,405	98.41%
2011	35,009,037	34,160,132	93.79%	474,653	34,634,785	95.10%
2010	35,997,030	35,325,921	96.99%	368,412	35,694,333	98.00%
2009	36,421,115	35,866,112	98.48%	316,400	36,182,512	99.34%
2008	34,510,433	34,220,745	99.16%	129,403	34,350,148	99.54%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

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	
	Installment Purchases	Installment Purchases		Personal Income	Per Capita
2017	\$ 1,414,186	\$ -	\$ 1,414,186	0.0819%	\$ 17.18
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	0.0350%	3.90

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

Table 16

Fiscal Year	General Obligation Bonds	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita	Population
2017	\$ 185,000	0.01%	0.00%	\$ 2.25	82,292
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	0.41%	0.16%	111.91	77,386
2008	10,238,325	0.43%	0.19%	128.63	79,594

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

CALDWELL COUNTY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Table 17

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
Caldwell County	\$36,537,387	100.00%	\$36,537,387
Underlying			
City of Lenoir	2,017,062	100.00%	2,017,062
Overlapping			
City of Hickory	<u>31,163,660</u>	1.93%	<u>601,459</u>
Totals	\$69,718,109		\$39,155,908

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

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,	2017	2016	2015	2014	2013
Assessed Value of Property	\$6,680,868,162	\$6,621,942,767	\$6,433,533,768	\$6,307,655,358	\$5,674,721,362
Debt Limit 8% of Assessed Value (statutory limitation)	534,469,453	529,755,421	514,682,701	504,612,429	453,977,709
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	36,537,387	40,735,195	44,596,174	47,200,967	35,780,074
Legal Debt Margin	<u>497,932,066</u>	<u>489,020,226</u>	<u>470,086,527</u>	<u>457,411,462</u>	<u>418,197,635</u>
Total net debt applicable to the limit as a percentage of debt limit	6.84%	7.69%	8.66%	9.35%	7.88%
Fiscal Year ended June 30,	2012	2011	2010	2009	2008
Assessed Value of Property	\$5,540,557,372	\$5,389,529,112	\$5,377,766,127	\$5,515,369,206	\$5,209,394,180
Debt Limit 8% of Assessed Value (statutory limitation)	443,244,590	431,162,329	430,221,290	441,229,536	416,751,534
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	39,909,568	45,689,498	52,634,496	54,763,025	56,231,823
Legal Debt Margin	<u>403,335,022</u>	<u>385,472,831</u>	<u>377,586,794</u>	<u>386,466,511</u>	<u>360,519,711</u>
Total net debt applicable to the limit as a percentage of debt limit	9.00%	10.60%	12.23%	12.41%	13.49%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

DEMOGRAPHIC AND ECONOMIC
INFORMATION

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

Table 19

Taxpayer	Fiscal Year ended June 30, 2017			Fiscal Year ended June 30, 2008		
	Assessed Value	Rank	% of	Assessed Value	Rank	% of
			Total County Assessed Value			Total County Assessed Value
Google	\$535,316,090	1	8.01%			
Tapaha Dynamics LLC	355,600,300	2	5.32%			
MDI/Merchant Distributors Inc.	125,080,562	3	1.87%	\$114,511,003	1	2.20%
Duke Energy	77,891,970	4	1.17%	54,908,743	2	1.05%
Blue Ridge Electric Membership	62,207,961	5	0.93%	40,536,010	4	0.78%
Wal Mart	35,043,872	6	0.52%			
Bernhardt Industires	25,132,606	7	0.38%	30,774,469	5	0.59%
Heritage Home Group LLC	22,275,170	8	0.33%			
Greer Labs	21,232,696	9	0.32%			
Sealed Air Corporation	19,607,608	10	0.29%	47,694,492	3	0.92%
Broyhill Industries				26,328,442	6	0.51%
Neptco				23,774,462	7	0.46%
Kincaid Furniture				19,187,822	8	0.37%
Bemis				17,127,117	9	0.33%
Shuford Mills				14,302,445	10	0.27%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal years ended June 30, 2017

