

# **CALDWELL COUNTY BOARD OF EDUCATION**

**LENOIR, NORTH CAROLINA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2020**

**CALDWELL COUNTY  
BOARD OF EDUCATION  
LENOIR, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**PREPARED BY**

**CALDWELL COUNTY SCHOOLS  
FINANCIAL SERVICES DEPARTMENT**

# CALDWELL COUNTY BOARD OF EDUCATION

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## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Letter of Transmittal .....	I
Certificate of Excellence in Financial Reporting – ASBO .....	VIII
Certificate of Excellence in Financial Reporting – GFOA .....	IX
Organizational Chart .....	X
List of Principal Officials .....	XI

### FINANCIAL SECTION

<u>Exhibit</u>	<u>Page No.</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government – wide Financial Statements:	
1 Statement of Net Position.....	13
2 Statement of Activities.....	14
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds .....	15
4 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	16
5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	18
6 Statement of Net Position – Proprietary Funds .....	21
7 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	22
8 Statement of Cash Flows – Proprietary Funds.....	23
Notes to the Financial Statements .....	25
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System .....	53
Schedule of Board Contributions – Teachers' and State Employees' Retirement System .....	54
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund .....	55
Schedule of Board Contributions – Retiree Health Benefit Fund .....	56
Schedule of the Board's Proportionate Share of the Net OPEB Asset – Disability Income Plan of North Carolina .....	57
Schedule of Board Contributions – Disability Income Plan of North Carolina .....	58

# CALDWELL COUNTY BOARD OF EDUCATION

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## TABLE OF CONTENTS (CONTINUED)

### Individual Fund Statements and Schedules:

A-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund .....	59
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Outlay Fund.....	61
C-1	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – School Food Service Fund .....	63
D-1	Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Child Care Fund .....	65

### STATISTICAL SECTION

<u>Table</u>		<u>Page No</u>
	Statistical Section (Unaudited) .....	66
1	Financial Perspective Governmental and Business-type Activities – Fiscal Year 2019-2020 .....	67
2	Net Position by Component .....	68
3	Changes in Net Position .....	70
4	Governmental Funds – Fund Balances .....	72
5	Governmental Funds – Changes in Fund Balance .....	74
6	Employees by Function/Program.....	76
7	Operational Expenditures Per Pupil.....	77
8	Student Statistics.....	79
9	School Building Data .....	80
10	Average Daily Membership .....	81
11	School Food Services Revenue by Source.....	82
12	School Food Services Expenses by Category.....	84
13	Ratios of Outstanding Debt by Type.....	86
	Caldwell County, North Carolina	
14	Demographic Statistics .....	87
15	Ratios of General Bonded Debt Outstanding.....	88
16	Principal Employers.....	89
17	Principal Property Taxpayers .....	90
18	Property Tax Levies and Current Collections .....	91
19	Property Tax Rates – All Overlapping Governments.....	92
20	Legal Debt Margin.....	94



## **Intrductory Section**



**LETTER OF TRANSMITTAL**

December 21, 2020

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, 2020, 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 presentation of the comprehensive annual financial report has four sections: introductory, financial, statistical, and compliance.

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 Uniform Guidance, 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 requires 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 school systems building ages, as well as enrollment, are listed under the operating information in detail. The system employees over one thousand five hundred full-time employees and has a student population of eleven thousand two hundred and thirty-six. There are approximately eight hundred certified teachers, of which one hundred and sixty-six are certified by the National Board of Professional Teaching Standards.

Caldwell County is located in scenic northwestern North Carolina, approximately 70 miles northwest of Charlotte, 85 miles west of Winston-Salem and 90 miles east of Asheville. The altitude of the County ranges from 900 to 5,964 feet above sea level with topography ranging from rolling foothills to high-forested mountains. It has a land area of 471 square miles and an estimated population of 82,029. 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 due to a faction in the state legislature that 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 and it was rejected on December 5, 1840. It was reintroduced and passed by the casting vote of the Speaker, Robert B. Gilliam on December 14, 1840. 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 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 over 70 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 that provides childcare from 6:00 am 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.

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 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 Applied Science Academy offers a strong academic foundation with an emphasis on advanced college and technical coursework. The vision of CASA 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 22.56% 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 currently holds a work session each month to guide our school system in long-range financial planning, share information on short and long range planning and collaborate district needs. This includes each board member, the superintendent, and the executive cabinet members. Financial planning and direction are 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 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 Planning Session consists of a monthly meeting and provides updates of financial topics to all board members.

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 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 Anderson, Smith and Wike, PLLC, 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 Uniform Guidance 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, 2019. This was the seventeenth 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.

## **Acknowledgments**

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, Anderson, Smith and Wike, PLLC, for their assistance.

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

Respectfully Submitted,



Dr. Donald W. Phipps  
Superintendent



David C. Johnson  
Chief Finance Officer



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, 2019

*Christopher P. Morill*

Executive Director/CEO



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, 2019.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



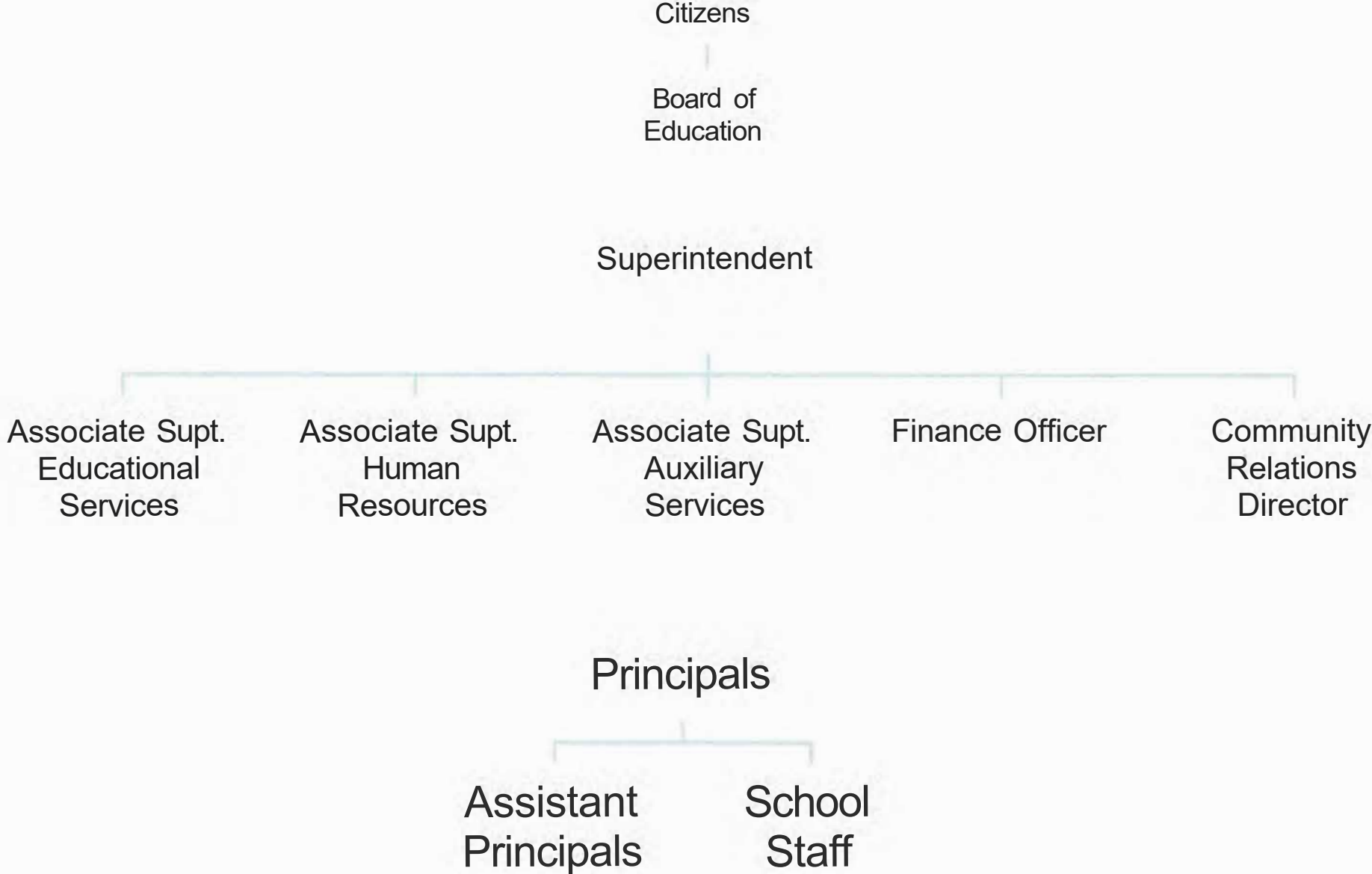
A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

