

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2018



CALDWELL COUNTY SCHOOLS

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the fiscal year ended June 30, 2018**

**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, 2018

To the 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, 2018, 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.

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 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).

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-third 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 schools ages as well as enrollment are listed under the operating information in detail. The system employees just under one thousand five hundred full-time employees and has a student population of eleven thousand four hundred and forty five. There are seven hundred and fifteen certified teachers, of which one hundred and sixty-nine 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 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. The County has not fully recovered from the loss of manufacturing jobs, but is appearing to do so in the coming years.

The local economy has started improving. Caldwell County has the lowest unemployment rate in over 10 years. Several retail establishments have opened in the last year and more are planning to open in the coming year. 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 nine 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 nearly one-fifth (18%) 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.

Fiscal Management Standards Policy

In recognition of the trust and responsibility placed with the Caldwell County Board of Education to manage financial resources for the local educational program, the Board establishes the following standards.

1. The Board and all employees of the school system will manage and use available funds efficiently and effectively to meet the goals of the local and State Board.
2. Effective accounting, financial reporting, and management control systems will be designed, maintained, and periodically reviewed to (a) enable the Board and school system to have access to accurate, reliable, and relevant data; (b) provide assurance that school system obligations are paid in a timely manner and that accounts are not overspent; (c) provide assurance that funds and records are safeguarded at all times; and (d) permit audits and periodic reports adequate to show that those in charge have handled funds within legal requirements and in accordance with Board policy. An encumbrance accounting system shall be utilized for funds entrusted to the Board.
3. The Superintendent and Finance Officer shall keep the Board sufficiently informed regarding the budget through periodic financial statements showing the financial condition of the school system, other period reports, and any other appropriate means so that the Board can deliberate upon and evaluate the budget.
4. No moneys will be expended, regardless of the source (including moneys derived from federal, state, local or private sources), except in accordance with the Board's budget resolution or amendments to the budget resolution. The Superintendent is authorized to transfer moneys from one appropriation to another within the same fund, subject to such limitations and procedures as may be prescribed by Board resolution or state or federal law or regulation. Any such transfers must be reported to the Board at its next regular meeting and recorded in the minutes.

5. All receipts and disbursements shall be accounted for according to generally accepted accounting principles for governmental entities.
6. Each employee responsible for handling school system funds or funds of individual schools shall comply with all applicable state and federal laws and regulations, Board policies, administrative procedures, and any applicable procedures, requirements, or guidelines established by the finance officer.
7. Principals and school improvement teams shall be familiar with state and local Board requirements related to managing and using fiscal resources and shall comply with these requirements in developing and implementing school improvement plans.

Legal References: [G.S. 115C-105.25](#), [-425](#), [-433](#)

This policy was adopted on May 13, 2013, and revised June 11, 2018.

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 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 recent 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, 2017. This was the fifteenth 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 it's 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 name "Steve" and last name "Stone" clearly distinguishable.

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, 2017.**

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



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'.

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**

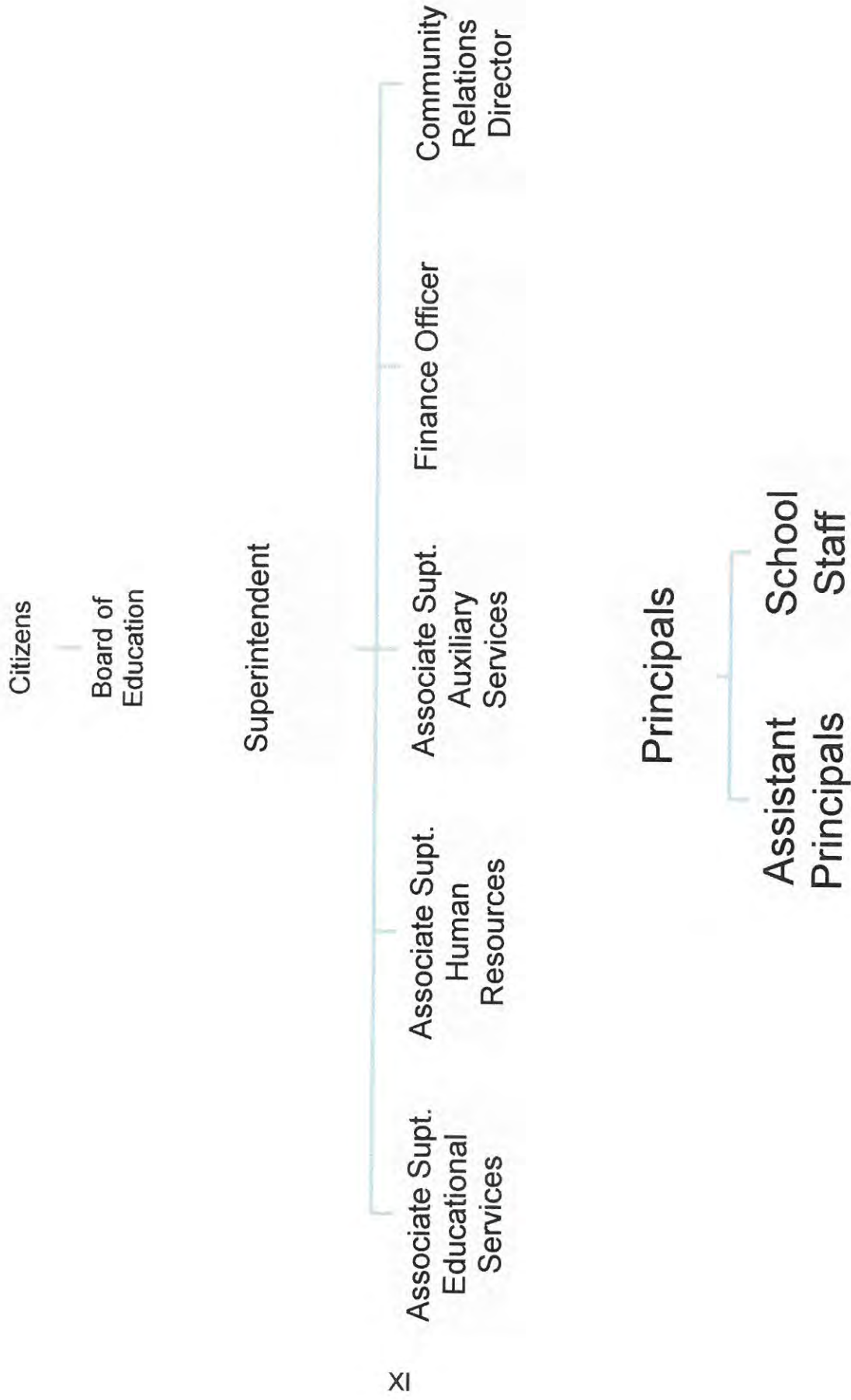
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

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

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Board of Education
Caldwell County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caldwell County Board of Education, North Carolina, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Caldwell County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education, North Carolina as of June 30, 2018, 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 and OPEB Liabilities and the Schedules of Board Contributions on pages 64 and 69, 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

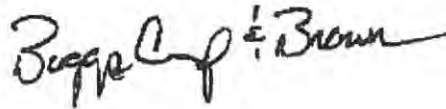
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Caldwell County Board of Education's basic financial statements. The combining and individual fund financial statements and schedules, budgetary schedules and other schedules, as well 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 10, 2018 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.



Brown, P.A.

Certified Public Accountants

Boggs, Crump &

November 10, 2018
Morganton, North Carolina

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The school system experienced an decreased enrollment of 260 students (2.2%) from the previous year.
- The Board was required to adopt GASB 75 as it relates to OPEB obligations. This includes a restatement of beginning net position of (\$172,195,526) to record the beginning net OPEB liability. (See footnote V)
- The liabilities of the Board exceeded assets at the close of the fiscal year by (\$116,688,571).
- The Board's total net position decreased by (\$10,135,698) during fiscal year June 30, 2018.
- At the close of the current fiscal year, the Board's governmental funds reported a combined fund balance of \$11,894,042 a decrease of (\$4,336,230) 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 deferred outflows of resources, liabilities and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

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
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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 (\$116,688,571) as of June 30, 2018.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
as of June 30, 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Current assets	\$20,481,865	\$ 22,115,649	\$5,044,631	\$ 4,768,532	\$ 25,526,496	\$ 26,884,181
Capital assets	68,735,734	69,091,591	721,524	747,119	69,457,258	69,838,710
Total assets	<u>89,217,599</u>	<u>91,207,240</u>	<u>5,766,155</u>	<u>5,515,651</u>	<u>94,983,754</u>	<u>96,722,891</u>
Pension deferred outflows of resources	18,160,117		680,135		18,840,252	
Deferred outflows of resources	8,602,391	27,438,250	322,177	1,027,616	8,924,568	28,465,866
Current liabilities	10,242,487	9,953,551	360,610	272,180	10,603,097	10,225,731
Long-term liabilities	<u>170,779,742</u>	<u>45,267,565</u>	<u>6,291,974</u>	<u>1,574,774</u>	<u>177,071,716</u>	<u>46,842,339</u>
Total liabilities	<u>181,022,229</u>	<u>55,221,116</u>	<u>6,652,584</u>	<u>1,846,954</u>	<u>187,674,813</u>	<u>57,068,070</u>
Pension deferred inflows of resources	1,837,981		68,836		1,906,817	
Deferred inflows of Resources	48,132,885	2,388,581	1,722,630	89,453	49,855,515	2,478,034
Net Investment in capital assets	67,698,981	67,677,405	721,524	747,119	68,420,505	68,424,524
Restricted:						
Individual schools	1,288,169	1,319,654			1,288,169	1,319,654
Stabilization by State statute	75,005	1,203,193			75,005	1,203,193
School Capital Outlay	2,614,390	2,170,382			2,614,390	2,170,382
DIPNC OPEB Plan	238,541		8,926		247,467	
Unrestricted net position (deficit)	<u>(186,928,074)</u>	<u>(11,334,841)</u>	<u>(2,406,033)</u>	<u>3,859,741</u>	<u>(189,334,107)</u>	<u>(7,475,100)</u>
Total net position (deficit)	<u>(\$115,012,988)</u>	<u>\$61,035,793</u>	<u>(\$1,675,583)</u>	<u>\$ 4,606,860</u>	<u>(\$116,688,571)</u>	<u>\$ 65,642,653</u>

The Board was required to adopt GASB 75 (related to OPEB obligations) for fiscal year June 30, 2018. This resulted in a restatement of beginning net position in the amount of \$(172,195,526). The net position for the current fiscal year ending June 30, 2018 decreased by \$(10,135,698) indicating a decline in the financial condition of the Board. The decrease in net position for the current year was largely because of a decrease in current assets and adjustments related to OPEB and pension entries. Also, note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary</u>	
	<u>Government</u>	<u>June 30, June 30, 2018</u>	<u>June 30, June 30, 2018</u>	<u>June 30, June 30, 2017</u>	<u>June 30, June 30, 2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 901,254	\$ 904,404	\$ 2,814,924	\$ 2,848,936	\$ 3,716,178	\$ 3,753,340
Operating grants and contributions	82,133,218	80,840,548	5,284,073	5,512,757	87,417,291	86,353,305
Capital grants and contributions	67,039	91,339			67,039	91,339
General revenue:						
Other revenues	<u>25,301,820</u>	<u>25,057,905</u>	<u>4,752</u>	<u>2,943</u>	<u>25,306,572</u>	<u>25,060,848</u>
Total revenues	<u>108,403,331</u>	<u>106,894,196</u>	<u>8,103,749</u>	<u>8,364,636</u>	<u>116,507,080</u>	<u>115,258,832</u>
Expenses:						
Governmental activities:						
Instructional services	96,256,925	89,550,006			96,256,925	89,550,006
System-wide support services	19,057,894	17,459,217			19,057,894	17,459,217
Ancillary services	12,746	17,572			12,746	17,572
Non-programmed charges	49,672	50,494			49,672	50,494
Unallocated depreciation expense	3,046,006	2,933,688			3,046,006	2,933,688
Business-type activities:						
Food service			6,971,591	6,923,099	6,971,591	6,923,099
Child care			<u>1,247,944</u>	<u>1,198,430</u>	<u>1,247,944</u>	<u>1,198,430</u>
Total expenses	<u>118,423,243</u>	<u>110,010,977</u>	<u>8,219,535</u>	<u>8,121,529</u>	<u>126,642,778</u>	<u>18,132,506</u>
Increase (decrease) in net position before transfers	(10,019,912)	(3,116,781)	(115,786)	243,107	(10,135,698)	(2,873,674)
Transfers in (out)	<u>(49,602)</u>	<u>(45,999)</u>	<u>49,602</u>	<u>45,999</u>		
Increase (decrease) in net position	(10,069,514)	(3,162,780)	(66,184)	289,106	(10,135,698)	(2,873,674)
Net position, beginning	61,035,793	64,198,573	4,606,860	4,317,754	65,642,653	68,516,327
Net position restatement	<u>(165,979,267)</u>		<u>(6,216,259)</u>		<u>(172,195,526)</u>	
Ending net position (Deficit)	<u>\$(115,012,988)</u>	<u>\$ 61,035,793</u>	<u>\$(1,675,583)</u>	<u>\$ 4,606,860</u>	<u>\$(116,688,571)</u>	<u>\$ 65,642,653</u>

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Total governmental activities generated revenues of \$108,403,331 while expenses in this category totaled \$118,423,243 for the year ended June 30, 2018. Comparatively, revenues were \$106,894,196 and expenses totaled \$110,010,977 for the year ended June 30, 2017. After transfers to the business-type activities, the decrease in net position stands at (\$10,069,514) at June 30, 2018 compared to a decrease in net position of (\$3,162,780) for fiscal year end June 30, 2017. Instructional services expenses comprised 81.3% of total governmental-type expenses while system-wide support services made up 16.09% of those expenses for fiscal year ending June 30, 2018. Instructional services expenses comprised 81.3% of total governmental-type expenses while system-wide support services made up 16.9% of those expenses for fiscal year June 30, 2017. County funding comprised 15.5% of total government revenue for fiscal year end June 30, 2018 as compared to 15.4% in fiscal year end June 30, 2017 while unrestricted state funding comprised 5.7% and 6.3% for fiscal years ending June 30, 2018 and June 30, 2017 respectively. Much of the remaining 78.2% of total governmental revenue consists mainly of restricted State and Federal money for the year ending June 30, 2018. This revenue represented 76.3% of total revenue in 2017. Business-type activities generated revenue of \$8,103,749 and had expenses of \$8,219,535 as compared to revenues of \$8,364,636 and expenses of \$8,121,529 for the period ending June 30, 2017. Net position decreased in the business-type activities by (\$66,184) as compared to an increase of \$289,106 for the period ending June 30, 2017.