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
2017	82,292	\$ 1,725,828	\$ 20,972	43.0	11,569	400	4.20%
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	2,366,575	29,733	n/a	12,817	400	7.50%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

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

Table 21

Employer	Fiscal Year ended June 30, 2017			Fiscal Year ended June 30, 2008		
	Employees	Rank	Total County Employment	Employees	Rank	Total County Employment
Caldwell County Schools	1000+	1	34,570	1000+	1	35,337
Bernhardt Furniture, Inc.	1000+	2	34,570	1000+	3	35,337
Merchant Distributors Inc.	1000+	3	34,570	1000+	2	35,337
Heritage Home Group	500-999	4	34,570			
Caldwell Memorial Hospital	500-999	5	34,570	500-999	5	35,337
Caldwell County	500-999	6	34,570	500-999	8	35,337
Wal Mart Associates, Inc.	500-999	7	34,570			
Caldwell Community College	500-999	8	34,570	500-999	6	35,337
Fairfield Chair Company	250-499	9	34,570			
Skill Creations Inc.	250-499	10	34,570			
Broyhill Furniture Industries, Inc.				500-999	4	35,337
Thomasville Furniture Industries, Inc.				500-999	7	35,337
Universal Mental Health Services				500-999	9	35,337
Paxar Americas, Inc.				250-499	10	35,337

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2017

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OPERATING INFORMATION

CALDWELL COUNTY BOARD OF EDUCATION

Table 22

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

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Officials, Adm., Mgrs.	28	26	26	26	25
Principals	26	26	26	25	26
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	18	18	18	18	18
Elementary Teachers	376	397	398	399	401
Secondary Teachers	187	198	192	194	197
Other Teachers	221	223	225	228	221
Guidance	35	34	34	35	37
Psychological	6	5	4	5	6
Librarian, Audiovisual	17	18	18	19	19
Consultant, Supervisor	0	0	0	0	0
Other Professionals	70	68	68	74	74
Teacher Assistants	247	253	262	271	282
Technicians	8	8	8	8	7
Clerical, Secretarial	81	87	83	83	85
Service Workers	102	108	111	116	124
Skilled Crafts	22	23	21	21	22
Laborers, Unskilled	1	0	0	0	0
Total	1,445	1,492	1,494	1,522	1,544

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Officials, Adm., Mgrs.	26	29	28	30	22
Principals	26	26	26	27	24
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	16	19	21	22	19
Elementary Teachers	404	422	447	483	460
Secondary Teachers	196	201	206	229	193
Other Teachers	225	242	236	251	243
Guidance	36	39	35	37	36
Psychological	3	4	3	5	4
Librarian, Audiovisual	18	20	20	21	22
Consultant, Supervisor	0	0	1	1	4
Other Professionals	73	78	64	63	53
Teacher Assistants	281	310	347	388	326
Technicians	7	8	8	8	10
Clerical, Secretarial	85	88	89	89	88
Service Workers	135	159	158	186	178
Skilled Crafts	20	19	20	18	20
Laborers, Unskilled	1	1	1	1	1
Total	1,552	1,665	1,710	1,859	1,703

Source: NC Department of Public Instruction Statistical Profile

CALDWELL COUNTY BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years

Table 23

Fiscal Year Ended June 30,	Average Daily Membership	Percentage Increase in ADM	Operating Expenditures (excl. Capital)	Cost Per Pupil	Percentage Change	Schools	Graduating Class
2017	11,904	-0.50%	\$ 104,721,304	8,797	1.16%	26	n/a
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	0.40%	98,325,646	7,579	12.24%	26	767

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

Table 24

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2017 \$	35,000	\$ 65,120	\$ 49,256
2016	35,000	65,331	46,285
2015	33,000	64,050	44,720
2014	30,800	65,520	40,260
2013	30,800	65,520	40,390
2012	30,430	55,910	37,030
2011	30,430	55,910	37,105
2010	30,430	55,910	37,295
2009	30,430	55,910	37,407
2008	29,750	55,910	37,355