**Caldwell County Board of Education  
Organizational Chart**



**CALDWELL COUNTY  
BOARD OF EDUCATION  
LENOIR, NORTH CAROLINA**

**JULY 1, 2019 – JUNE 30, 2020**

**SCHOOL BOARD MEMBERS**

**DARRELL PENNELL, CHAIRMAN  
TERESA BRANCH, VICE CHAIRMAN  
CHRIS BUMGARNER  
ANN EDWARDS  
DUANE KNIGHT  
JOE SIMS**

**PRINCIPAL OFFICERS**

**DR. DONALD W. PHIPPS, SUPERINTENDENT  
DR. CARYL B. BURNS, ASSOCIATE SUPERINTENDENT  
DR. RALPH W. GRIFFIN, ASSOCIATE SUPERINTENDENT  
DR. JEFFERY R. CHURCH, ASSOCIATE SUPERINTENDENT  
DAVID C. JOHNSON, FINANCE OFFICER  
LIBBY BROWN, COMMUNITY RELATIONS DIRECTOR**





## **Financial Section**



ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Caldwell County Board of Education  
Lenoir, North Carolina

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

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

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

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

### ***Auditors' Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Federal Grants 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 4 through 12 and the Schedule of Proportionate Share of the Net Pension and OPEB Liabilities and the Schedule of Board Contributions on pages 53 through 58, 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 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 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 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 basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of Caldwell County 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.

*Anderson Smith & Wike PLLC*

September 30, 2020  
Statesville, North Carolina  
(704) 562-5039

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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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, 2020. This information should be read in conjunction with the audited financial statements included in this report.

***Financial Highlights***

- The school system experienced a decreased enrollment of 158 students (1.4%) from the previous year.
- At the close of the fiscal year, the Board's governmental funds reported a combined fund balance of \$15.5 million, an increase of \$4.4 million from the prior year.
- At the close of the fiscal year, the Board's General Fund reported a fund balance of \$6.8 million, an increase of \$900,000 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 Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary statements for certain governmental funds and budgetary statements for the enterprise funds*

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

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

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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**Government-wide Statements**

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in Caldwell County's (the "County") 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 a 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  
June 30, 2020**

---

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 the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental 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 Fund, 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 fund:* 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 Schools as a Whole***

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$111,198,788 as of June 30, 2020. A significant component of net position is net investment in capital assets of \$66,651,971.

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

Following is a summary of the Statement of Net Position:

<b>Table 1</b>						
<b>Condensed Statement of Net Position</b>						
<b>As of June 30, 2020 and 2019</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Current assets	\$ 25,006,118	\$ 19,435,594	\$ 5,974,394	\$ 5,057,571	\$ 30,980,512	\$ 24,493,165
Capital assets	72,830,131	68,357,605	540,354	641,539	73,370,485	68,999,144
Total assets	<u>97,836,249</u>	<u>87,793,199</u>	<u>6,514,748</u>	<u>5,699,110</u>	<u>104,350,997</u>	<u>93,492,309</u>
Deferred outflow s of resources	<u>30,774,856</u>	<u>32,607,035</u>	<u>1,094,160</u>	<u>1,221,198</u>	<u>31,869,016</u>	<u>33,828,233</u>
Current liabilities	9,355,779	10,450,597	312,198	320,736	9,667,977	10,771,333
Long-term liabilities	<u>177,719,791</u>	<u>158,436,410</u>	<u>5,979,155</u>	<u>5,839,676</u>	<u>183,698,946</u>	<u>164,276,086</u>
Total liabilities	<u>187,075,570</u>	<u>168,887,007</u>	<u>6,291,353</u>	<u>6,160,412</u>	<u>193,366,923</u>	<u>175,047,419</u>
Deferred inflow s of resources	<u>52,196,115</u>	<u>63,367,651</u>	<u>1,855,763</u>	<u>2,289,132</u>	<u>54,051,878</u>	<u>65,656,783</u>
Net investment in						
capital assets	66,111,617	67,903,014	540,354	641,539	66,651,971	68,544,553
Restricted net position	8,872,636	5,403,198	5,760	4,401	8,878,396	5,407,599
Unrestricted net position	<u>(185,644,833)</u>	<u>(185,162,635)</u>	<u>(1,084,322)</u>	<u>(2,175,176)</u>	<u>(186,729,155)</u>	<u>(187,337,811)</u>
Total net position	<u>\$ (110,660,580)</u>	<u>\$ (111,856,423)</u>	<u>\$ (538,208)</u>	<u>\$ (1,529,236)</u>	<u>\$ (111,198,788)</u>	<u>\$ (113,385,659)</u>

Note that net position of governmental activities increased during the year, indicating an improvement in the financial condition of the Board. The increase is primarily due to additional funding received from Caldwell County for capital needs during the year. 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  
June 30, 2020**