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 \$11,894,042 a decrease of (\$4,336,230) from the prior year. The Board's General Fund had a decrease in fund balance of (\$3,628,433) while the Capital Outlay Fund and Individual School Fund also had a decrease in fund balance of (\$676,312) and (\$31,485) respectively. The General Fund decrease in fund balance of (\$3,628,433) 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 \$78,267,708, compared to \$77,112,444 in 2017, an increase of \$1,155,264 for the year. This was mainly due to increased funding from the State Public School Fund. County funding was \$16,772,835, compared to \$16,447,364 in 2017, an increase of \$325,471. Federal Grant funding was \$6,080,816, compared to \$6,631,936 in 2017, a decrease of (\$551,120) for the year.

The Board's business-type funds showed a combined decrease in net position of (\$66,184) as compared to an increase of \$289,106 for the period ended June 30, 2017. The School Food Service Fund reported a decrease in net position of (\$149,389) while the Child Care Fund reported an increase in net position of \$83,205 as compared to an increase of net position of \$184,756 and an increase of \$104,350 respectively for fiscal year ended June 30, 2017.

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:

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.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

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.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

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 \$140,062 in the General Fund.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Assets

Capital assets decreased by \$381,452 (or .55%) from the previous year. Depreciation for the total primary government totaled \$3,932,842 while additions from capital expenditures totaled \$3,567,345. 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, 2018**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 3,025,787	\$ 2,950,419	\$	\$	\$ 3,025,787	\$ 2,950,419
Construction in progress	853,103	563,126			853,103	563,126
Buildings and Improvements	59,984,290	60,510,707			59,984,290	60,510,707
Equipment and furniture	1,197,652	1,275,034	721,524	747,119	1,919,176	2,022,153
Vehicles	<u>3,674,902</u>	<u>3,792,305</u>			<u>3,674,902</u>	<u>3,792,305</u>
Total	<u>\$68,735,734</u>	<u>\$69,091,591</u>	<u>\$721,524</u>	<u>\$747,119</u>	<u>\$69,457,258</u>	<u>\$ 69,838,710</u>

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 decreased by \$377,433 due to payments made on installment financing 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, 2018**

- 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 0.4% from 4.5% in 2017 to 4.1% in 2018. The State unemployment rate is 4.2% at June 30, 2018.
- 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	15,597,519	4,516,587	20,114,106
Due from other governments	3,835,075	196,966	4,032,041
Receivables (net)	137,526	35,118	172,644
Net OPEB asset	238,341	8,926	247,267
Internal balances	84,706	(84,706)	-
Inventories	588,698	371,740	960,438
Total current assets	20,481,865	5,044,631	25,526,496
Capital assets (Note 1):			
Land and construction in progress	3,878,890		3,878,890
Other capital assets, net of depreciation	64,856,844	721,524	65,578,368
Total capital assets	68,735,734	721,524	69,457,258
Total assets	89,217,599	5,766,155	94,983,754
PENSION DEFERRED OUTFLOWS OF RESOURCES	18,160,117	680,135	18,840,252
DEFERRED OUTFLOWS OF RESOURCES	8,602,391	322,177	8,924,568
LIABILITIES			
Accounts payable and accrued expenses	323,206	112,135	435,341
Accrued salaries and wages payable	5,889,049	50,770	5,939,819
Unearned revenue		73,901	73,901
Liabilities due within one year	4,030,232	123,804	4,154,036
Total current liabilities	10,242,487	360,610	10,603,097
Long-term liabilities:			
Net pension liability	35,361,328	1,324,353	36,685,681
Net OPEB liability	132,373,447	4,957,653	137,331,100
Due in more than one year	3,044,967	9,968	3,054,935
Total long-term liabilities	170,779,742	6,291,974	177,071,716
Total liabilities	181,022,229	6,652,584	187,674,813
PENSION DEFERRED INFLOWS OF RESOURCES	1,837,981	68,836	1,906,817
DEFERRED INFLOWS OF RESOURCES	48,132,885	1,722,630	49,855,515
NET POSITION			
Net investment in capital assets	67,698,981	721,524	68,420,505
Restricted for:			
Individual schools	1,288,169		1,288,169
Stabilization by State Statute	75,005		75,005
School Capital Outlay	2,614,390		2,614,390
DIPNC OPEB plan	238,541	8,926	247,467
Unrestricted (deficit)	(186,928,074)	(2,406,033)	(189,334,107)
Total net position (deficit)	\$ (115,012,988)	\$ (1,675,583)	\$ (116,688,571)

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 FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$ 56,060,359		\$ 44,708,553	
Special Populations	13,478,616		11,243,409	
Alternative Programs	9,201,787	106,586	8,374,009	
School Leadership	7,436,646		4,549,130	
Co-Curricular	3,476,181	782,033	2,009,314	
School-Based Support	6,603,336		4,489,410	
System-wide Support services:				
Support and Development	1,135,308		380,423	
Special Population Support and Development	591,543		439,606	
Alternative Programs and Services Support and Development	294,538		255,978	
Technology Support	1,034,833		199,499	
Operational Support	12,147,012	12,635	4,472,123	67,039
Financial and Human Resource Accountability	1,681,776		169,425	
System-wide Pupil Support Policy, Leadership, and Public Relations	47,338			
Public Relations	1,820,478		692,305	
Ancillary Services	12,746			
Non-programmed charges	49,672		150,034	
Unallocated depreciation expense**	3,046,006			
Total governmental activities	\$ 118,423,243	\$ 901,254	\$ 82,133,218	\$ 67,039
Business-type activities:				
School food service	6,971,591	1,486,664	5,284,073	
Child care	1,247,944	1,328,260		
Total business-type activities	8,219,535	2,814,924	5,284,073	-
Total primary government	\$ 126,642,778	\$ 3,716,178	\$ 87,417,291	\$ 67,039

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, previously reported
Net position, restatement
Net position (deficit) - 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.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (11,351,806)	\$ -	\$ (11,351,806)
(2,235,207)		(2,235,207)
(721,192)		(721,192)
(2,887,516)		(2,887,516)
(684,834)		(684,834)
(2,113,926)		(2,113,926)
(754,885)		(754,885)
(151,937)		(151,937)
(38,560)		(38,560)
(835,334)		(835,334)
(7,595,215)		(7,595,215)
(1,512,351)		(1,512,351)
(305,068)		(305,068)
(47,338)		(47,338)
(1,128,173)		(1,128,173)
(12,746)		(12,746)
100,362		100,362
(3,046,006)		(3,046,006)
<u>\$ (35,321,732)</u>		<u>\$ (35,321,732)</u>
	(200,854)	(200,854)
	80,316	80,316
	(120,538)	(120,538)
<u>\$ (35,321,732)</u>	<u>\$ (120,538)</u>	<u>\$ (35,442,270)</u>
14,809,121		14,809,121
1,963,714		1,963,714
4,652,640		4,652,640
1,563,273		1,563,273
151,205	4,752	155,957
2,161,867		2,161,867
(49,602)	49,602	-
<u>25,252,218</u>	<u>54,354</u>	<u>25,306,572</u>
(10,069,514)	(66,184)	(10,135,698)
61,035,793	4,606,860	65,642,653
(165,979,267)	(6,216,259)	(172,195,526)
<u>\$ (115,012,988)</u>	<u>\$ (1,675,583)</u>	<u>\$ (116,688,571)</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	11,629,314		1,288,169	2,680,036		15,597,519
Due from other governments	26,198	3,535,188		-	273,689	3,835,075
Due from other funds	84,706					84,706
Receivables (Net)	48,807			88,719		137,526
Inventories	588,698					588,698
Total assets	<u>12,377,723</u>	<u>3,535,188</u>	<u>1,288,169</u>	<u>2,768,755</u>	<u>273,689</u>	<u>20,243,524</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	168,841		-	154,365		323,206
Accrued salaries and benefits payable	2,080,172	3,535,188			273,689	5,889,049
Due to other funds	-					-
Total liabilities	<u>2,249,013</u>	<u>3,535,188</u>	<u>-</u>	<u>154,365</u>	<u>273,689</u>	<u>6,212,255</u>
Deferred inflows of resources	2,137,227					2,137,227
Fund balances:						
Nonspendable:						
Inventories	588,698					588,698
Restricted:						
Stabilization by State Statute	75,005					75,005
School Capital Outlay Individual Schools			1,288,169	2,614,390		2,614,390 1,288,169
Assigned:						
Subsequent years expenditure	4,189,740			-		4,189,740
Unassigned	3,138,040					3,138,040
Total fund balances	<u>7,991,483</u>	<u>-</u>	<u>1,288,169</u>	<u>2,614,390</u>	<u>-</u>	<u>11,894,042</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,377,723</u>	<u>\$ 3,535,188</u>	<u>\$ 1,288,169</u>	<u>\$ 2,768,755</u>	<u>\$ 273,689</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:						
Net OPEB asset						238,341
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.						68,735,734
Deferred outflows of resources related to pensions						18,160,117
Deferred outflows of resources related to OPEB						8,602,391
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).						(7,075,199)
Net pension liability						(35,361,328)
Net OPEB liability						(132,373,447)
Deferred inflows of resources related to OPEB						(45,995,658)
Deferred inflows of resources related to pensions						(1,837,981)
Net position of government activities						<u>\$ (115,012,988)</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, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 1,096,884	\$ 75,607,551	\$ -	\$ 1,563,273	\$ -	\$ 78,267,708
Caldwell County	14,809,121			1,963,714		16,772,835
U.S. Government	95,458				6,080,816	6,176,274
Contributions and donations	1,895,835		2,009,314			3,905,149
Other	2,408,652		804,619	194,528		3,407,799
Total revenues	20,305,950	75,607,551	2,813,933	3,721,515	6,080,816	108,529,765
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	4,190,159	48,178,752			507,188	52,876,099
Special Populations	1,504,434	8,789,981			2,453,428	12,747,843
Alternative Programs	3,187,969	3,038,927			2,710,309	8,937,205
School Leadership	2,446,990	4,577,624			-	7,024,614
Co-Curricular	596,909	-	2,845,418		-	3,442,327
School-Based Support	1,318,755	4,913,656			33,664	6,266,075
System-wide support services:						
Support and Development	759,703	206,683			81,324	1,047,710
Special Population Support and Development	116,766	438,252			1,354	556,372
Alternative Programs & Services						
Support and Development	126,120	45,877			105,234	277,231
Technology Support	791,597	199,499				991,096
Operational Support	5,829,741	4,452,203			19,920	10,301,864
Financial and Human Resource	1,537,734	91,078			1,075	1,629,887
Accountability	293,061					293,061
System-wide Pupil Support	46,933					46,933
Policy, Leadership, and Public Relations	1,079,282	630,508			61,797	1,771,587
Ancillary services	11,559	-				11,559
Non-programmed charges	59,719	(5,091)			105,523	160,151
Debt service:						
Principal				725,088		725,088
Capital outlay:						
Real property and buildings				2,561,117		2,561,117
System-wide support services				800,703		800,703
Instructional services				658,574		658,574
Total expenditures	23,897,431	75,557,949	2,845,418	4,745,482	6,080,816	113,127,096
Excess (deficiency) of revenues over expenditures	(3,591,481)	49,602	(31,485)	(1,023,967)	-	(4,597,331)
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	-	(49,602)			-	(49,602)
Installment purchase obligations issued				347,655		347,655
Total other financing sources (uses)	-	(49,602)		347,655	-	298,053
Net change in fund balances	(3,591,481)	-	(31,485)	(676,312)		(4,299,278)
Fund balances- beginning	11,619,916		1,319,654	3,290,702		16,230,272
Increase in reserve for inventories	(36,952)					(36,952)
Fund balances - ending	\$ 7,991,483	\$ -	\$ 1,288,169	\$ 2,614,390	\$ -	\$ 11,894,042