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

Table 25

School Buildings	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>Elementary & K8 Schools</u>										
Number	16	16	16	16	16	16	16	16	16	16
Square Feet	980,984	980,984	980,984	980,984	980,984	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	5,641	5,836	5,629	5,830	5,884	5,930	6,013	6,227	6,508	6,571
<u>Middle Schools</u>										
Number	4	4	4	4	4	4	4	4	4	4
Square Feet	398,647	398,647	398,647	358,356	358,356	358,356	358,356	358,356	358,356	358,356
Acres	190	190	190	145	145	145	145	145	145	145
Portables/Mobiles	8	8	8	8	8	8	8	8	8	8
Enrollment	2,882	2,407	2,446	2,538	2,497	2,610	2,637	2,612	2,553	2,562
<u>High Schools</u>										
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	9	8	8	8	8
Enrollment	4,226	3,862	3,739	3,715	3,952	3,685	3,788	3,759	3,332	3,470
<u>Support Facilities</u>										
Number	4	4	4	3	3	3	3	3	3	3
Square Feet	122,992	122,992	122,992	63,783	63,783	63,783	63,783	63,783	63,783	63,783
Acres	>18.5	>18.5	>18.5	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

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, 2017, 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 November 20, 2017.

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.

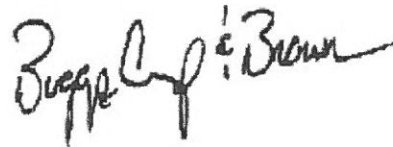
Member: American Institute of CPA's - North Carolina Association of CPA's

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.

A handwritten signature in black ink that reads "Boggs Crump & Brown". The signature is written in a cursive, flowing style.

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

November 20, 2017
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, 2017. 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.

Member: American Institute of CPA's - North Carolina Association of CPA's
Member: American Institute of CPA's - North Carolina Association of CPA's

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, 2017.

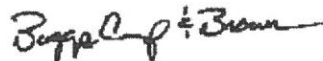
Report on Internal Control Over Compliance

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

November 20, 2017
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, North Carolina

Report on Compliance for Each Major State 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 state programs for the year ended June 30, 2017. 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 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), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 state program. However, our audit does not provide a legal determination of the Caldwell County Board of Education's compliance.

Member: American Institute of CPA's - North Carolina Association

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, 2017.

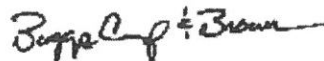
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report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



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

November 20, 2017
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 x none reported
- 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:

CFDA Numbers

Names of Federal Program or Cluster

10.555	Child Nutrition Cluster: National School Lunch Program (commodities) Non-Cash Assistance
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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? yes no

State Awards

Internal control over major State programs:

* Material weakness(es) identified? yes no

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

Noncompliance material to State awards yes 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 yes no

Identification of major State programs:

Program Name

Vocational Education- State Months of Employment
State Public School Fund
N.C. Pre-Kindergarten Program

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

None

CALDWELL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

None

CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding:	10-01	"Accounts Receivable - USDA" was not reconciled to detail records on a monthly basis
Status:	Corrected	
Finding:	10-02	Same as 2010-01
Status:	Corrected	
Finding:	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).
Status:	Corrected	
Finding:	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.
Status:	Corrected	
Finding:	12-01	Budget overexpenditure in Capital Outlay Fund.
Status:	Corrected	
Finding:	12-02	Late payroll tax deposits.
Status:	Corrected	
Finding:	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.
Status:	Corrected	

CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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.
Finding:	16-001	The Board failed to return required records under Session Law 2011-147.
Status:	Corrected	
Finding:	16-002	The Board exceeded the state months allotted for classroom teachers and vocational education instructors.
Status:	Corrected	