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

<b>Table 2</b>						
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>						
<b>For the Fiscal Years Ended June 30, 2020 and 2019</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Revenues:						
<b>Program revenues:</b>						
Charges for services	\$ 49,340	\$ 979,307	\$ 2,122,603	\$ 2,888,430	\$ 2,171,943	\$ 3,867,737
Operating grants and contributions	84,478,950	85,505,963	6,388,470	5,367,842	90,867,420	90,873,805
Capital grants and contributions	367,677	28,751	-	-	367,677	28,751
<b>General revenues:</b>						
County	19,676,583	19,382,614	-	-	19,676,583	19,382,614
State	6,573,785	5,684,640	-	-	6,573,785	5,684,640
Other	7,479,406	2,597,414	5,415	7,873	7,484,821	2,605,287
<b>Total revenues</b>	<u>118,625,741</u>	<u>114,178,689</u>	<u>8,516,488</u>	<u>8,264,145</u>	<u>127,142,229</u>	<u>122,442,834</u>
Expenses:						
<b>Governmental activities:</b>						
Instructional services	99,186,387	90,685,913	-	-	99,186,387	90,685,913
System-wide support	16,420,402	17,060,320	-	-	16,420,402	17,060,320
Ancillary services	102,114	14,242	-	-	102,114	14,242
Non-programmed charges	107,594	77,461	-	-	107,594	77,461
Interest expense	211,266	-	-	-	211,266	-
Depreciation	203,547	3,135,395	-	-	203,547	3,135,395
<b>Business-type activities:</b>	-	-	7,540,089	8,166,591	7,540,089	8,166,591
<b>Total expenses</b>	<u>116,231,310</u>	<u>110,973,331</u>	<u>7,540,089</u>	<u>8,166,591</u>	<u>123,771,399</u>	<u>119,139,922</u>
Increase (decrease) in						
net position before transfers	2,394,431	3,205,358	976,399	97,554	3,370,830	3,302,912
Transfers	(49,537)	(48,793)	49,537	48,793	-	-
Increase (decrease) in						
net position	2,344,894	3,156,565	1,025,936	146,347	3,370,830	3,302,912
Beginning net position	(113,005,474)	(115,012,988)	(1,564,144)	(1,675,583)	(114,569,618)	(116,688,571)
Ending net position	<u>\$ (110,660,580)</u>	<u>\$ (111,856,423)</u>	<u>\$ (538,208)</u>	<u>\$ (1,529,236)</u>	<u>\$ (111,198,788)</u>	<u>\$ (113,385,659)</u>

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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Total governmental activities generated revenues of \$118.6 million while expenses in this category totaled \$116.2 million for the year ended June 30, 2020. Comparatively, revenues were \$114.2 million and expenses totaled \$111.0 for the year ended June 30, 2019. Governmental activities transferred \$49,537 to the business-type activities in 2020 and transferred \$48,793 in 2019. The increase in net position stands at \$2.3 million at June 30, 2020, compared to an increase of \$3.2 million in 2019. Instructional services comprised 85.3% of total governmental-type expenses while system-wide support services made up 14.1% of those expenses for 2020. County funding comprised 17% of total governmental revenue in the current year. In 2019, county funding was 17%. Much of the remaining 73% of total governmental revenue for 2020 consists of restricted State and federal money. Business-type activities generated revenue of \$8.5 million and had expenses of \$7.5 million in 2020, as compared to revenue of \$8.3 million and expenses of \$8.2 million in 2019. Net position, after transfers, increased in the business-type activities by \$1.0 million in 2020 and increased by approximately \$146,000 during 2019.

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

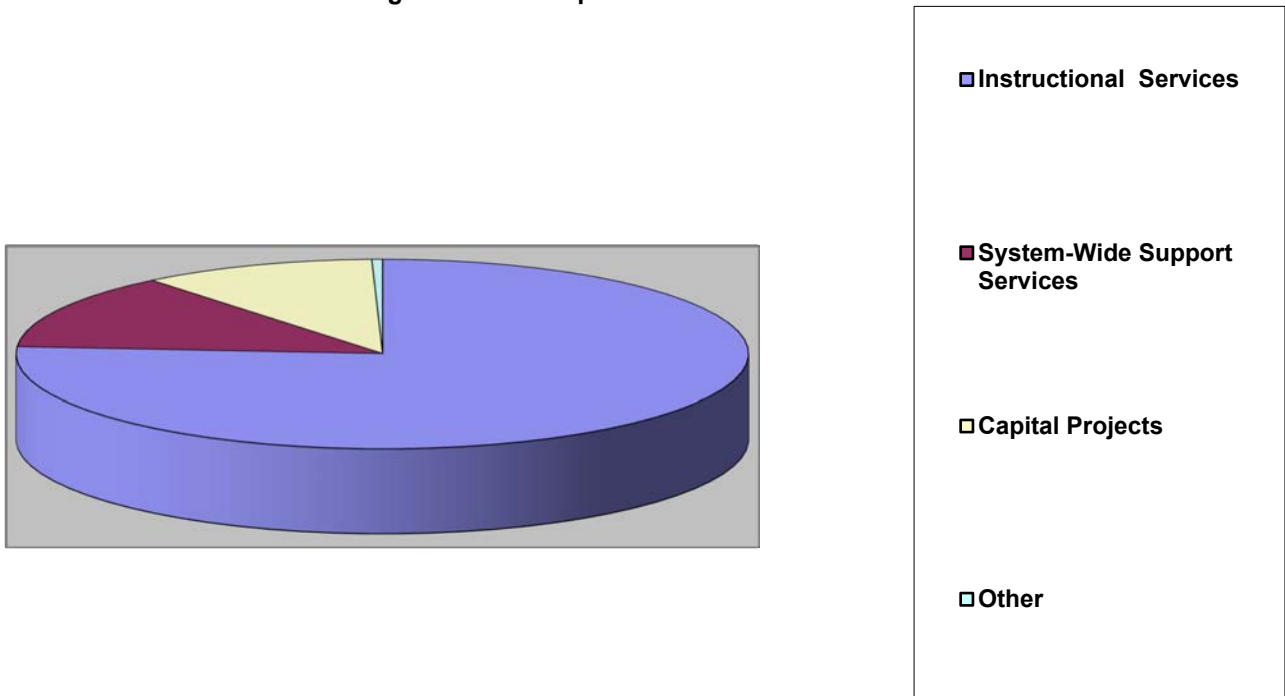
**Governmental Funds:** The focus of Caldwell County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$15.5 million, an increase of \$4.4 million from the prior year. The Board's General Fund reported an approximate \$865,000 increase in fund balance, while the Capital Outlay Fund and Individual School Fund had an increase in fund balance of \$3.4 million and \$170,000 respectively. The General Fund increase in fund balance is primarily due to cost savings for the fund implemented during the year.

**Proprietary Funds:** The Board's business-type funds showed a combined increase in net position of \$1.0 million in 2020 as compared to a combined increase of \$146,000 in 2019. The School Food Service Fund reported an increase in net position of \$996,000 while the Child Care Fund reported an increase in net position of \$29,000 in 2020.

The following chart summarizes expenditures by category.

**Categorization of Expenditures for Governmental Funds**



Expenditures are presented on the modified accrual basis of accounting.

**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. These adjustments to the budget during the year were not significant.

**Capital Assets**

Capital assets increased by approximately \$4.4 million (or 6%) from the previous year. Capital additions relating to instructional facilities for the year exceeded depreciation expense. The following is a summary of the capital assets, net of depreciation at year-end.

A more detailed description of the capital assets is available in Note 3 of the basic financial statements.

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

<b>Table 3</b>						
<b>Summary of Capital Assets</b>						
<b>As of June 30, 2020 and 2019</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/20	6/30/19	6/30/20	6/30/19	6/30/20	6/30/19
Land	\$ 3,063,925	\$ 3,063,925	\$ -	\$ -	\$ 3,063,925	\$ 3,063,925
Construction in progress	10,950,422	2,922,325	-	-	10,950,422	2,922,325
Buildings/improvements	55,408,349	58,278,842	-	-	55,408,349	58,278,842
Equipment and furniture	1,052,076	1,064,588	540,354	641,539	1,592,430	1,706,127
Vehicles	2,355,359	3,027,925	-	-	2,355,359	3,027,925
Total	<u>\$ 72,830,131</u>	<u>\$ 68,357,605</u>	<u>\$ 540,354</u>	<u>\$ 641,539</u>	<u>\$ 73,370,485</u>	<u>\$ 68,999,144</u>

**Debt Outstanding**

During the year the Board's outstanding debt increased by \$6.3 million primarily due to the issuance of debt relating to a long-term energy savings project. 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.