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 FISCAL YEAR ENDED JUNE 30, 2018

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

Net changes in fund balances - total governmental funds	\$ (4,299,278)
Change in fund balance due to change in reserve for inventory	(36,952)
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.	
	(339,901)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	
	7,021,406
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	
	4,031,772
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	(347,655)
Repayment of long-term debt	725,088
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	(9,197,219)
OPEB Expense	(7,580,878)
Loss on disposal of assets	(15,955)
Compensated absences	(29,942)
Total changes in net position of governmental activities	<u><u>\$(10,069,514)</u></u>

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund			Variance With Final Budget - Positive (Negative)	Original
	Original	Final	Actual Amounts		
Revenues:					
State of North Carolina	\$ 1,155,927	\$ 1,155,927	\$ 1,096,884	\$ (59,043)	\$ 73,488,653
Caldwell County	14,810,000	14,810,000	14,809,121	(879)	
U.S. Government	126,000	126,000	95,458	(30,542)	
Contributions and donations	3,430,693	3,019,008	1,895,835	(1,123,173)	
Other	1,253,008	1,253,008	2,408,652	1,155,644	
Total Revenues	20,775,628	20,363,943	20,305,950	(57,993)	73,488,653
Expenditures:					
Current:					
Instructional services:					
Regular Instructional	6,807,653	4,369,782	4,190,159	179,623	52,498,378
Special Populations	290,900	1,795,334	1,504,434	290,900	7,836,737
Alternative Programs	4,784,327	4,137,200	3,187,969	949,231	2,012,062
School Leadership	2,698,025	2,698,025	2,446,990	251,035	4,242,798
Co-Curricular	664,806	664,806	596,909	67,897	
School-Based Support	448,819	1,318,756	1,318,755	1	1,734,037
System-wide Support services:					
Support and Development	716,256	763,284	759,703	3,581	59,234
Special Population Support and Development	58,973	116,767	116,766	1	138,249
Alternative Programs and Services Support and Development	138,102	132,222	126,120	6,102	700
Technology Support	912,784	791,784	791,597	187	160,388
Operational Support	5,274,281	5,829,741	5,829,741	-	4,102,038
Financial and Human Resource Accountability	1,595,599	1,561,139	1,537,734	23,405	89,713
System-wide Pupil Support	281,976	293,061	293,061	-	-
Policy, Leadership, and Public Relations	46,310	46,935	46,933	2	
1,109,116	1,097,406	1,079,282	18,124	560,469	
Ancillary Services					
Nutrition Services	26,572	11,572	11,559	13	53,850
Non-programmed charges	142,376	62,376	59,719	2,657	-
Total expenditures	25,996,875	25,690,190	23,897,431	1,792,759	73,488,653
Revenues over (under) expenditures	(5,221,247)	(5,326,247)	(3,591,481)	1,734,766	-
Other financing sources (uses):					
Transfer (to) from other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other sources and other uses	(5,221,247)	(5,326,247)	(3,591,481)	1,734,766	-
Fund balances, beginning of year	5,221,247	5,326,247	11,619,916	6,293,669	
Increase in reserve for inventories	-	-	(36,952)	(36,952)	
Fund balances, end of year	\$ -	\$ -	\$ 7,991,483	\$ 7,991,483	\$ -

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

State Public School Fund			Federal Grant Fund			
Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$ 76,161,167	\$ 75,607,551	\$ (553,616)	\$ -	\$ -	\$ -	\$ -
			6,571,177	6,552,098	6,080,816	(471,282)
<u>76,161,167</u>	<u>75,607,551</u>	<u>(553,616)</u>	<u>6,571,177</u>	<u>6,552,098</u>	<u>6,080,816</u>	<u>(471,282)</u>
48,506,227	48,178,752	327,475	508,532	507,188	507,188	-
8,789,981	8,789,981	-	2,503,655	2,462,553	2,453,428	9,125
3,039,031	3,038,927	104	3,083,705	3,115,564	2,710,309	405,255
4,577,698	4,577,624	74	-	-	-	-
4,914,620	4,913,656	964	66,713	65,709	33,664	32,045
272,640	206,683	65,957	85,602	81,475	81,324	151
499,249	438,252	60,997	1,500	1,500	1,354	146
45,879	45,877	2	108,022	108,022	105,234	2,788
242,816	199,499	43,317	-	-	-	-
4,492,579	4,452,203	40,376	9,500	19,920	19,920	-
91,078	91,078	-	5,000	1,075	1,075	-
-	-	-	-	-	-	-
630,519	630,508	11	72,683	63,191	61,797	1,394
-	-	-	-	-	-	-
-	(5,091)	5,091	126,265	125,901	105,523	20,378
<u>76,102,317</u>	<u>75,557,949</u>	<u>544,368</u>	<u>6,571,177</u>	<u>6,552,098</u>	<u>6,080,816</u>	<u>471,282</u>
<u>58,850</u>	<u>49,602</u>	<u>(9,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(58,850)</u>	<u>(49,602)</u>	<u>9,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(58,850)</u>	<u>(49,602)</u>	<u>9,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Enterprise Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,467,894	\$ 1,048,693	\$ 4,516,587
Receivable	35,118		35,118
Due from other governments	169,619	27,347	196,966
OPEB asset	7,052	1,874	8,926
Inventories	371,740		371,740
Total current assets	<u>4,051,423</u>	<u>1,077,914</u>	<u>5,129,337</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	721,524		721,524
Total noncurrent assets	<u>721,524</u>		<u>721,524</u>
Total assets	<u>\$ 4,772,947</u>	<u>\$ 1,077,914</u>	<u>\$ 5,850,861</u>
DEFERRED OUTFLOWS OF RESOURCES	791,826	210,486	1,002,312
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	103,896	8,239	112,135
Accrued salaries and wages payable	31,593	19,177	50,770
Due to other funds	84,706		84,706
Unearned revenue	49,720	24,181	73,901
Compensated absences	84,645	39,159	123,804
Total current liabilities	<u>354,560</u>	<u>90,756</u>	<u>445,316</u>
Noncurrent liabilities:			
Net pension liability	1,046,239	278,114	1,324,353
Net OPEB liability	3,916,546	1,041,107	4,957,653
Compensated absences		9,968	9,968
Total noncurrent liabilities	<u>4,962,785</u>	<u>1,329,189</u>	<u>6,291,974</u>
Total liabilities	<u>5,317,345</u>	<u>1,419,945</u>	<u>6,737,290</u>
DEFERRED INFLOWS OF RESOURCES	1,415,259	376,207	1,791,466
NET POSITION			
Net investment in capital assets	721,524		721,524
DIPNC OPEB plan	7,052	1,874	8,926
Unrestricted	(1,896,407)	(509,626)	(2,406,033)
Total net position	<u>\$ (1,167,831)</u>	<u>\$ (507,752)</u>	<u>\$ (1,675,583)</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 FISCAL YEAR ENDED JUNE 30, 2018

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 1,486,664		\$ 1,486,664
Child care fees		1,328,260	1,328,260
Total operating revenues	1,486,664	1,328,260	2,814,924
OPERATING EXPENSES			
Food cost:			
Purchase of food	1,948,753	50,149	1,998,902
Donated commodities	495,769		495,769
Salaries and benefits	3,568,518	1,126,584	4,695,102
Indirect costs	361,937		361,937
Materials and supplies	287,875	31,467	319,342
Repairs and maintenance	81,197		81,197
Depreciation	128,826		128,826
Non Capitalized Equipment	76,837	973	77,810
Purchased services	21,879	38,771	60,650
Total operating expenses	6,971,591	1,247,944	8,219,535
Operating Income (loss)	(5,484,927)	80,316	(5,404,611)
NONOPERATING REVENUES			
Federal reimbursements	4,262,250		4,262,250
Federal commodities	495,769		495,769
Federal commodities-summer feeding	146,974		146,974
State reimbursements	17,143		17,143
Interest earned	1,863	2,889	4,752
Indirect costs not paid	361,937		361,937
Total nonoperating revenue	5,285,936	2,889	5,288,825
Income (loss) before transfers	(198,991)	83,205	(115,786)
Transfers from other funds	49,602		49,602
Change in net position	(149,389)	83,205	(66,184)
Total net position, beginning	3,892,403	714,457	4,606,860
Total net position, restatement	(4,910,845)	(1,305,414)	(6,216,259)
Total net position, ending	\$ (1,167,831)	\$ (507,752)	\$ (1,675,583)

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, 2018

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,508,672	\$ 1,335,802	\$ 2,844,474
Cash paid for goods and services	(2,349,224)	(117,852)	(2,467,076)
Cash paid for employees services and benefits	(3,368,636)	(1,059,886)	(4,428,522)
Net cash provided (used) by operating activities	(4,209,188)	158,064	(4,051,124)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	4,426,367		4,426,367
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(103,231)		(103,231)
Net cash (used) by capital and related financing activities	(103,231)		(103,231)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	1,863	2,889	4,752
Net increase in cash and cash equivalents	115,811	160,953	276,764
Balances - beginning of year	3,352,083	887,740	4,239,823
Balances - end of year	\$ 3,467,894	\$ 1,048,693	\$ 4,516,587
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(5,484,927)	80,316	(5,404,611)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	128,826		128,826
Donated commodities consumed	495,769		495,769
Salaries paid by special revenue fund	49,602		49,602
Indirect costs not paid	361,937		361,937
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in due from other governments	29,933	(1,432)	28,501
Decrease (increase) in due from other funds	4,314	-	4,314
Decrease (increase) in net OPEB asset	(7,052)	(1,874)	(8,926)
Decrease (increase) in accounts receivable	(12,725)		(12,725)
Decrease (increase) in inventory	(10,312)		(10,312)
Decrease (increase) in deferred outflows	18,889	6,415	25,304
Increase (decrease) in pension liability	(204,367)	(41,012)	(245,379)
Increase (decrease) in OPEB liability	(994,299)	(264,307)	(1,258,606)
Increase (decrease) in deferred inflows	1,343,992	358,021	1,702,013
Increase (decrease) in accounts payable and accrued liabilities	77,629	15,529	93,158
Increase (decrease) in accrued annual leave	(6,883)	298	(6,585)
Increase (decrease) in unearned revenues	486	6,110	6,596
Total adjustments	1,275,739	77,748	1,353,487
Net cash provided (uses) by operating activities	\$ (4,209,188)	\$ 158,064	\$ (4,051,124)

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, 2018**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$49,602 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 \$361,937 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 \$495,769 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$495,769 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, 2018**

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, 2018**

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, 2018**

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 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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

D. Budgetary Data - (Cont'd)

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 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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

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.

4. Capital Assets

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

4. Capital Assets - (Cont'd)

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.