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS:			
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	12.000	\$ 93,460	
Total U.S. Department of Defense		<u>93,460</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	<u>3,351,350</u>	
Total Title I, Part A Cluster		<u>3,351,350</u>	
Special Education Cluster:			
IDEA - Handicapped	84.027	2,302,081	
IDEA - Pre-School Grant	84.173	124,171	
IDEA - Special Needs Targeted Assistance	84.027A	17,013	
IDEA - Pre-School	84.173A	<u>7,913</u>	
Total Special Education Cluster		<u>2,451,178</u>	
Career and Technical Education - Basic Grants to States	84.048	158,312	
Career and Technical Education - CTE Building Capacity Grant	84.048		
Improving Teacher Quality	84.367	414,099	
Language Acquisition	84.365	31,244	
Special Education State Improvement	84.323A	1,396	
Homeless Children	84.196A	17,869	
Math and Science Partnerships	84.366B	<u>146,684</u>	
Total U.S. Department of Education		<u>6,572,132</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	468,432	
Total Non-Cash Assistance		<u>468,432</u>	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	1,252,534	
National School Lunch Program	10.555	3,238,629	
Summer Food Service Program for Children	10.559	<u>164,113</u>	
Total Cash Assistance		<u>4,655,276</u>	
Total Child Nutrition Cluster		<u>5,123,708</u>	
Total U.S. Department of Agriculture		<u>5,123,708</u>	
<u>U.S. Department Health and Human Services</u>			
Passed thru N.C. Department of Public Instruction:			
Abstinence Education	93.235	<u>59,804</u>	
Total Federal Assistance Programs		<u>\$ 11,849,104</u>	

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 69,636,038
Vocational Education - State Months of Employment			3,779,781
- Program Support Funds			357,512
Driver Training - SPSF			196,094
State Technology Fund - SPSF			368,135
Breakfast Program Reduced Price			18,251
 <u>N.C. Department of Health and Human Resources</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			768,522
Passed thru Caldwell County Smart Start:			
Smart Start			139,553
 <u>N.C. Department of Transportation</u>			
Construction Project Reimbursement - Roads			190,000
 <u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund			78,387
Public School Building Capital Fund - Lottery			734,852
 Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation			863,570
Total State Assistance Programs			\$ 77,130,695

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, 2017. 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 to and does not present the financial position, changes in net position 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, 2017

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes</u> <u>"X" if Meets</u>		<u>Liabilities</u>	<u>Computes</u> <u>"X" if Meets</u>	
		<u>10%</u> <u>Rule</u>	<u>5%</u> <u>Rule</u>		<u>10%</u> <u>Rule</u>	<u>5%</u> <u>Rule</u>
General Fund	\$ 13,334,475	x	x	\$ 1,714,559	x	x
Special Revenue Funds:						
State Public School Fund	3,408,913	x	x	3,408,913	x	x
Federal Grants Fund	269,945			269,945		
Individual Schools	1,319,654			-		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,786,976</u>	x	x	<u>496,274</u>		x
Total Government Funds	<u>22,119,963</u>			<u>5,889,691</u>		
10% of Total Governmental Funds	<u>2,211,996</u>			<u>588,969</u>		
Enterprise Funds:						
Child Nutrition Fund	5,497,604	x	x	1,605,201	x	x
Child Care	<u>1,130,556</u>	x		<u>416,099</u>	x	x
Total Enterprise Funds	<u>6,628,160</u>			<u>2,021,300</u>		
10% of Total Enterprise Funds	<u>662,816</u>			<u>202,130</u>		
Total Governmental and Enterprise Funds	<u>28,748,123</u>			<u>7,910,991</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,437,406</u>			<u>\$ 395,550</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	
\$ 19,581,597	x	x	\$ 20,113,128	x	x	Always major
74,337,560	x	x	74,291,561	x	x	Major
6,631,936		x	6,631,936		x	Major - Discretion of Auditee
2,891,672			2,821,109			Major - Discretion of Auditee
<u>3,582,464</u>			<u>4,756,330</u>			Major
<u>107,025,229</u>			<u>108,614,064</u>			
<u>10,702,523</u>			<u>10,861,406</u>			
7,061,856	x	x	6,923,099	x	x	Major
<u>1,302,780</u>	x		<u>1,198,430</u>	x		Major
<u>8,364,636</u>			<u>8,121,529</u>			
<u>836,464</u>			<u>812,153</u>			
<u>115,389,865</u>			<u>116,735,593</u>			
<u>\$ 5,769,493</u>			<u>\$ 5,836,780</u>			

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