A more detailed description of the long-term debt is available in Note 3 of the basic financial statements.

**Economic Factors**

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

- Caldwell County's economy has historically been based on the furniture industry, which has seen massive layoffs in recent years due to international competition.
- Caldwell County Schools is the leading employer in Caldwell County.

**Impact of Coronavirus on School**

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

**CALDWELL COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2020**

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***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, NC 28645

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,208,855	\$ 4,961,861	\$ 24,170,716
Due from other governments	5,047,824	438,393	5,486,217
Receivables (net)	80,035	-	80,035
Net OPEB asset	161,994	5,760	167,754
Inventories	565,757	510,033	1,075,790
Internal balance	(58,347)	58,347	-
Capital assets:			
Land, improvements, and construction in progress	14,014,347	-	14,014,347
Other capital assets, net of depreciation	58,815,784	540,354	59,356,138
Total capital assets	72,830,131	540,354	73,370,485
Total assets	97,836,249	6,514,748	104,350,997
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	30,774,856	1,094,160	31,869,016
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	3,146,049	182,160	3,328,209
Accrued salaries and wages payable	4,127,483	44,110	4,171,593
Unearned revenues	2,082,247	85,928	2,168,175
Long-term liabilities:			
Net pension liability	44,564,093	1,584,416	46,148,509
Net OPEB liability	118,924,833	4,228,214	123,153,047
Due within one year	349,700	100,266	449,966
Due in more than one year	13,881,165	66,259	13,947,424
Total liabilities	187,075,570	6,291,353	193,366,923
<b>DEFERRED INFLOWS OF RESOURCES</b>	52,196,115	1,855,763	54,051,878
<b>NET POSITION</b>			
Net investment in capital assets	66,111,617	540,354	66,651,971
Restricted for:			
Individual schools	1,509,085	-	1,509,085
Stabilization by State statute	22,896	-	22,896
School capital outlay	7,178,661	-	7,178,661
DIPNC OPEB plan	161,994	5,760	167,754
Unrestricted	(185,644,833)	(1,084,322)	(186,729,155)
Total net position	\$ (110,660,580)	\$ (538,208)	\$ (111,198,788)

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 62,031,559	\$ 27,864	\$ 49,742,115	\$ -	\$ (12,261,580)	\$ -	\$ (12,261,580)
Special populations	13,007,146	-	12,451,777	-	(555,369)	-	(555,369)
Alternative programs	8,975,521	-	5,742,972	-	(3,232,549)	-	(3,232,549)
School leadership	7,609,803	-	4,929,858	-	(2,679,945)	-	(2,679,945)
Co-curricular	672,463	-	-	-	(672,463)	-	(672,463)
School-based support	6,889,895	-	5,351,028	-	(1,538,867)	-	(1,538,867)
System-wide support services:							
Support and development	940,871	-	337,771	-	(603,100)	-	(603,100)
Special populations	428,774	-	314,769	-	(114,005)	-	(114,005)
Alternative programs	294,689	-	165,424	-	(129,265)	-	(129,265)
Technology support	853,618	-	187,121	-	(666,497)	-	(666,497)
Operational support	9,791,566	21,476	4,547,317	367,677	(4,855,096)	-	(4,855,096)
Financial and human resource services	1,448,389	-	222,543	-	(1,225,846)	-	(1,225,846)
Accountability	255,885	-	-	-	(255,885)	-	(255,885)
System-wide pupil support services	787,943	-	-	-	(787,943)	-	(787,943)
Policy, leadership and public relations	1,618,667	-	484,507	-	(1,134,160)	-	(1,134,160)
Ancillary services	102,114	-	1,748	-	(100,366)	-	(100,366)
Non-programmed charges	107,594	-	-	-	(107,594)	-	(107,594)
Interest expense	211,266	-	-	-	(211,266)	-	(211,266)
Unallocated depreciation expense*	203,547	-	-	-	(203,547)	-	(203,547)
Total governmental activities	<u>116,231,310</u>	<u>49,340</u>	<u>84,478,950</u>	<u>367,677</u>	<u>(31,335,343)</u>	<u>-</u>	<u>(31,335,343)</u>
Business-type activities:							
School food service	6,666,818	1,223,269	6,388,470	-	-	944,921	944,921
Child care	873,271	899,334	-	-	-	26,063	26,063
Total business-type activities	<u>7,540,089</u>	<u>2,122,603</u>	<u>6,388,470</u>	<u>-</u>	<u>-</u>	<u>970,984</u>	<u>970,984</u>
Total primary government	<u>\$ 123,771,399</u>	<u>\$ 2,171,943</u>	<u>\$ 90,867,420</u>	<u>\$ 367,677</u>	<u>(31,335,343)</u>	<u>970,984</u>	<u>(30,364,359)</u>
General revenues:							
Unrestricted county appropriations - operating					15,207,701	-	15,207,701
Unrestricted county appropriations - capital					4,468,882	-	4,468,882
Unrestricted State appropriations - operating					1,224,014	-	1,224,014
Unrestricted State appropriations - capital					5,349,771	-	5,349,771
Investment earnings, unrestricted					56,753	5,415	62,168
Miscellaneous, unrestricted					7,422,653	-	7,422,653
Transfers					(49,537)	49,537	-
Total general revenues and transfers					<u>33,680,237</u>	<u>54,952</u>	<u>33,735,189</u>
Change in net position					2,344,894	1,025,936	3,370,830
Net position-beginning					(111,856,423)	(1,529,238)	(113,385,661)
Restatement					(1,149,051)	(34,906)	(1,183,957)
Net position - beginning, as restated					<u>(113,005,474)</u>	<u>(1,564,144)</u>	<u>(114,569,618)</u>
Net position-ending					<u>\$ (110,660,580)</u>	<u>\$ (538,208)</u>	<u>\$ (111,198,788)</u>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.  
The accompanying notes are an integral part of the basic financial statements.

**CALDWELL COUNTY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2020**

**Exhibit 3**

	Major Funds					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,787,196	\$ -	\$ 949,976	\$ 7,471,683	\$ -	\$ 19,208,855
Receivables (net)	80,035	-	-	-	-	80,035
Due from other governments	18,559	3,690,544	-	1,112,129	226,592	5,047,824
Due from other funds	-	-	559,109	-	-	559,109
Inventories	565,757	-	-	-	-	565,757
Total assets	<u>\$ 11,451,547</u>	<u>\$ 3,690,544</u>	<u>\$ 1,509,085</u>	<u>\$ 8,583,812</u>	<u>\$ 226,592</u>	<u>\$ 25,461,580</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,740,898	\$ -	\$ -	\$ 1,405,151	\$ -	\$ 3,146,049
Due to other funds	617,456	-	-	-	-	617,456
Accrued salaries and wages payable	210,347	3,690,544	-	-	226,592	4,127,483
Unearned revenue	2,082,247	-	-	-	-	2,082,247
Total liabilities	<u>4,650,948</u>	<u>3,690,544</u>	<u>-</u>	<u>1,405,151</u>	<u>226,592</u>	<u>9,973,235</u>
Fund balances:						
Nonspendable:						
Inventories	565,757	-	-	-	-	565,757
Restricted:						
Stabilization by State statute	22,896	-	-	-	-	22,896
School capital outlay	-	-	-	4,516,548	-	4,516,548
School capital outlay	-	-	-	2,662,113	-	2,662,113
Individual schools	-	-	1,509,085	-	-	1,509,085
Assigned:						
Subsequent year's expenditures	845,557	-	-	-	-	845,557
Special revenues	646,626	-	-	-	-	646,626
Unassigned	4,719,763	-	-	-	-	4,719,763
Total fund balances	<u>6,800,599</u>	<u>-</u>	<u>1,509,085</u>	<u>7,178,661</u>	<u>-</u>	<u>15,488,345</u>
Total liabilities and fund balances	<u>\$ 11,451,547</u>	<u>\$ 3,690,544</u>	<u>\$ 1,509,085</u>	<u>\$ 8,583,812</u>	<u>\$ 226,592</u>	