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 several items that meet this criterion - pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has several items that meet this criterion - unavailable grant revenue in the General Fund and pension and OPEB 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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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, 2018. 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, 2018 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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

8. Net Position/Fund 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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

8. Fund Balance - (Cont'd)

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

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

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

Restricted for 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, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

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 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 (\$126,907,030) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 133,463,402
Less Accumulated Depreciation	<u>(64,727,668)</u>
Net capital assets	68,735,734
Pension related deferred outflows of resources	18,160,117
Net OPEB asset	238,341
OPEB related deferred outflows of resources	8,602,391

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ (35,361,328)
Net OPEB liability	(132,373,447)
Deferred inflows of resources related to pensions	(1,837,981)
Deferred inflows of resources related to OPEB	(45,995,658)
Installment financing	(1,036,753)
Compensated absences	(6,038,446)
Total adjustment	<u>(\$126,907,030)</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 (\$5,770,236) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,464,115

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.	\$ (3,804,016)
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.	(347,655)
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	725,088
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	7,021,406
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,031,772
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	(9,197,219)
OPEB expense	(7,580,878)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(29,942)
Loss on disposal of assets	(15,955)
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	(36,952)
Total adjustment	<u>\$ (5,770,236)</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

10. Defined Benefit Pension Plan and OPEB Plans

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

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 stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

At June 30, 2018 the Board had deposits with banks and savings and loans with a carrying amount of \$ 11,864,106 and with the State Treasurer of \$ - 0 -. The bank balances with the financial institutions and the State Treasurer were \$12,331,011 and \$1,666,599 respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$13,497,610 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2018, 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, 2018**

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

A. Assets - (Cont'd)

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2018, were as follows:

	<u>Due from (To)</u> <u>other funds</u> <u>(Internal Balances)</u>	<u>Due from</u> <u>other</u> <u>governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 84,706	\$ 26,198	\$ 48,807	\$ 159,711
Other governmental activities	<u> </u>	<u>3,808,877</u>	<u>88,719</u>	<u>3,897,596</u>
Total	<u>\$ 84,706</u>	<u>\$ 3,835,075</u>	<u>\$ 137,526</u>	<u>\$ 4,057,307</u>
Business-type activities:				
School Food Service	\$(84,706)	\$ 169,619	\$ 35,118	\$ 120,031
Child Care	<u> </u>	<u>27,347</u>	<u> </u>	<u>27,347</u>
Total	<u>\$(84,706)</u>	<u>\$ 196,966</u>	<u>\$ 35,118</u>	<u>\$ 147,378</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	\$ 26,198	County - Fines & Forfeitures
State Public School Fund	3,535,188	Operating funds from DPI
Federal Grants Fund	<u>273,689</u>	Federal grant funds
Total	<u>\$ 3,835,075</u>	
Business Activities		
School Food Service	\$ 169,619	Federal funds
Child Care	<u>27,347</u>	County - DSS
Total	<u>\$ 196,966</u>	

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,950,419	\$	\$ 75,368	\$	\$ 3,025,787
Construction in progress	<u>563,126</u>	<u>(563,126)</u>	<u>853,103</u>	<u> </u>	<u>853,103</u>
Total capital assets not being depreciated	<u>3,513,545</u>	<u>\$ (563,126)</u>	<u>\$ 928,471</u>	<u>\$</u>	<u>3,878,890</u>
Capital assets being depreciated:					
Buildings and improvements	110,142,276	\$ 563,126	\$1,750,391	\$ (5,985)	112,449,808
Equipment and furniture	4,322,846		144,645	(99,357)	4,368,134
Vehicles	<u>13,035,684</u>	<u> </u>	<u>640,607</u>	<u>(909,721)</u>	<u>12,766,570</u>
Total capital assets being depreciated	<u>127,500,806</u>	<u>\$ 563,126</u>	<u>\$2,535,643</u>	<u>\$(1,015,063)</u>	<u>129,584,512</u>
Less accumulated depreciation for:					
Buildings and Improvements	49,631,569	\$	\$2,837,864	\$ (3,915)	52,465,518
Equipment and furniture	3,047,812		208,142	(85,472)	3,170,482
Vehicles	<u>9,243,379</u>	<u> </u>	<u>758,010</u>	<u>(909,721)</u>	<u>9,091,668</u>
Total accumulated depreciation	<u>61,922,760</u>	<u>\$</u>	<u>\$ 3,804,016</u>	<u>\$ (999,108)</u>	<u>64,727,668</u>
Total capital assets being depreciated, net	<u>65,578,046</u>				<u>64,856,844</u>
Governmental activity capital assets, net	<u>\$ 69,091,591</u>				<u>\$68,735,734</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 3,167,036	\$ 71,206	\$ (10,361)	\$ 3,227,881
Vehicles	<u>32,025</u>	<u>32,025</u>	<u> </u>	<u> </u>
<u>Total capital assets being depreciated</u>	<u>3,167,036</u>	<u>\$103,231</u>	<u>\$ (10,361)</u>	<u>3,259,906</u>
Less accumulated depreciation for: Furniture/office equipment and Vehicles	<u>2,419,917</u>	<u>\$ 128,826</u>	<u>\$ (10,361)</u>	<u>2,538,382</u>
<u>Total accumulated depreciation</u>	<u>2,419,917</u>	<u>\$ 128,826</u>	<u>\$ (10,361)</u>	<u>2,538,382</u>
School Food Service capital assets, net	<u>747,119</u>			<u>721,524</u>
Business-type activities capital assets, net	<u>\$ 747,119</u>			<u>\$ 721,524</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 3,046,006
Operational support services	<u>758,010</u>
Total	<u>\$ 3,804,016</u>

Construction commitments

Caldwell County and Caldwell County Board of Education have active renovation projects as of June 30, 2018. At year end, commitments with contractors for school renovations are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
West Caldwell Track Improvements	<u>\$ 677,486</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service.

General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's 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, 2018, was 10.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$7,284,373 for the year ended June 30, 2018.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

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, 2018, the Board reported a liability of \$36,685,681 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017 and at June 30, 2016, the Board's proportion was .47310% and .47343% respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$9,535,613. At June 30, 2018, 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, 2018**

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	\$ 795,278	\$ 1,200,180
Changes of assumptions	5,795,784	
Net difference between projected and actual earnings on pension plan investments	4,964,817	
Changes in proportion and differences between Board contributions and proportionate share of contributions		706,637
Board contributions subsequent to the measurement date	<u>7,284,373</u>	<u> </u>
	<u>\$18,840,252</u>	<u>\$ 1,906,817</u>

\$7,284,373 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 1,696,890
2020	6,762,481
2021	3,176,664
2022	(1,986,974)

Actuarial Assumptions. The total pension liability in the December 31, 2016 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, 2018**

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	7.20 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, 2016 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 the fixed income return projections. Other asset categories and

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected</u>	
	<u>Target Allocation</u>	<u>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 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

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 7.20 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
Board's proportionate share of the net pension liability (asset)	\$75,514,318	\$36,685,681	\$4,152,233

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members- eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent and the Director of the Office of

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF, assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state- supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.05% of covered payroll which amounted to \$4,088,168.

At June 30, 2018, the Board reported a liability of \$137,331,100 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.4189%.

\$4,088,168 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

Year ended June 30:

2019	\$ (8,623,459)
2020	(8,623,459)
2021	(8,623,459)
2022	(8,623,459)
2023	(8,610,699)
Thereafter	-

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

Inflation	2.75% 3.50-8.10%, include 3.5% inflation and productivity factor
Salary Increases	
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate- medical	5.00-6.5%
Healthcare cost trend rate- prescription drug	5.00-7.25%
Healthcare cost trend rate- Medicare advantage	4.00-5.00%
Healthcare cost trend rate- administrative	3.0%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as, what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	\$163,828,114	\$137,331,100	\$116,315,207

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

Healthcare Trend Rates

1% Decrease (Medical-4.00-5.50%, Pharmacy-4.00-6.25%, Medicare Advantage- 3.00-4.00%, Administrative- 2.00%)	(Medical- 5.00-6.50%, Pharmacy- 5.00-7.25%, Medicare Advantage- 4.00-5.00%, Administrative- 3.00%)	1% increase (Medical-6.00-7.50%, Pharmacy-6.00-8.25%, Medicare Advantage- 5.00-6.00%, Administrative- 4.00%)
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Net OPEB liability	\$ 112,186,861	\$ 137,331,100	\$ 170,751,008
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OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits

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

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$16,958 for the year ended June 30, 2018.

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.

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

At June 30, 2018, the Board reported an asset of \$247,267 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Boards present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.40456%.

\$94,602 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

Year ended June 30	
2019	\$ 38,172
2020	38,172
2021	38,159
2022	13,541

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

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 210,213	\$ 247,267	\$ 284,406

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	<u>100%</u>	

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

Following is information related to the proportionate share and pension expense:

	RHBF	DIPNC	Total
OPEB Expense	7,731,408	133,389	7,864,797
OPEB Liability (Asset)	137,331,100	(247,267)	137,083,833
Proportionate share of the net OPEB liability (asset)	.41886%	.40456%	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	-	67,796	67,796
Net difference between projected and actual earnings on plan investments	-	54,199	54,199
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,613,755	6,048	4,619,803
Board contributions subsequent to the measurement date	4,088,168	94,602	4,182,770
Deferred of Inflows of Resources:			
Differences between expected and actual experience	9,846,892	-	9,846,892
Changes of assumptions	37,820,358	-	37,820,358
Net difference between projected and actual earnings on plan investments	51,038	-	51,038

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

2. Accounts Payable

Accounts payable as of June 30, 2018, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 168,841	\$ 2,080,172	\$2,249,013
Other Governmental	<u>154,365</u>	<u>3,808,877</u>	<u>3,963,242</u>
Total governmental activities	<u>\$ 323,206</u>	<u>\$ 5,889,049</u>	<u>\$6,212,255</u>
Business-type Activities:			
School Food Service	\$ 103,896	\$ 31,593	\$ 135,489
Other Business-type	<u>8,239</u>	<u>19,177</u>	<u>27,416</u>
Total business-type activities	<u>\$ 112,135</u>	<u>\$ 50,770</u>	<u>\$ 162,905</u>

3. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Change in proportion and difference between Board contributions and proportionate share of contributions	\$ 4,619,803	\$
Difference between expected and actual experience	67,796	9,846,892
Changes in assumptions		37,820,358
Net differences between projected and actual earnings on plan investments	54,199	51,038
Board contributions subsequent to the measurement date	4,182,770	
Unavailable Revenue- Grant (General Fund)	<u> </u>	<u>2,137,227</u>
	<u>\$8,924,568</u>	<u>\$49,855,515</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)	\$ 24,181
Pre-payments (School Food Service Fund)	<u>49,720</u>
Total	<u>\$ 73,901</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

B. Liabilities - (Cont'd)

5. Risk Management - (Cont'd)

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, 2018.

Future minimum lease payments for these leases as of June 30, 2018 are as follows:

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, 2018**

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

B. Liabilities - (Cont'd)

7. Contingent Liabilities

At June 30, 2018, the Board was a defendant to various lawsuits. At this time, the ultimate outcome of these legal matters is not known.

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 Banc of America Public Capital Corp at total payments less than the purchase price. During fiscal year ending June 30, 2017, the Board entered into two installment purchase contracts to finance the purchase of a total of fourteen school buses. In 2018 the Board entered an installment purchase contract to finance the purchase of four school buses. These financing contracts require principal only payments of \$560,232 due at the beginning of the contract year.

The future minimum payments of the installment purchases as of June 30, 2018 including \$0 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2019	\$ 560,232	\$
2020	389,608	
2021	<u>86,914</u>	<u> </u>
Principal payments	<u>\$1,036,756</u>	
Total interest payments		<u>\$ - 0 -</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018:

	Balance (Restated) July 1, 2017	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2018	Current Portion
Governmental activities:					
Installment purchases	\$ 1,414,186	\$ 347,655	\$ 725,088	\$ 1,036,753	\$ 560,232
Net pension liability	41,913,049		6,551,721	35,361,328	
Net OPEB Liability	166,469,602		34,096,155	132,373,447	
Compensated absences	<u>6,008,504</u>	<u>3,502,713</u>	<u>3,472,771</u>	<u>6,038,446</u>	<u>3,470,000</u>
Total	<u>\$215,805,341</u>	<u>\$3,850,368</u>	<u>\$44,845,735</u>	<u>\$174,809,974</u>	<u>\$4,030,232</u>
Business-type activities:					
Compensated absences	\$ 140,357	\$ 199,424	\$ 206,009	\$ 133,772	\$ 123,804
Net pension liability	1,569,732		245,379	1,324,353	
Net OPEB liability	<u>6,234,623</u>		<u>1,276,970</u>	<u>4,957,653</u>	
Total	<u>\$ 7,944,712</u>	<u>\$ 199,424</u>	<u>\$ 1,728,358</u>	<u>\$ 6,415,778</u>	<u>\$ 123,804</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, 2018, consist of the following:

Interfund Balances	<u>Amount</u>
From the School Food Service Fund to the General Fund for Administrative Costs	<u>\$ 84,706</u>
Transfers to/from other funds	
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 49,602</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 7,991,483
Less:	
Inventories	(588,698)
Stabilization by State Statute	(75,005)
Appropriated Fund Balance in 2019 budget	<u>(4,189,740)</u>
Remaining Fund Balance	<u>\$ 3,138,040</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 10, 2018, 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.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

V. Change in Accounting Principles/Restatement

The Board implemented Governmental Accounting Standards Board (GASB) statement 75, Accounting and Financial Reporting for postemployment benefits other than pensions in the fiscal year ending June 30, 2018. The implementation of the statement required the Board to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Board related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferral outflow and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$165,979,267 and \$6,216,259 for business type activities.