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

Net OPEB asset	161,994
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	72,830,131
Deferred outflows of resources related to OPEB	12,985,902
Deferred outflows of resources related to pensions	17,788,954
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(14,230,865)
Net pension liability	(44,564,093)
Net OPEB liability	(118,924,833)
Deferred inflows of resources related to pensions	(880,508)
Deferred inflows of resources related to OPEB	(51,315,607)
Net position of governmental activities	<u>\$ (110,660,580)</u>



**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

	Major Funds					<i>Exhibit 4</i>
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants Fund	Total Governmental Funds
	<b>REVENUES</b>					
State of North Carolina	\$ 1,344,014	\$ 78,256,408	\$ -	\$ 5,349,771	\$ -	\$ 84,950,193
Caldwell County	15,207,701	-	-	4,468,882	-	19,676,583
U.S. Government	77,477	30,456	-	-	6,291,160	6,399,093
Other	4,560,124	-	2,475,421	575,836	-	7,611,381
Total revenues	<u>21,189,316</u>	<u>78,286,864</u>	<u>2,475,421</u>	<u>10,394,489</u>	<u>6,291,160</u>	<u>118,637,250</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Instructional services:						
Regular instructional	2,446,657	49,277,325	2,304,722	255,939	506,199	54,790,842
Special populations	520,809	9,766,600	-	-	2,642,741	12,930,150
Alternative programs	3,208,742	2,914,209	-	-	2,784,059	8,907,010
School leadership	2,494,409	4,929,858	-	165,251	-	7,589,518
Co-curricular	670,670	-	-	-	-	670,670
School-based support	1,520,504	5,281,054	-	-	68,868	6,870,426
System-wide support services:						
Support and development	600,592	335,706	-	-	2,032	938,330
Special populations	112,862	311,226	-	-	3,487	427,575
Alternative programs	128,484	49,090	-	-	114,495	292,069
Technology support	664,221	187,121	-	-	-	851,342
Operational support	5,075,520	4,540,572	-	142,628	6,638	9,765,358
Financial and human resource services	1,221,985	221,548	-	-	979	1,444,512
Accountability	255,203	-	-	-	-	255,203
System-wide pupil support services	75,515	-	-	-	-	75,515
Policy, leadership and public relations	1,129,847	421,270	-	-	62,238	1,613,355
Ancillary services	100,094	1,748	-	-	-	101,842
Non-programmed charges	107,042	-	-	-	99,424	206,466
<b>Capital outlay</b>	-	-	-	12,494,312	-	12,494,312
<b>Debt service</b>	-	-	-	-	-	-
Principal	-	-	-	367,677	-	367,677
Interest	-	-	-	211,266	-	211,266
Total expenditures	<u>20,333,156</u>	<u>78,237,327</u>	<u>2,304,722</u>	<u>13,637,073</u>	<u>6,291,160</u>	<u>120,803,438</u>
<b>OTHER FINANCING USES</b>						
Transfers to other funds	-	(49,537)	-	-	-	(49,537)
Installment purchase obligations issued	-	-	-	6,631,600	-	6,631,600
Total other financing sources (uses)	<u>-</u>	<u>(49,537)</u>	<u>-</u>	<u>6,631,600</u>	<u>-</u>	<u>6,582,063</u>
Net change in fund balance	856,160	-	170,699	3,389,016	-	4,415,875
Fund balances-beginning, as restated	5,936,077	-	1,338,386	3,789,645	-	11,064,108
Change in reserve for inventories	8,362	-	-	-	-	8,362
Fund balances-ending	<u>\$ 6,800,599</u>	<u>\$ -</u>	<u>\$ 1,509,085</u>	<u>\$ 7,178,661</u>	<u>\$ -</u>	<u>\$ 15,488,345</u>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit 4**  
**(Continued)**

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

Net changes in fund balances - total governmental funds	\$ 4,415,875
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	4,492,397
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	8,458,509
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	4,284,688
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in fund balance due to change in reserve for inventory	8,362
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,263,923)
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	(15,638,159)
Net OPEB expense	2,468,171
Compensated absences	138,845
Loss on disposal of assets	<u>(19,871)</u>
Total changes in net position of governmental activities	<u>\$ 2,344,894</u>

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

**Exhibit 5**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 1,415,133	\$ 1,415,133	\$ 1,344,014	\$ (71,119)
Caldwell County	15,270,699	15,270,699	15,207,701	(62,998)
U.S. Government	-	-	77,477	77,477
Other	4,990,594	4,996,094	4,560,124	(435,970)
Total revenues	<u>21,676,426</u>	<u>21,681,926</u>	<u>21,189,316</u>	<u>(492,610)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	13,814,263	13,714,262	10,861,791	2,852,471
System-wide support services	10,285,106	10,065,607	9,264,229	801,378
Ancillary services	2,213	187,213	100,094	87,119
Non-programmed charges	90,000	240,000	107,042	132,958
Total expenditures	<u>24,191,582</u>	<u>24,207,082</u>	<u>20,333,156</u>	<u>3,873,926</u>
Revenues over expenditures	(2,515,156)	(2,525,156)	856,160	3,381,316
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues under expenditures and other	(2,515,156)	(2,525,156)	856,160	3,381,316
Appropriated fund balance	<u>2,515,156</u>	<u>2,525,156</u>	-	<u>(2,525,156)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	856,160	<u>\$ 856,160</u>
Fund balances, beginning of year, as restated			5,936,077	
Increase in reserve for inventories			<u>8,362</u>	
Fund balances, end of year			<u>\$ 6,800,599</u>	

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

**Exhibit 5  
(Continued)**

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 75,322,167	\$ 81,146,320	\$ 78,256,408	\$ (2,889,912)
Caldwell County	-	-	-	-
U.S. Government	-	-	30,456	30,456
Other	-	-	-	-
Total revenues	<u>75,322,167</u>	<u>81,146,320</u>	<u>78,286,864</u>	<u>(2,859,456)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	70,014,523	73,873,606	72,169,046	1,704,560
System-wide support services	5,255,173	6,207,750	6,066,533	141,217
Ancillary services	52,471	859,964	1,748	858,216
Non-programmed charges	-	-	-	-
Total expenditures	<u>75,322,167</u>	<u>80,941,320</u>	<u>78,237,327</u>	<u>2,703,993</u>
Revenues over expenditures	-	205,000	49,537	(155,463)
Other financing uses:				
Transfers to other funds	-	(205,000)	(49,537)	155,463
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