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
- Schedule of the Board's Proportionate Share of Net OPEB Liability Retiree Health Benefit Fund
- Schedule of Board Contributions Retiree Health Benefit Fund
- Schedule of Proportionate Share of Net OPEB Asset Disability Income Plan of North Carolina
- Schedule of Contributions Disability Income Plan of North Carolina

Note: These schedules are intended to show information for ten years. Additional years' information will be presented as it becomes available.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
 LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.46236%	0.47310%	0.47343%	0.47391%	0.48170%
Board's proportionate share of the net pension liability (asset)	\$ 36,685,681	\$ 43,482,777	\$ 17,446,833	\$ 5,556,221	\$ 29,244,099
Board's covered-employee payroll	\$ 65,589,797	\$ 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	55.93%	67.61%	27.07%	8.98%	47.03%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,284,373	\$ 6,545,862	\$ 5,884,814	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contribution	<u>7,284,373</u>	<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>	<u>\$ -</u>
Board's covered-employee payroll	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,854,835
Contributions as a percentage of covered-employee payroll	10.78%	9.98%	9.15%	9.15%	8.67%

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST FISCAL YEAR**

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.41890%	0.40580%
Board's proportionate share of the net OPEB liability (asset)	\$ 137,331,100	\$ 176,513,543
Board's covered-employee payroll	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	209.38%	274.45%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST FISCAL YEAR**

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,088,168	\$ 3,809,318
Contributions in relation to the contractually required contribution	<u>4,088,168</u>	<u>3,809,318</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$67,573,029	\$ 65,589,797
Contributions as a percentage of covered-employee payroll	6.05%	5.81%

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
 DISABILITY INCOME PLAN OF NORTH CAROLINA
 LAST FISCAL YEAR**

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.41778%	0.40456%
Board's proportionate share of the net OPEB asset	\$ 247,267	\$ 259,441
Board's covered-employee payroll	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.38%	0.40%
Plan fiduciary net position as a percentage of the total OPEB asset	116.23%	116.06%

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 SCHEDULE OF BOARD CONTRIBUTIONS
 DISABILITY INCOME PLAN OF NORTH CAROLINA
 LAST FISCAL YEAR**

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 94,602	\$ 249,258
Contributions in relation to the contractually required contribution	<u>94,602</u>	<u>249,258</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 67,573,029	\$ 65,589,797
Contributions as a percentage of covered-employee payroll	0.14%	0.38%

**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, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

<u>REVENUES</u>	Local Current Expenses			2017 Actual
	2018 Budget	2018 Actual	Variances	
State of North Carolina:				
Smart Start	\$ 100,000	\$ 99,999	\$ (1)	\$ 139,553
NC Pre K	1,055,927	996,885	(59,042)	768,522
Total State of North Carolina	<u>1,155,927</u>	<u>1,096,884</u>	<u>(59,043)</u>	<u>908,075</u>
Caldwell County:				
Appropriation	14,800,000	14,800,000	-	14,800,000
Forest Service	10,000	9,121	(879)	10,575
Total Caldwell County	<u>14,810,000</u>	<u>14,809,121</u>	<u>(879)</u>	<u>14,810,575</u>
United States Government:				
ROTC	126,000	95,458	(30,542)	93,460
Total U.S. Government	<u>126,000</u>	<u>95,458</u>	<u>(30,542)</u>	<u>93,460</u>
Other:				
ABC Revenues	20,000	23,610	3,610	30,511
Sales Taxes	-	76,185	76,185	83,377
Tuition and Fees	104,828	106,586	1,758	91,560
Fines and Forfeitures	250,000	213,747	(36,253)	231,901
Rental of School Property	10,000	12,635	2,635	9,997
Interest Earned on Investments	54,000	127,640	73,640	54,266
Miscellaneous & School Reimbursements	484,180	693,516	209,336	940,645
Indirect Cost Allocations	120,000	110,479	(9,521)	131,033
Private Grants and Donations	3,019,008	1,895,835	(1,123,173)	1,634,659
Medicaid Reimbursement	200,000	993,264	793,264	545,809
Insurance Settlements	10,000	50,990	40,990	15,729
Total Other	<u>4,272,016</u>	<u>4,304,487</u>	<u>32,471</u>	<u>3,769,487</u>
Fund Balance Appropriated	<u>5,326,247</u>	<u>-</u>	<u>(5,326,247)</u>	
Total Revenue	<u>25,690,190</u>	<u>20,305,950</u>	<u>(5,384,240)</u>	<u>19,581,597</u>
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,938,355		2,245,716
Employee Benefits		1,010,433		686,993
Purchased Services		115,150		263,368
Supplies and Materials		126,221		98,617
Total Regular Instructional Services	<u>\$ 4,369,782</u>	<u>\$ 4,190,159</u>	<u>\$ 179,623</u>	<u>\$ 3,294,694</u>

EXPENDITURES - (Cont'd):	Local Current Expenses			2017 Actual
	Budget	2018 Actual	Variances	
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$ -	\$ 1,382,607	\$ -	\$ 1,161,077
Employee Benefits		101,037		113,758
Purchased Services		345		9,573
Supplies and Materials		20,445		33,594
Total Special Population Services	1,795,334	1,504,434	290,900	1,318,002
Alternative Programs and Services:				
Salaries		1,648,257		1,263,930
Employee Benefits		632,408		478,461
Purchased Services		589,218		351,869
Supplies and Materials		318,086		228,444
Total Alternative Programs and Services	4,137,200	3,187,969	949,231	2,322,704
School Leadership Services:				
Salaries		1,723,727		1,313,154
Employee Benefits		646,733		460,923
Purchased Services		37,237		35,919
Supplies and Materials		39,293		33,154
Total School Leadership Services	2,698,025	2,446,990	251,035	1,843,150
Co-Curricular Services:				
Salaries		397,128		381,314
Employee Benefits		89,342		79,956
Purchased Services		110,439		110,521
Total Co-Curricular Services	664,806	596,909	67,897	571,791
School-Based Support Services:				
Salaries		804,741		666,329
Employee Benefits		284,904		238,868
Purchased Services		226,982		209,935
Supplies and Materials		2,128		80
Total School-Based Support Services	1,318,756	1,318,755	1	1,115,212
Total Instructional Services	14,983,903	13,245,216	1,738,687	10,465,553
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		547,167		622,539
Employee Benefits		178,670		169,539
Purchased Services		27,601		20,554
Supplies and Materials		6,265		6,691
Total Support and Development Services	763,284	759,703	3,581	819,323
Special Population Support and Development Services:				
Salaries		53,232		53,286
Employee Benefits		18,213		17,324
Purchased Services		45,321		61,338
Total Special Population Support And Development Services	\$ 116,767	\$ 116,766	\$ 1	\$ 131,948

EXPENDITURES - (Cont'd):	2018			2017
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):	Budget	Actual	Variance	Actual
Alternative Programs and Services:				
Salaries	\$ -	\$ 88,421	\$ -	\$ 84,526
Employee Benefits		27,041		25,717
Purchased Services		10,658		10,016
Supplies and Materials		-		-
Total Alternative Programs and Services	132,222	126,120	6,102	120,259
Technology Support Services:				
Salaries		458,879		439,467
Employee Benefits		176,628		165,797
Purchased Services		50,855		38,791
Supplies and Materials		105,235		170,570
Total Technology Support Services	791,784	791,597	187	814,625
Operational Support Services:				
Salaries		1,151,771		1,175,223
Employee Benefits		449,335		417,509
Purchased Services		3,235,621		2,925,099
Supplies and Materials		993,014		730,183
Total Operational Support Services	5,829,741	5,829,741	-	5,248,014
Financial and Human Resource Services:				
Salaries		598,932		317,170
Employee Benefits		359,189		222,094
Purchased Services		548,468		523,843
Supplies and Materials		31,145		30,377
Total Financial and Human Resource Services	1,561,139	1,537,734	23,405	1,093,484
Accountability Services:				
Salaries		173,834		156,986
Employee Benefits		59,082		52,481
Purchased Services		18,390		22,536
Supplies and Materials		41,755		34,174
Total Accountability Services	293,061	293,061	-	266,177
System-Wide Pupil Support:				
Salaries		32,977		32,080
Employee Benefits		13,956		13,319
Total System-Wide Pupil Support Services	46,935	46,933	2	45,399
Policy, Leadership and Public Relations Services:				
Salaries		496,478		491,313
Employee Benefits		164,100		117,586
Purchased Services		325,480		326,511
Supplies and Materials		93,224		98,216
Total Policy, Leadership and Public Relations Services	1,097,406	1,079,282	18,124	1,033,626
Total System-Wide Support Services	\$ 10,632,339	\$ 10,580,937	\$ 51,402	\$ 9,572,855

<u>EXPENDITURES - (Cont'd):</u>	Local Current Expenses			2017 <u>Actual</u>
	<u>Budget</u>	2018 <u>Actual</u>	<u>Variances</u>	
ANCILLARY SERVICES:				
Nutrition Services:				
Salaries	\$ -	\$ 1,698	\$ -	\$ 3,381
Employee Benefits		2,431		2,572
Supplies and Materials		7,430		11,158
Total Nutrition Services	11,572	11,559	13	17,111
Total Ancillary Services	11,572	11,559	13	17,111
NON-PROGRAMMED CHARGES:				
Payments to Charter Schools		59,719		57,609
Other		-		-
Total Programmed Charges	62,376	59,719	2,657	57,609
Total Expenditures	25,690,190	23,897,431	1,792,759	20,113,128
Excess of Revenue Over (Under) Expenditures	-	(3,591,481)	(3,591,481)	(531,531)
OTHER FINANCING SOURCES (USES):				
Transfers (Out)			-	
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(3,591,481)	\$ (3,591,481)	(531,531)
Fund Balance - July 1, 2017		11,619,916		12,149,256
Increase (Decrease) in Reserve for Inventories		(36,952)		2,191
Fund Balance - June 30, 2018		\$ 7,991,483		\$ 11,619,916

**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, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	2018		Variance	2017
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 76,161,167	\$ 75,607,551	\$ (553,616)	\$ 74,337,560
Total Revenues	<u>76,161,167</u>	<u>75,607,551</u>	<u>(553,616)</u>	<u>74,337,560</u>
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		33,368,763		33,330,368
Employee Benefits		12,096,684		11,873,810
Purchased Services		254,472		352,917
Supplies and Materials		2,458,833		1,427,646
Capital Outlay		-		38,496
Total Regular Instructional Services	<u>48,506,227</u>	<u>48,178,752</u>	<u>327,475</u>	<u>47,023,237</u>
Special Populations:				
Salaries		6,035,177		5,869,557
Employee Benefits		2,661,771		2,453,455
Purchased Services		63,717		77,234
Supplies and Materials		29,316		31,335
Total Special Populations Services	<u>8,789,981</u>	<u>8,789,981</u>	<u>-</u>	<u>8,431,581</u>
Alternative Programs and Services:				
Salaries		1,989,821		2,035,302
Employee Benefits		711,752		705,959
Purchased Services		41,575		44,244
Supplies and Materials		295,779		292,102
Total Alternative Programs And Services	<u>3,039,031</u>	<u>3,038,927</u>	<u>104</u>	<u>3,077,607</u>
School Leadership Services:				
Salaries		3,413,078		3,333,960
Employee Benefits		1,163,985		1,178,279
Purchased Services		561		2,613
Total School Leadership Services	<u>4,577,698</u>	<u>4,577,624</u>	<u>74</u>	<u>4,514,852</u>
School-Based Support Services:				
Salaries		3,077,385		3,189,160
Employee Benefits		1,090,347		1,106,230
Purchased Services		741,687		628,181
Supplies and Materials		4,237		4,509
Total School-Based Support Services	<u>4,914,620</u>	<u>4,913,656</u>	<u>964</u>	<u>4,928,080</u>
Total Instructional Services	<u>\$ 69,827,557</u>	<u>\$ 69,498,940</u>	<u>\$ 328,617</u>	<u>\$ 67,975,357</u>

	2018		2017	
	Budget	Actual	Variance	Actual
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries	\$	\$ 154,149	\$	\$ 190,694
Employee Benefits		52,534		58,680
Total Support and Development Services	272,640	206,683	65,957	249,374
Special Population Support and Development Services:				
Salaries		326,859		334,748
Employee Benefits		108,719		112,490
Purchased Services		2,674		4,181
Total Special Population Support And Development Services	499,249	438,252	60,997	451,419
Alternative Programs and Services:				
Salaries		32,167		27,575
Employee Benefits		13,710		11,871
Purchased Services		-		276
Total Alternative Programs and Services	45,879	45,877	2	39,722
Technology Support Services:				
Salaries				-
Employee Benefits				-
Purchased Services		131,436		105,218
Supplies and Materials		68,063		44,530
Total Technology Support Services	242,816	199,499	43,317	149,748
Operational Support Services:				
Salaries		2,943,223		2,799,602
Employee Benefits		1,038,670		982,593
Purchased Services		123,493		99,265
Supplies and Materials		322,691		480,270
Capital Outlay		24,126		51,486
Total Operational Support Services	4,492,579	4,452,203	40,376	4,413,216
Financial and Human Resource Services:				
Salaries		68,602		322,558
Employee Benefits		22,476		114,243
Total Financial and Human Resource Services	91,078	91,078	-	436,801
Accountability Services:				
Salaries				
Employee Benefits				
Total Accountability Services	\$ -	\$ -	\$ -	\$ -