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

**Exhibit 5  
(Continued)**

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Caldwell County	-	-	-	-
U.S. Government	9,472,202	9,570,476	6,291,160	(3,279,316)
Other	-	-	-	-
Total revenues	<u>9,472,202</u>	<u>9,570,476</u>	<u>6,291,160</u>	<u>(3,279,316)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services	8,718,967	8,766,623	6,001,867	2,764,756
System-wide support services	430,390	435,575	189,869	245,706
Ancillary services	70,000	70,000	-	70,000
Non-programmed charges	252,845	298,278	99,424	198,854
Total expenditures	<u>9,472,202</u>	<u>9,570,476</u>	<u>6,291,160</u>	<u>3,279,316</u>
Revenues over expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2020**

**Exhibit 6**

	<u>Major Fund</u>	<u>Major Fund</u>	
	<u>School Food Service</u>	<u>Child Care</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,922,413	\$ 1,039,448	\$ 4,961,861
Due from other governments	438,393	-	438,393
Due from other funds	58,347	-	58,347
OPEB asset	4,571	1,189	5,760
Inventories	510,033	-	510,033
Total current assets	<u>4,933,757</u>	<u>1,040,637</u>	<u>5,974,394</u>
Noncurrent assets:			
Capital assets, net	540,354	-	540,354
Total assets	<u>5,474,111</u>	<u>1,040,637</u>	<u>6,514,748</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>868,303</u>	<u>225,857</u>	<u>1,094,160</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	181,810	350	182,160
Accrued salaries and wages payable	44,110	-	44,110
Compensated absences	69,249	31,017	100,266
Unearned revenues	85,928	-	85,928
Total current liabilities	<u>381,097</u>	<u>31,367</u>	<u>412,464</u>
Noncurrent liabilities:			
Net pension liability	1,257,362	327,054	1,584,416
Net OPEB liability	3,355,428	872,786	4,228,214
Compensated absences	45,752	20,507	66,259
Total noncurrent liabilities	<u>4,658,542</u>	<u>1,220,347</u>	<u>5,878,889</u>
Total liabilities	<u>5,039,639</u>	<u>1,251,714</u>	<u>6,291,353</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,472,697</u>	<u>383,066</u>	<u>1,855,763</u>
<b>NET POSITION</b>			
Net investment in capital assets	540,354	-	540,354
DIPNC OPEB plan	4,571	1,189	5,760
Unrestricted	(714,847)	(369,475)	(1,084,322)
Total net position	<u>\$ (169,922)</u>	<u>\$ (368,286)</u>	<u>\$ (538,208)</u>

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**POSITION - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

*Exhibit 7*

	<u>Major Fund</u>	<u>Major Fund</u>	
	<u>School Food</u>	<u>Child Care</u>	<u>Total</u>
	<u>Service</u>	<u>Child Care</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Food sales	\$ 1,223,269	\$ -	\$ 1,223,269
Child care fees	-	899,334	899,334
Total operating revenues	<u>1,223,269</u>	<u>899,334</u>	<u>2,122,603</u>
<b>OPERATING EXPENSES</b>			
Food cost:			
Purchase of food	2,810,444	21,706	2,832,150
Salaries and benefits	3,314,817	794,813	4,109,630
Supplies and materials	52,572	21,381	73,953
Repairs and maintenance	48,896	417	49,313
Indirect costs	311,305	-	311,305
Depreciation	112,004	-	112,004
Field trips	-	20,183	20,183
Other	16,780	14,771	31,551
Total operating expenses	<u>6,666,818</u>	<u>873,271</u>	<u>7,540,089</u>
Operating loss	<u>(5,443,549)</u>	<u>26,063</u>	<u>(5,417,486)</u>
<b>NONOPERATING REVENUES</b>			
Federal reimbursements	5,496,333	-	5,496,333
Federal commodities	565,446	-	565,446
State reimbursements	15,386	-	15,386
Interest earned	2,026	3,389	5,415
Indirect costs not paid	311,305	-	311,305
Total nonoperating revenues	<u>6,390,496</u>	<u>3,389</u>	<u>6,393,885</u>
Income (loss) before transfers	946,947	29,452	976,399
Transfers from other funds	<u>49,537</u>	<u>-</u>	<u>49,537</u>
Change in net position	996,484	29,452	1,025,936
Total net position - beginning, as restated	<u>(1,166,406)</u>	<u>(397,738)</u>	<u>(1,564,144)</u>
Total net position - ending	<u>\$ (169,922)</u>	<u>\$ (368,286)</u>	<u>\$ (538,208)</u>

*The accompanying notes are an integral part of the basic financial statements.*

*Page 22*

**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2020**

**Exhibit 8**

	<u>Major Fund</u>	<u>Major Fund</u>	
	<u>School Food Service</u>	<u>Child Care</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,251,056	\$ 924,282	\$ 2,175,338
Cash paid for goods and services	(2,456,949)	(102,982)	(2,559,931)
Cash paid to employees for services	(3,427,955)	(965,652)	(4,393,607)
Net cash used by operating activities	<u>(4,633,848)</u>	<u>(144,352)</u>	<u>(4,778,200)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal and State reimbursements	5,210,866	-	5,210,866
(Increase) decrease in due from other funds	464	-	464
Net cash provided from noncapital financing activities	<u>5,211,330</u>	<u>-</u>	<u>5,211,330</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>(10,819)</u>	<u>-</u>	<u>(10,819)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>2,026</u>	<u>3,389</u>	<u>5,415</u>
Net increase (decrease) in cash and cash equivalents	568,689	(140,963)	427,726
Balances-beginning of the year	<u>3,353,724</u>	<u>1,180,411</u>	<u>4,534,135</u>
Balances-end of the year	<u>\$ 3,922,413</u>	<u>\$ 1,039,448</u>	<u>\$ 4,961,861</u>



**CALDWELL COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2020**

**Exhibit 8**  
**(Continued)**

Reconciliation of operating loss to net cash used by operating activities			
Operating loss	\$ (5,443,549)	\$ 26,063	\$ (5,417,486)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	112,004	-	112,004
Expenses paid by other funds	49,537	-	49,537
Donated commodities consumed	565,446	-	565,446
Indirect costs not paid	311,305	-	311,305
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	-	24,948	24,948
(Increase) decrease in net OPEB asset	(1,138)	(221)	(1,359)
(Increase) decrease in inventories	(212,297)	-	(212,297)
Increase (decrease) in accounts payable	128,877	(4,021)	124,856
Increase (decrease) in accrued salaries and wages payable	(10,283)	(20,503)	(30,786)
(Increase) decrease in deferred outflows	84,232	42,806	127,038
Increase (decrease) in net pension liability	(23,836)	(34,310)	(58,146)
Increase (decrease) in net OPEB liability	81,679	(50,579)	31,100
Increase (decrease) in deferred inflows	(312,827)	(120,542)	(433,369)
Increase (decrease) in unavailable revenues	27,787	-	27,787
Increase (decrease) in compensated absences	9,215	(7,993)	1,222
Total adjustments	809,701	(170,415)	639,286
Net cash used by operating activities	\$ (4,633,848)	\$ (144,352)	\$ (4,778,200)

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

Indirect costs of \$311,305 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 \$565,446 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue on Exhibit 7.

The State Public School Fund contributed \$49,537 to the School Food Service Fund during the fiscal year to provide assistance with the payment of administrative wages. This payment is reflected as a transfer in and an operating expense on Exhibit 7.