	Budget	2018 Actual	Variance	2017 Actual
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Policy, Leadership and Public Relations Services:				
Salaries	\$ -	\$ 521,530	\$ -	\$ 450,031
Employee Benefits		108,978		125,893
		-		
Total Policy, Leadership and Public Relations Services:	630,519	630,508	11	575,924
Total System-Wide Support Services	6,274,760	6,064,100	210,660	6,316,204
ANCILLARY SERVICES				
Nutrition Services:				
Salaries				-
Employee Benefits				-
Total Nutrition Services		-	-	-
Total Ancillary Services	-	-	-	
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	-	(5,091)	-	-
Total Non-Programmed Charges		(5,091)	5,091	-
Total Expenditures	76,102,317	75,557,949	544,368	74,291,561
Excess of Revenue Over (Under) Expenditures	58,850	49,602	(9,248)	45,999
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(58,850)	(49,602)	9,248	(45,999)
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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance	Actual
Revenues:				
State of North Carolina	\$ 3,282,380	\$ 1,563,273	\$ (1,719,107)	\$ 1,676,809
Caldwell County	1,600,000	1,963,714	363,714	1,636,789
Other	60,000	194,528	134,528	268,866
Total Revenues	4,942,380	3,721,515	(1,220,865)	3,582,464
Expenditures:				
Instructional Services Equipment	941,766	658,574	283,192	635,266
System-Wide Support Services Equipment and Vehicles	964,901	800,703	164,198	1,465,154
Capital Outlay Projects - Building and Improvements	5,507,395	2,561,117	2,946,278	1,792,340
Debt Service:				
Principal	1,254,020	725,088	528,932	863,570
Total Expenditures	8,668,082	4,745,482	3,922,600	4,756,330
Excess of Revenues Over (Under) Expenditures	(3,725,702)	(1,023,967)	2,701,735	(1,173,866)
Other Financing Sources (Uses):				
Installment purchase obligations issued	525,000	347,655	(177,345)	1,210,775
Fund Balance Appropriated	3,200,702	-	(3,200,702)	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>(676,312)</u>	<u>\$ (676,312)</u>	<u>36,909</u>
Fund Balance:				
Beginning of Year, July 1, 2017		<u>3,290,702</u>		<u>3,253,793</u>
End of Year, June 30, 2018		<u>\$ 2,614,390</u>		<u>\$ 3,290,702</u>

**CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2018		Variance	2017
	Budget	Actual		Actual
REVENUE				
State of North Carolina:				
Public School Building Capital Fund	\$ 300,000	\$ -	\$ (300,000)	\$ 78,387
Public School Building Capital Fund - Lottery	2,182,380	706,712	(1,475,668)	734,852
State Appropriations - Other Vehicles		131,473	131,473	
State Appropriations - Buses	800,000	725,088	(74,912)	863,570
Total State Revenues	3,282,380	1,563,273	(1,719,107)	1,676,809
Caldwell County:				
Appropriation from general revenues	1,600,000	1,779,335	179,335	1,636,789
Other county appropriation	-	184,379	184,379	-
Total	1,600,000	1,963,714	363,714	1,636,789
Other:				
Contributions and Donations		-	-	190,000
Sales Tax	28,000		(28,000)	
Interest Earned	20,000	979	(19,021)	1,256
Disposition Capital Assets	12,000	67,039	55,039	26,176
Insurance Settlement		87,285	87,285	49,434
Other		39,225	39,225	2,000
Total	60,000	194,528	134,528	268,866
Total Revenues	\$ 4,942,380	\$ 3,721,515	\$ (1,220,865)	\$ 3,582,464

**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, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Budget	Actual	Variance	Actual
Operating Revenues:				
Food Sales	\$ 1,608,822	\$ 1,486,664	\$ (122,158)	\$ 1,547,227
Operating Expenses:				
Business Support Services:				
Purchase of Food	2,495,500	2,454,834		2,603,529
Salaries and Benefits	3,430,188	3,418,238		3,411,043
Materials and Supplies	290,733	287,875		272,341
Repairs and Maintenance	84,600	81,197		57,727
Purchased Services	20,595	21,878		14,842
Capital Outlay	102,806	103,231		74,138
Non-Capitalized Equipment	78,000	76,837		80,360
Total Operating Expenses	6,502,422	6,444,090	58,332	6,513,980
Operating (Loss)	(4,893,600)	(4,957,426)	(63,826)	(4,966,753)
Nonoperating Revenue:				
Federal Reimbursements	4,262,520	4,262,250	(270)	4,655,276
Federal Commodities	420,783	495,769	74,986	468,432
Federal Reimbursement - Summer Feeding	191,420	146,974	(44,446)	-
Interest Earned	1,678	1,862	184	1,872
State Reimbursement	17,199	17,143	(56)	18,251
Total Nonoperating Revenue	4,893,600	4,923,998	30,398	5,143,831
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	-	(33,428)	(33,428)	177,078
Other Financing Sources:				
Transfer From Other Funds	-	49,602	49,602	45,999
Fund Balance Appropriated	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 16,174	\$ 16,174	\$ 223,077
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		16,174		\$ 223,077
Reconciling Items:				
Depreciation		(128,826)		(140,260)
Net OPEB asset		(7,456)		
Net OPEB liability		1,008,806		
Deferred outflows		(18,889)		641,464
Deferred inflows		(1,343,991)		53,352
Net pension liability		204,367		(748,816)
Indirect cost		(361,937)		-
Indirect cost not paid		361,937		-
Equipment Purchases		103,231		74,138
Increase (Decrease) in Inventory		10,312		81,262
(Increase) Decrease in Accrued Vacation Pay		6,883		539
Change in net position(full accrual)		\$ (149,389)		\$ 184,756

**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, 2018
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2017)**

	<u>Budget</u>	<u>2018 Actual</u>	<u>Variance</u>	<u>2017 Actual</u>
Operating Revenues:				
Child Care Fees	\$ 1,403,625	\$ 1,328,260	\$ (75,365)	\$ 1,301,709
Operating Expenses:				
Business Support Services:				
Purchase of Food		50,149		54,184
Salaries and Benefits		1,069,043		1,056,033
Materials and Supplies		31,467		35,380
Non Capitalized Equipment		973		4,007
Purchased Services		38,771		41,071
Total Operating Expenses	<u>1,403,625</u>	<u>1,190,403</u>	<u>213,222</u>	<u>1,190,675</u>
Operating Income	<u>-</u>	<u>137,857</u>	<u>137,857</u>	<u>111,034</u>
Nonoperating Revenue:				
Interest Earned		<u>2,889</u>		<u>1,071</u>
Total Nonoperating Revenue	<u>-</u>	<u>2,889</u>	<u>2,889</u>	<u>1,071</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>140,746</u>	<u>140,746</u>	<u>112,105</u>
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		140,746		\$ 112,105
Reconciling Items:				
Net OPEB asset		(1,982)		
Net OPEB liability		268,164		
Deferred outflows - pension		(6,415)		173,712
Deferred inflows - pension		(358,022)		13,614
Net pension liability		41,012		(191,081)
(Increase) Decrease in Accrued Vacation Pay		<u>(298)</u>		<u>(4,000)</u>
Change in net position(full accrual)		<u>\$ 83,205</u>		<u>\$ 104,350</u>

STATISTICAL SECTION

**Caldwell County Board of Education
Statistical Section
June 30, 2018**

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

FINANCIAL TRENDS

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

Fiscal Year Ended June 30,	2,018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	\$ 67,698,981	\$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
Restricted	\$ 4,216,105	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
Unrestricted	\$ (186,928,074)	(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
Total Governmental Activities	\$ (115,012,988)	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
Business-Type Activities										
Net Investment in Capital Assets	\$ 721,524	747,119	813,241	924,505	788,112	756,862	828,345	743,005	718,839	751,005
Restricted	\$ 8,926	-	-	-	-	-	-	-	-	-
Unrestricted	\$ (2,406,033)	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
Total Business-Type Activities	\$ (1,675,583)	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
District-Wide										
Net Investment in Capital Assets	\$ 68,420,505	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
Restricted	\$ 4,225,031	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
Unrestricted	\$ (189,334,107)	(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
Total District-Wide	\$ (116,688,571)	\$ 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

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

Table 2

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
Instructional Programs	\$ 96,256,925	\$ 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
Support Services	19,107,566	17,509,711	16,316,529	15,655,779	15,727,362	15,157,435	15,213,975	14,958,992	14,412,605	15,308,167
Community Services	12,746	17,572	30,590	8,240	54,643	-	9,317	13,950	19,216	19,302
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Depreciation, Unallocated	3,046,006	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
Total Governmental Activities Expenses	\$ 118,423,243	\$ 110,010,977	\$ 102,977,651	\$ 100,957,589	\$ 102,023,788	\$ 101,471,690	\$ 100,061,450	\$ 101,070,463	\$ 98,380,749	\$ 103,523,371
Business-Type Activities:										
School Food Service	6,971,581	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
Child Care	1,247,944	1,196,430	1,123,377	1,107,414	1,180,074	1,181,496	1,183,572	1,162,270	1,170,291	1,269,288
Total Business-Type Activities Expenses	\$ 8,219,525	\$ 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
Total District-Wide Expenses	\$ 126,642,778	\$ 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
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instructional Programs	888,619	894,407	959,523	851,231	809,078	837,764	775,265	713,090	750,908	782,017
Support Services	12,635	9,997	9,727	11,086	6,306	10,179	3,114	5,997	2,338	3,097
Operating Grants and Contributions	82,133,218	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
Capital Grants and Contributions	67,039	91,339	79,571	14,625	12,312	35,104	198,439	837,047	680,304	40,618
Total Governmental Activities Program Revenues	\$ 83,101,511	\$ 81,836,291	\$ 79,605,961	\$ 79,288,204	\$ 76,209,838	\$ 76,880,369	\$ 78,032,791	\$ 80,591,620	\$ 77,525,424	\$ 81,147,934
Business-Type Activities:										
Charges for Services:										
School Food Service	1,486,664	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
Child Care	1,328,260	1,301,709	1,285,296	1,162,652	1,234,847	1,308,555	1,253,632	1,179,913	1,206,477	1,299,561
Operating Grants and Contributions:										
School Food Service	5,284,073	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
Child Care	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	4,953	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 8,098,997	\$ 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
Total District-Wide Program Revenues	\$ 91,200,508	\$ 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
Net (Expense)/Revenue										
Governmental Activities	\$ (35,321,732)	\$ (28,174,686)	\$ (23,371,690)	\$ (21,669,895)	\$ (25,813,950)	\$ (24,591,321)	\$ (22,028,659)	\$ (20,478,863)	\$ (20,855,325)	\$ (22,375,437)
Business-Type Activities	(120,538)	240,164	495,775	202,665	152,218	143,893	3,419	273,397	323,878	(90,754)
Total District-Wide Net (Expense)/Revenue	\$ (35,442,270)	\$ (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)

Table 2
(cont'd)

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenue										
Governmental Activities:	(35,321,732)	(28,174,666)	(23,371,690)	(21,669,395)	(25,613,950)	(24,591,321)	(22,028,659)	(20,478,863)	(20,855,325)	(22,375,437)
Business-Type Activities:	(120,538)	240,164	495,775	202,665	152,218	143,893	3,419	273,397	323,878	(90,754)
Total District-Wide Net (Expense)/Revenue	(35,442,270)	(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)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Unrestricted County Appropriations - Operating	14,809,121	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
Unrestricted County Appropriations - Capital	1,963,714	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
Unrestricted State Appropriations - Operating	4,852,840	4,816,164	5,055,774	5,308,566	5,666,950	5,347,151	5,418,666	4,925,826	4,407,948	3,138,587
Unrestricted State Appropriations - Capital	1,563,273	1,866,809	945,928	894,085	881,797	906,671	277,227	437,213	415,193	1,179,771
Unrestricted Federal Appropriations - Operating	-	-	-	-	-	-	292,559	-	-	-
Unrestricted Federal Appropriations - Capital	-	-	-	-	-	-	-	-	-	7,603
Investment Earnings, Unrestricted	151,205	79,325	39,433	23,149	23,100	22,328	19,969	29,510	46,440	96,916
Miscellaneous, Unrestricted	2,161,867	1,858,818	1,908,582	1,821,026	1,564,685	1,501,757	1,530,473	1,502,030	1,489,886	2,043,313
Transfers	(49,802)	(45,999)	(39,880)	(64,935)	(66,200)	(50,461)	(46,480)	(45,353)	(67,623)	(36,421)
Total Governmental Activities	25,252,218	25,011,906	26,474,989	35,940,053	26,008,573	24,186,462	25,408,469	22,582,238	22,515,267	22,784,641
Business-Type Activities										
Unrestricted State Appropriations - Operating	4,752	2,943	6,532	2,542	1,407	1,397	899	3,338	5,808	14,760
Investment Earnings, Unrestricted	-	-	-	-	-	-	183	-	-	-
Miscellaneous, Unrestricted	-	-	-	-	-	-	-	-	-	-
Transfers	49,802	45,999	39,880	64,935	66,200	50,461	46,480	45,353	67,623	36,421
Total Business-Type Activities	54,354	48,942	46,412	67,477	67,607	51,858	47,562	48,691	73,431	51,181
Total District-Wide	\$ 25,306,572	\$ 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
Change in Net Position										
Governmental Activities	(10,069,514)	(3,162,780)	3,103,299	14,270,658	194,623	(404,859)	3,379,810	2,103,375	1,659,942	409,204
Business-Type Activities	(66,184)	289,106	542,187	270,142	219,825	195,751	50,981	322,088	397,309	(39,573)
Total District-Wide	(10,135,698)	(2,873,674)	3,645,486	14,540,800	414,448	(209,108)	3,430,791	2,425,463	2,057,251	369,631