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

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NOTE 1 – 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:

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.

Basis of Presentation

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

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

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

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

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

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The Board reports the following major governmental funds:

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

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

*Federal Grants Fund.* The Federal Grants Fund includes appropriations from the federal government, generally the U.S. Department of Education, which are passed-through the North Carolina Department of Public Instruction for the current operating expenditures of the 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. The Individual Schools Fund is reported as a special revenue fund.

*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, 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.

*Child Care Fund.* The Child Care Fund is used to account for the before and after school care program operated by the school system.

**Measurement Focus and Basis of Accounting**

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures

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

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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.

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 the Capital Projects Fund also requires the approval of the Caldwell County Board of Commissioners. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. 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.

Encumbrance accounting is employed in all governmental funds except the Individual Schools Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no outstanding encumbrances at June 30, 2020.

Assets, Liabilities, and Fund Equity

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.

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

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

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest in 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. All investments are measured using the market approach. The STIF is classified as Level 2 in the fair value hierarchy and is valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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.

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 reported as expenditures when consumed. 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.

Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 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. In addition, other items that are purchased and used in large quantities

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

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such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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. The Board carries certain capital assets for which Caldwell County carries the offsetting debt.

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 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 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.

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.

Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in

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

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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.

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

---

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

*Unassigned fund balance* – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(126,148,925) consists of several elements as follows:



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

---

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 144,463,580
Less Accumulated Depreciation	<u>71,633,449</u>
Net capital assets	72,830,131
 Net OPEB asset	 161,994
 Pension related deferred outflows of resources	 17,788,954
OPEB related deferred outflows of resources	12,985,902
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(7,512,351)
Installment purchases	(6,718,514)
Net pension liability	(44,564,093)
Net OPEB liability	(118,924,833)
Deferred inflows of resources related to pensions	(880,508)
Deferred inflows of resources related to OPEB	<u>(51,315,607)</u>
 Total adjustment	 <u>\$ (126,148,925)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(2,070,981) as follows:

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

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 8,357,973
Change in fund balance due to change in reserve for inventory	8,362
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(3,865,576)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,458,509
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	4,284,688
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	(15,638,159)
Net OPEB expense	2,468,171
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	138,845
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.	(6,263,923)
Loss on disposal of fixed assets	<u>(19,871)</u>
Total adjustment	<u>\$ (2,070,981)</u>

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

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

---

contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

At June 30, 2020, the Board had deposits with banks and savings and loans with a carrying amount of \$15,920,716 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$16,154,965 and \$383,380, respectively. Of these balances, \$1,740,610 was covered by federal depository insurance and \$14,797,735 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2020, the Board had \$8,250,000 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no policy for managing interest rate risk or credit risk.

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

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Accounts Receivable

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

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 18,559	\$ 80,035
Other Government Funds	5,029,265	-
Total	<u>\$ 5,047,824</u>	<u>\$ 80,035</u>
Business-type activities:		
School Food Service	\$ 438,393	\$ -
Child Care	-	-
Total	<u>\$ 438,393</u>	<u>\$ -</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 8,720	Caldwell County fines and forfeitures
General Fund	9,839	N.C. DPI - other
State Public School Fund	3,690,544	Operating funds from DPI
Capital Outlay Fund	1,112,129	Caldwell County
Federal Grants Fund	226,592	Federal grant funds
Total	<u>\$ 5,047,824</u>	
Business-type activities:		
School Food Service	<u>\$ 438,393</u>	USDA Grant Reimbursement

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

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Capital Assets

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

	Beginning Balances	Increases	Retirements	Transfers	Ending Balances
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 3,063,925	\$ -	\$ -	\$ -	\$ 3,063,925
Construction in progress	2,922,324	8,053,022	-	(24,924)	10,950,422
Total capital assets not being depreciated	<u>5,986,249</u>	<u>8,053,022</u>	<u>-</u>	<u>(24,924)</u>	<u>14,014,347</u>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	113,650,643	81,601	34,322	24,924	113,722,846
Equipment and furniture	4,246,478	186,689	15,397	-	4,417,770
Vehicles	12,312,709	36,661	40,753	-	12,308,617
Total capital assets being depreciated	<u>130,209,830</u>	<u>304,951</u>	<u>90,472</u>	<u>24,924</u>	<u>130,449,233</u>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	55,371,800	2,949,803	7,106	-	58,314,497
Equipment and furniture	3,181,890	203,547	19,743	-	3,365,694
Vehicles	9,284,784	712,226	43,752	-	9,953,258
Total accumulated depreciation	<u>67,838,474</u>	<u>3,865,576</u>	<u>70,601</u>	<u>-</u>	<u>71,633,449</u>
Total capital assets being depreciated, net	<u>62,371,356</u>				<u>58,815,784</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 68,357,605</u>				<u>\$ 72,830,131</u>

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

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	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 3,303,227	\$ 10,819	\$ -	\$ 3,314,046
Less accumulated depreciation for:				
Furniture and office equipment	<u>2,661,688</u>	<u>112,004</u>	<u>-</u>	<u>2,773,692</u>
School Food Service capital assets, net:	<u>\$ 641,539</u>			<u>\$ 540,354</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 2,949,803
System-wide support services	712,226
Unallocated depreciation	<u>203,547</u>
Total	<u>\$ 3,865,576</u>

Construction Commitments

Caldwell County Board of Education has an active construction project as of June 30, 2020 for the benefit of Caldwell County Board of Education. At year end, commitments with contractors for school construction and renovations are as follows:

	<u>Spent-to-date</u>	<u>Total</u> <u>Commitment</u>
Granite Falls Middle School	\$ 10,699,348	\$ 24,591,526
South Caldwell HS softball facility	<u>251,074</u>	<u>354,408</u>
	<u>\$ 10,950,422</u>	<u>\$ 24,945,934</u>

Liabilities

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

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

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of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined at 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 of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020 was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by the employees during the year. Contributions to the pension plan from the Board were \$8,759,240 for the year ended June 30, 2020.

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

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

---

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

At June 30, 2020, the Board reported a liability of \$46,148,509 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportionate share of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2019 and at June 30, 2018, the Boards proportion was .45% and .46%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$8,759,240. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,860,270	\$ 92,386
Changes of assumptions	4,917,305	-
Net difference between projected and actual earnings on pension plan investments	884,602	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	819,427
Board contributions subsequent to the measurement date	<u>8,759,240</u>	<u>-</u>
Total	<u>\$ 18,421,417</u>	<u>\$ 911,813</u>

\$8,759,240 reported as deferred outflows of resources related to pensions resulted from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ 6,370,180
2022	1,405,277
2023	665,450
2024	309,457
2025	-
Thereafter	-
Total	<u>\$ 8,750,364</u>



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

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

Inflation	3.0%
Salary increases	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, 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, 2018 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including

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

---

TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% which is the same as in the prior year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Discounted Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 87,833,450	\$ 46,148,509	\$ 11,180,156

*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

Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The

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

---

State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

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

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

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

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

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

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer

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

---

the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.47% of covered payroll which amounted to \$4,369,490.

At June 30, 2020, Board reported a liability of \$123,153,047 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Boards proportion was 0.39% and 0.41%, respectively.