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

Table 3

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ 588,698	\$ 625,650	\$ 623,459	\$ 607,815	\$ 553,287
Restricted	75,005	82,873	143,473	229,174	161,256
Committed	-	-	-	-	-
Assigned	4,189,740	5,221,247	5,201,217	4,849,700	5,040,007
Unassigned	3,138,040	5,690,146	6,181,107	7,698,762	7,353,117
Total General Fund	\$ 7,991,483	\$ 11,619,916	\$ 12,149,256	\$ 13,385,451	\$ 13,107,667
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,902,559	4,610,356	2,511,909	3,156,646	1,687,125
Committed	-	-	-	-	-
Assigned	-	-	1,990,975	1,903,903	2,956,952
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,902,559	\$ 4,610,356	\$ 4,502,884	\$ 5,060,549	\$ 4,644,077
Fiscal Year Ended June 30,	2013	2012	2011	2010	2009
General Fund					
Nonspendable	\$ 603,008	\$ 733,149	\$ 764,037	\$ 688,291	\$ 597,590
Restricted	31,358	103,065	115,788	112,868	202,345
Committed	-	-	-	-	-
Assigned	4,485,711	3,446,806	1,952,800	1,752,022	2,128,709
Unassigned	7,721,104	8,379,818	6,873,012	4,266,281	2,098,465
Total General Fund	\$ 12,841,181	\$ 12,662,838	\$ 9,705,637	\$ 6,819,462	\$ 5,027,109
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,479,211	3,479,211	3,271,881	1,347,362	1,273,685
Committed	-	-	-	-	-
Assigned	1,330,334	1,330,334	1,347,916	2,096,039	1,194,548
Unassigned	-	-	-	1,693,811	3,208,088
Total All Other Governmental Funds	\$ 4,809,545	\$ 4,809,545	\$ 4,619,797	\$ 5,137,212	\$ 5,676,321

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

Table 4

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014
Revenues					
State of North Carolina	\$ 78,267,708	\$ 77,112,444	\$ 75,484,601	\$ 74,455,863	\$ 72,478,336
Caldwell County	16,772,835	16,447,364	17,869,940	27,958,162	17,936,241
U.S. Government	6,176,274	6,725,396	6,789,305	6,984,361	6,845,387
Other	7,312,948	6,740,025	6,129,163	6,037,572	5,132,845
Total Revenues	<u>108,529,765</u>	<u>107,025,229</u>	<u>106,273,009</u>	<u>115,435,958</u>	<u>102,392,809</u>
Expenditures					
Instructional Programs	85,028,088	81,245,507	81,046,689	79,487,088	76,360,158
Support Services	21,410,229	20,732,507	19,995,304	19,764,490	19,814,554
Community Services	1,943,297	1,879,720	1,800,077	1,702,240	1,650,847
Debt Service - Principal	658,574	863,570	681,874	545,085	138,153
Debt Service - Interest	-	-	-	-	-
Capital Outlay	4,020,394	3,892,760	5,860,608	14,046,256	4,222,692
Total Expenditures	<u>113,060,582</u>	<u>108,614,064</u>	<u>109,384,552</u>	<u>115,545,159</u>	<u>102,186,404</u>
Revenues Over (Under) Expenditures	(4,530,817)	(1,588,835)	(3,111,543)	(109,201)	206,405
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	347,655	1,210,775	1,341,919	813,864	-
Transfers In (Out)	(49,602)	(45,999)	(39,880)	(64,935)	(66,200)
Net Change in Fund Balances	<u>\$ (4,232,764)</u>	<u>\$ (424,059)</u>	<u>\$ (1,809,504)</u>	<u>\$ 639,728</u>	<u>\$ 140,205</u>
Debt Service as a percentage of Non-Capital Expenditures	0.60%	0.82%	0.66%	0.54%	0.14%
Fiscal Year Ended June 30,					
	2013	2012	2011	2010	2009
Revenues					
State of North Carolina	\$ 72,353,783	\$ 69,536,085	\$ 68,312,439	\$ 68,473,301	\$ 74,766,647
Caldwell County	16,545,310	17,995,918	15,722,734	16,311,436	16,441,906
U.S. Government	7,356,720	10,770,347	13,836,835	10,683,964	7,558,824
Other	4,877,254	5,269,556	5,497,124	4,816,880	5,263,296
Total Revenues	<u>101,133,067</u>	<u>103,571,906</u>	<u>103,369,132</u>	<u>100,285,581</u>	<u>104,030,673</u>
Expenditures					
Instructional Programs	76,986,111	75,705,802	76,929,110	75,276,677	79,437,319
Support Services	19,209,687	19,110,777	18,939,789	18,453,793	18,278,233
Community Services	1,679,944	1,625,069	1,693,817	1,462,553	1,355,646
Debt Service - Principal	451,547	175,246	437,213	415,193	932,330
Debt Service - Interest	-	-	-	-	-
Capital Outlay	2,988,910	3,730,695	3,569,200	3,610,013	3,434,916
Total Expenditures	<u>101,316,199</u>	<u>100,347,589</u>	<u>101,569,129</u>	<u>99,218,229</u>	<u>103,438,444</u>
Revenues Over (Under) Expenditures	(183,132)	3,224,317	1,800,003	1,067,352	592,229
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	552,612	-	538,365	162,614	1,123,615
Transfers In (Out)	(50,461)	(46,480)	(45,353)	(67,623)	(36,421)
Net Change in Fund Balances	<u>\$ 319,019</u>	<u>\$ 3,177,837</u>	<u>\$ 2,293,015</u>	<u>\$ 1,162,343</u>	<u>\$ 1,679,423</u>
Debt Service as a percentage of Non-Capital Expenditures	0.46%	0.18%	0.45%	0.43%	0.93%

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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
2018	\$78,267,708	\$16,772,835	\$ 6,176,274	\$7,312,948	\$ 108,529,765
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

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
2018	11,445	\$ 7,430 \$ 85,028,088	\$ 1,871 \$ 21,410,229	\$ 351 \$ 4,020,394	\$ 170 \$ 1,943,297	\$ 58 \$ 658,574	\$ 9,879 \$ 113,060,582
2017	11,904	6,825 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
		6041.088485	1422.63265	256.1494528	106.5804686	8.366964699	7834.818021

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
2018	\$ 658,574	\$ 800,703	\$ -	\$ 2,561,117	\$ 725,088	\$ 4,745,482
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

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
2018	\$1,948,753	\$ 495,769	\$3,568,518	\$ 361,937	\$ 287,875	\$ 308,739	\$ 6,971,591
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

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
2018	\$ 1,486,664	\$ 4,262,250	\$ 642,743	\$ 380,943	\$ 6,772,600
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

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
2018	\$ 1,126,584	\$ 50,149	\$ 71,211	\$ 1,247,944
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

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
2018	\$1,328,260	\$ -	\$ 2,889	\$ 1,331,149
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

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			
2018	\$ 3,702,907,198	\$ 1,145,810,002	\$ 215,587,323	\$ 1,733,348,971	\$6,797,653,494	0.0630
2017	3,687,722,501	1,155,096,002	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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

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>2018</u>	<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>
CALDWELL COUNTY										
General	0.0630	0.6300	0.6000	0.6000	0.6000	0.6299	0.6599	0.6599	0.6599	0.6599
CITY										
City of Lenoir	0.5800	0.5800	0.5800	0.5800	0.5600	0.5600	0.5400	0.5400	0.5400	0.5400
City of Hickory	0.0570	0.0570	0.0570	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	0.0430	0.3900	0.3900	0.3900	0.3700	0.3700	0.3700	0.3700	0.3500
Granite Falls	0.4500	0.4500	0.4400	0.4400	0.4400	0.4400	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	0.3700	0.3300	0.3100	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	0.2000	0.1500
VILLAGES										
Cedar Rock	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
RESCUE SERVICES	-	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
FIRE DISTRICTS	0.3950	0.3950	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	0.1385	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300

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
2018	\$ 42,839,522	\$ 41,194,901	96.16%	\$ -	\$ 41,194,901	96.16%
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%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

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

Table 15

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Percentage of Personal Income	Per Capita
	Installment Purchases	Installment Purchases			
2018	\$ 1,036,756	\$ -	\$ 1,036,756	0.0390%	\$ 12.70
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

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
2018	\$ -	n/a	n/a	n/a	81,623
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

CALDWELL COUNTY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Table 17

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct			
Caldwell County	\$33,574,347	100.00%	\$33,574,347
Underlying			
City of Lenoir	1,138,974	100.00%	1,138,974
Overlapping			
City of Hickory	32,420,573	1.93%	625,717
Totals	\$67,133,894		\$35,339,038

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

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,	2018	2017	2016	2015	2014
Assessed Value of Property	\$6,797,653,494	\$6,680,868,162	\$6,621,942,767	\$6,433,533,768	\$6,307,655,358
Debt Limit 8% of Assessed Value (statutory limitation)	543,812,280	534,469,453	529,755,421	514,682,701	504,612,429
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	34,099,526	36,537,387	40,735,195	44,596,174	47,200,967
Legal Debt Margin	<u>509,712,754</u>	<u>497,932,066</u>	<u>489,020,226</u>	<u>470,086,527</u>	<u>457,411,462</u>
Total net debt applicable to the limit as a percentage of debt limit	6.27%	6.84%	7.69%	8.66%	9.35%
Fiscal Year ended June 30,	2013	2012	2011	2010	2009
Assessed Value of Property	\$5,674,721,362	\$5,540,557,372	\$5,389,529,112	\$5,377,766,127	\$5,515,369,206
Debt Limit 8% of Assessed Value (statutory limitation)	453,977,709	443,244,590	431,162,329	430,221,290	441,229,536
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	35,780,074	39,909,568	45,689,498	52,634,496	54,763,025
Legal Debt Margin	<u>418,197,635</u>	<u>403,335,022</u>	<u>385,472,831</u>	<u>377,586,794</u>	<u>386,466,511</u>
Total net debt applicable to the limit as a percentage of debt limit	7.88%	9.00%	10.60%	12.23%	12.41%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

DEMOGRAPHIC AND ECONOMIC
INFORMATION

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

Table 19

Taxpayer	Fiscal Year ended June 30, 2018				Fiscal Year ended June 30, 2009			
			% of				% of	
	Assessed	Rank	Total County	Assessed	Assessed	Rank	Total County	Assessed
	Value		Value		Value		Value	
Google	\$ 511,421,258	1	7.52%		\$ 118,199,030	1	2.14%	
Tapaha Dynamics LLC	355,607,300	2	5.23%		53,889,600	4	0.98%	
MDI/Merchant Distributors Inc.	135,421,608	3	1.99%		116,033,065	2	2.10%	
Duke Energy	81,702,289	4	1.20%		60,526,364	3	1.10%	
Blue Ridge Electric Membership	68,709,252	5	1.01%		47,409,862	5	0.86%	
Wal Mart	36,142,892	6	0.53%		19,875,703	9	0.36%	
Bernhardt Industires	29,417,818	7	0.43%		27,307,718	7	0.50%	
Heritage Home Group LLC	22,399,552	8	0.33%					
Greer Labs	19,717,157	9	0.29%					
Sealed Air Corporation	19,516,103	10	0.29%					
Broyhill Industries					28,577,192	6	0.52%	
Neptco					19,782,983	10	0.36%	
Kincaid Furniture					22,831,759	8	0.41%	
Bemis								
Shuford Mills								

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal years ended June 30, 2018

CALDWELL COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 20

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Public School Enrollment	Private School Enrollment	Unemployment Rate
2018	81,623	\$2,653,400,484	\$ 32,508	44	12,187	205	4.00%
2017	82,292	1,725,827,824	20,972	43	11,569	400	4.20%
2016	82,445	1,611,964,640	19,552	43	11,918	400	6.30%
2015	82,321	1,609,540,192	19,552	44	12,060	400	7.10%
2014	82,590	1,587,544,980	19,222	42	12,072	421	7.40%
2013	83,117	1,549,300,880	18,640	42	12,333	400	10.00%
2012	83,117	1,609,311,354	19,362	42	12,555	400	13.20%
2011	83,209	1,711,957,296	21,217	42	12,452	400	13.30%
2010	80,020	1,656,654,060	20,703	40	12,888	400	12.70%
2009	77,386	2,107,994,640	27,240	n/a	12,741	400	15.60%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2018

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

Table 21

Employer	Fiscal Year ended June 30, 2018			Fiscal Year ended June 30, 2009	
	Employees	Rank	Total County Employment	Employees	Rank
Caldwell County Schools	1000+	1	35,457	1000+	1
Bernhardt Furniture, Inc.	1000+	2	35,457	500-999	4
Merchant Distributors Inc.	1000+	3	35,457	1000+	2
Heritage Home Group	500-999	4	35,457		
Caldwell Memorial Hospital	500-999	5	35,457	500-999	3
Caldwell County	500-999	6	35,457	500-999	8
Wal-Mart Associates, Inc.	500-999	7	35,457	500-999	7
Caldwell Community College & Tech Inst	500-999	8	35,457	500-999	5
Fairfield Chair Company	250-499	9	35,457		
Sealed Air	250-499	10	35,457		
Skill Creations Inc.					
Broyhill Furniture Industries, Inc.				500-999	6
Thomasville Furniture Industries, Inc.				250-499	10
Universal Mental Health Services				250-499	9
Paxar Americas, Inc.					

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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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Officials, Adm., Mgrs.	28	28	26	26	26
Principals	26	26	26	26	25
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	18	18	18	18	18
Elementary Teachers	376	376	397	398	399
Secondary Teachers	187	187	198	192	194
Other Teachers	221	221	223	225	228
Guidance	35	35	34	34	35
Psychological	6	6	5	4	5
Librarian, Audiovisual	17	17	18	18	19
Consultant, Supervisor	0	0	0	0	0
Other Professionals	70	70	68	68	74
Teacher Assistants	247	247	253	262	271
Technicians	8	8	8	8	8
Clerical, Secretarial	81	81	87	83	83
Service Workers	102	102	108	111	116
Skilled Crafts	22	22	23	21	21
Laborers, Unskilled	1	1	0	0	0
Total	1,445	1,445	1,492	1,494	1,522

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Officials, Adm., Mgrs.	25	26	29	28	30
Principals	26	26	26	26	27
Asst. Principals, Teaching	0	0	0	0	0
Asst. Principals, Non-Teach.	18	16	19	21	22
Elementary Teachers	401	404	422	447	483
Secondary Teachers	197	196	201	206	229
Other Teachers	221	225	242	236	251
Guidance	37	36	39	35	37
Psychological	6	3	4	3	5
Librarian, Audiovisual	19	18	20	20	21
Consultant, Supervisor	0	0	0	1	1
Other Professionals	74	73	78	64	63
Teacher Assistants	282	281	310	347	388
Technicians	7	7	8	8	8
Clerical, Secretarial	85	85	88	89	89
Service Workers	124	135	159	158	186
Skilled Crafts	22	20	19	20	18
Laborers, Unskilled	0	1	1	1	1
Total	1,544	1,552	1,665	1,710	1,859

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
2018	11,445	-3.86%	\$ 109,106,702	9,533	4.19%	26	919
2017	11,904	-0.50%	104,721,304	8,797	1.16%	26	940
2016	11,964	0.39%	103,523,944	8,653	2.00%	26	722
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

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

Table 24

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2018	\$ 35,000	\$ 65,120	\$ 51,720
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

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

Table 25

School Buildings	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Elementary & K8 Schools</u>										
Number	16	16	16	16	16	16	16	16	16	16
Square Feet	980,103	980,984	980,984	980,984	980,984	980,984	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	5,389	5,641	5,836	5,629	5,830	5,884	5,930	6,013	6,227	6,508
<u>Middle Schools</u>										
Number	4	4	4	4	4	4	4	4	4	4
Square Feet	391,553	398,647	398,647	398,647	358,356	358,356	358,356	358,356	358,356	358,356
Acres	190	190	190	190	145	145	145	145	145	145
Portables/Mobiles	8	8	8	8	8	8	8	8	8	8
Enrollment	2,299	2,882	2,407	2,446	2,538	2,497	2,610	2,637	2,612	2,553
<u>High Schools</u>										
Number	6	6	6	6	6	6	6	6	6	6
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	9	8	8	8
Enrollment	3,757	4,226	3,862	3,739	3,715	3,952	3,685	3,788	3,759	3,332
<u>Support Facilities</u>										
Number	4	4	4	4	3	3	3	3	3	3
Square Feet	122,992	122,992	122,992	122,992	63,783	63,783	63,783	63,783	63,783	63,783
Acres	>18.5	>18.5	>18.5	>18.5	n/a	n/a	n/a	n/a	n/a	n/a
Portables/Mobiles	0	0	0	0	0	0	0	0	0	0

CALDWELL COUNTY SCHOOLS
Capital Assets Information
Fiscal Year Ended June 30, 2016

Table 25

<u>School</u>	<u>Total Sq. Feet</u>	<u>Site Acres</u>	<u>Mobil Units</u>	<u>Year Built</u>	<u>Most Recent Renov.</u>	<u>Bldg. Capacity</u>	<u>Student Enroll.</u>
ELEMENTARY SCHOOLS							
Baton	72,446	21.29	2	1940	1999	642	395
Collettsville (K-8)	60,032	55.00		1948	2005	477	343
Davenport	76,115	21.50		1923	1998	523	507
Dudley Shoals	73,390	22.25		1995	2005	653	446
Gamewell	85,047	7.41	1	1958	2006	707	486
Granite Falls	68,355	39.69	3	1963	1999	773	607
Happy Valley (K-8)	54,525	17.16		1948	1973	485	236
Hudson	107,403	29.24		2001	2010	940	713
Kings Creek (K-8)	54,496	7.79		1948	1995	307	162
Lower Creek	45,494	17.80		1951	1998	410	401
Oak Hill (K-8)	45,587	30.00		1939	1998	335	136
Sawmills	57,420	15.32	1	1965	2010	532	318
Valmead	38,085	5.30		1951	1998	330	156
West Lenoir	43,327	4.10		1936	1989	287	137
Whitnel	72,339	11.65		1951	2000	544	310
Horizons Alternative	26,042	3.86	1	1948	1985	125	36
	980,103	309	8				5,389
MIDDLE SCHOOLS							
Gamewell	95,759	37.50	2	1958	1999	676	526
Granite Falls	96,561	18.23	3	1935	2003	765	582
Hudson	98,534	70.60	3	1956	2006	920	632
William Lenoir	100,699	63.65		2015	2018	750	559
	391,553	190	8				2,299
HIGH SCHOOLS							
Hibriten	184,509	45.74	4	1967	2007	1,093	812
South Caldwell	272,427	100.06	3	1977	2006	1,900	1,462
West Caldwell	193,809	61.00		1978	1998	1,186	799
Gateway Alternative	27,098	6.68	2	1921	1989	95	67
Career Center Middle College	N/A	N/A		N/A	N/A	*	233
Early College High School	N/A	N/A		N/A	N/A	*	384
	677,843	213	9				3,757
SUPPORT FACILITIES							
Bus Garage	6,675	*		1955	1996	*	N/A
Education Center	28,000	*		1967	2008	*	N/A
Freedman Center	59,209	18.50		1956	1998	494.00	N/A
Maintenance Dept	29,108	*		1975	2002	*	N/A
	122,992						
Portables/Mobiles							
TOTAL	2,172,491	713	25			15,949	11,445

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, 2018, 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 10, 2018.

Internal Control Over Financial Reporting

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

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

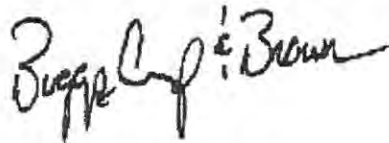
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and 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 10, 2018
Morganton, North Carolina

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Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018. 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

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, 2018.

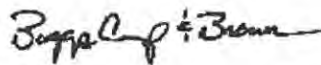
Report on Internal Control Over Compliance

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 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 10, 2018
Morganton, North Carolina

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**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, 2018. 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.

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, 2018.

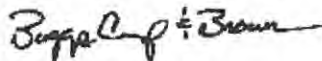
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report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



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

November 10, 2018
Morganton, North Carolina

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

no

* Significant deficiency(s) identified that are not considered to be material weaknesses

yes

none reported

Noncompliance material to financial statements noted

yes

no

Federal Awards

Internal control over major federal 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 federal awards

yes

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

no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

84.01 Title I- Grants to Local Education Agencies (Title I, part A of ESEA)

84.367 Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I. Summary of Auditor's Results

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>	
Auditee qualified as low-risk auditee?	<u>x</u> yes	__no
State Awards		
Internal control over major State programs:		
* Material weakness(es) identified?	__yes	<u>x</u> no
* Significant deficiency(s) identified that are not considered to be material weaknesses	__yes	<u>x</u> none reported
Noncompliance material to State awards	__yes	<u>x</u> 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	<u>x</u> no
Identification of major State programs:		
<u>Program Name</u>		
Vocational Education- Program Support Funds		
State Public School Fund		

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, 2018

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, 2018**

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, 2018**

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 FISCAL YEAR ENDED JUNE 30, 2018**

<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	\$ 95,458	
Total U.S. Department of Defense		<u>95,458</u>	
<u>U.S. Department of Education</u>			
<u>Cash Assistance</u>			
Passed thru N.C. Department of Public Instruction:			
Title I, Grants to Local Education Agencies (Title I, Part A of ESEA)	84.01	2,838,722	
Total Title I, Part A Custer		<u>2,838,722</u>	
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) Education of the Handicapped	84.027	2,386,811	
Special Education - Preschool Grants (IDEA Preschool) Preschool Handicapped	84.173	104,514	
Special Education - IDEA Special Needs Targeted Assistance	84.027	10,519	
Special Education- IDEA Preschool Targeted Assistance	84.173	6,023	
Total Special Education Cluster		<u>2,507,867</u>	
Career and Technical Education - Basic Grants to States	84.048	154,747	
Career and Technical Education - Capacity Building Grant	84.048	46,388	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	304,419	
Language Acquisition	84.365	37,291	
Special Education State Improvement Homeless Children	84.323A	7,060	
Student Support and Academic Enrichment	84.196A	16,341	
Math and Science Partnerships	84.424	23,852	
Total U.S. Department of Education		<u>6,021,658</u>	
<u>U.S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
<u>Non-Cash Assistance (Commodities)</u>			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	495,769	
Total Non-Cash Assistance		<u>495,769</u>	
<u>Cash Assistance</u>			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	1,202,748	
National School Lunch Program	10.555	3,059,502	
Summer Food Service Program for Children	10.559	146,974	
Total Cash Assistance		<u>4,409,224</u>	
Total Child Nutrition Cluster		<u>4,904,993</u>	
Total U.S. Department of Agriculture		<u>4,904,993</u>	
<u>U.S. Department Health and Human Services</u>			
Passed thru N.C. Department of Public Instruction:			
Abstinence Education Program Title V	93.235	59,158	
Total Federal Assistance Programs		<u>\$ 11,081,267</u>	

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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			\$ 71,028,700
Vocational Education - State Months of Employment			3,718,146
- Program Support Funds			520,094
Driver Training - SPSF			200,549
State Technology Fund - SPSF			140,062
Breakfast Program Reduced Price			17,143
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			996,885
Passed thru Caldwell County Smart Start:			
Smart Start			99,999
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund - Lottery			706,712
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
Other Vehicle appropriation			131,473
School Buses Appropriation			725,088
Total State Assistance Programs			<u>\$ 78,284,851</u>

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

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of the Caldwell County board of Education under the programs of the federal government and the state of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Caldwell County Schools it is not intended 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 as to reimbursement.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>	
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>
General Fund	\$ 12,377,723	x	x	\$ 2,249,013	x	x
Special Revenue Funds:						
State Public School Fund	3,535,188	x	x	3,535,188	x	x
Federal Grants Fund	273,689			273,689		
Individual Schools	1,288,169			-		
Capital Projects Funds:						
Capital Outlay Fund	2,768,755	x	x	154,365		x
<u>Total Government Funds</u>	<u>20,243,524</u>			<u>6,212,255</u>		
10% of Total Governmental Funds	<u>2,024,352</u>			<u>621,226</u>		
Enterprise Funds:						
Child Nutrition Fund	5,564,773	x	x	6,732,604	x	x
Child Care	1,288,400	x		1,796,152	x	x
<u>Total Enterprise Funds</u>	<u>6,853,173</u>			<u>8,528,756</u>		
10% of Total Enterprise Funds	<u>685,317</u>			<u>852,876</u>		
<u>Total Governmental and Enterprise Funds</u>	<u>27,096,697</u>			<u>14,741,011</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,354,835</u>			<u>\$ 737,051</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	
\$ 20,305,950	x	x	\$ 23,897,431	x	x	Always major
75,607,551	x	x	75,557,949	x	x	Major
6,080,816		x	6,080,816		x	Major - Discretion of Auditee
2,813,933			2,845,418			Major - Discretion of Auditee
<u>3,721,515</u>			<u>4,745,482</u>			Major
<u>108,529,765</u>			<u>113,127,096</u>			
<u>10,852,976</u>			<u>11,312,710</u>			
6,772,600	x	x	6,971,591	x	x	Major
1,331,149	x		1,247,944	x		Major
<u>8,103,749</u>			<u>8,219,535</u>			
<u>810,375</u>			<u>821,954</u>			
<u>116,633,514</u>			<u>121,346,631</u>			
<u>\$ 5,831,676</u>			<u>\$ 6,067,332</u>			

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