\$4,369,490 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2021	\$ (13,012,234)
2022	(13,012,231)
2023	(13,000,374)
2024	(5,075,820)
2025	(252,617)
Thereafter	--
Total	<u>\$ (44,353,276)</u>

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

Inflation	3.00%
Salary increases	3.5% to 8.10%, including a 3.5%
Investment rate of return	7.0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00% - 6.50%
Healthcare cost trend rate – prescription drug	5.00% - 9.50%
Healthcare cost trend rate – administrative	3.00%

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

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

---

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

	<b>1% Decrease (2.50%)</b>	<b>Discounted Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Net OPEB liability	\$ 146,350,991	\$ 123,153,047	\$ 104,579,312

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

	<b>1% Decrease (Medical- 5.50%, Pharmacy- 6.25%, Administrative - 2.00%)</b>	<b>Healthcare Trend Rates (Medical - 6.50%, Pharmacy - 7.25%, Administrative - 3.00%)</b>	<b>1% Increase (Medical- 7.50%, Pharmacy- 8.25%, Administrative - 4.00%)</b>
Net OPEB liability	\$ 101,407,665	\$ 123,153,047	\$ 151,746,076

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

**Disability Benefits**

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

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

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

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

---

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

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2020, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$67,535 for the year ended June 30, 2020.

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

At June 30, 2020, Board reported an OPEB asset of \$167,754 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and at June 30, 2018, the Boards proportion was .24% and .18%, respectively.

\$67,535 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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**Year ended June 30:**

2021		\$	74,292
2022			50,557
2023			37,553
2024			24,327
2025			32,750
Thereafter			<u>4,306</u>
	Total	\$	<u><u>223,785</u></u>

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

Inflation	3.00%
Salary increases	3.5% to 8.10%, including a 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan investment 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 liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discounted</u> <u>Rate (3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Net OPEB asset	\$ 142,084	\$ 167,754	\$ 192,698

*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for

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

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each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ (3,032,412)	\$ 165,453	\$ (2,866,959)
OPEB liability (asset)	123,153,047	(167,754)	122,985,293
Proportionate share of the net OPEB liability (asset)	0.389%	0.389%	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	-	171,374	171,374
Changes of assumptions	5,919,315	18,583	5,937,898
Net difference between projected and actual earnings on plan investments	82,010	31,953	113,963
Changes in proportion and defferences between Board contributions and proportionate share of contributions	2,768,253	19,086	2,787,339
Board contributions subsequent to the measurement date	4,369,490	67,535	4,437,025
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	6,208,465	-	6,208,465
Changes of assumptions	37,025,204	17,211	37,042,415
Changes in proportion and defferences between Board contributions and proportionate share of contributions	9,889,185	-	9,889,185
Net difference between projected and actual earnings on plan investments	-	-	-



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

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Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities		
General	\$ 1,740,898	\$ 210,347
Other Governmental	1,405,151	3,917,136
Total - governmental activities	<u>\$ 3,146,049</u>	<u>\$ 4,127,483</u>
Business-type Activities		
School Food Service	181,810	44,110
Child Care	350	-
Total - business-type activities	<u>\$ 182,160</u>	<u>\$ 44,110</u>

Unearned Revenues

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

	<u>Unearned Revenues</u>
Prepaid lunch balances (School Food Service Fund)	<u>\$ 85,928</u>

Unearned revenues of \$2,082,247 in governmental activities consists of private grant revenues for which eligibility requirements other than time requirements have not been met.

Deferred Outflows and Deferred Inflows of Resources

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

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 2,787,339	\$ 10,708,612
Changes of assumptions	10,855,203	37,042,415
Difference between projected and actual earnings on plan investments	998,565	-
Board contributions subsequent to the measurement date	13,196,265	-
Difference between expected and actual experience	<u>4,031,644</u>	<u>6,300,851</u>
Totals	<u><u>\$ 31,869,016</u></u>	<u><u>\$ 54,051,878</u></u>

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 through a private insurance company. The policy has an annual aggregate limit of \$2 million for general liability and an annual aggregate limit of \$2 million for errors and omissions claims. Statutory workers' compensation 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, insuring 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 provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Excess reinsurance is purchased through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. 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 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

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

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benefits. 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 moneys at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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

Long-Term Obligations

a. Direct Placement Installment Purchases

The Board is authorized by State Law to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. The Board entered into a direct placement contract to reduce the energy costs at twenty-six locations. The total amount financed for this project is \$6,631,600, and the interest rate on the installment contract is 3.06%. This installment contract will be paid quarterly (principle and interest) with seventy quarterly payments beginning November 15, 2020. The Board is responsible for the payments, which will be offset by utility payment savings from the contract. The quarterly payments range from \$111,956 to \$123,565.

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 moneys 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 third party direct placement financing arrangements with various companies. At June 30, 2020 the Board has such an installment purchase agreement that requires an annual payment of \$86,914.

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 349,700	\$ 404,030
2022	299,813	191,500
2023	311,930	182,154
2024	321,345	172,502
2025	331,045	162,558
2026 - 2030	1,811,286	652,804
2031 - 2035	2,101,669	355,122
Thereafter	1,191,726	54,961
Total	<u>\$ 6,718,514</u>	<u>\$ 2,175,631</u>

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

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**b. Long-Term Obligation Activity**

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
<b>Governmental activities:</b>					
Direct placement					
installment purchases	\$ 454,591	\$ 6,631,600	\$ 367,677	\$ 6,718,514	\$ 349,700
Net pension liability	43,857,760	706,333	-	44,564,093	-
Net OPEB liability	112,066,436	6,858,397	-	118,924,833	-
Compensated absences	7,651,196	6,160,498	6,299,343	7,512,351	3,426,290
Total	<u>\$ 164,029,983</u>	<u>\$ 20,356,828</u>	<u>\$ 6,667,020</u>	<u>\$ 177,719,791</u>	<u>\$ 3,775,990</u>
<b>Business-type activities:</b>					
Net pension liability	\$ 1,642,562	\$ -	58,146	\$ 1,584,416	\$ -
Net OPEB liability	4,197,114	31,100	-	4,228,214	-
Compensated absences	165,301	252,217	250,993	166,525	100,107
Total	<u>\$ 6,004,977</u>	<u>\$ 283,317</u>	<u>\$ 309,139</u>	<u>\$ 5,979,155</u>	<u>\$ 100,107</u>

Compensated absences for governmental activities are typically liquidated by the general and other governmental funds. Installment purchases for uses are typically liquidated by the Capital Outlay Fund.

**Due to/from other Funds**

As of June 30, 2020, there was \$559,109 due to the Individual Schools Fund from the General Fund and there was \$58,347 due to the School Food Service Fund from the General Fund. Both of these items occurred in the normal operating cycle of the Board.

**Transfers to/from other Funds**

During the year ended June 30, 2020, the State Public School Fund transferred \$49,537 to the School Food Service Fund to pay for administrative costs.

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

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Fund Balance

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

Total fund balance - General Fund	\$ 6,800,599
Less:	
Inventories	(565,757)
Stabilization by State statute	(22,896)
Appropriated fund balance in 2021 budget	(845,557)
Assigned Special Revenue	<u>(646,626)</u>
Remaining fund balance	<u>\$ 4,719,763</u>

**NOTE 3 – 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.

**NOTE 4 – PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2020, the Board reported certain prior period adjustments for the General Fund, governmental activities and business-type activities. Certain liabilities in the amount of \$454,247 in the General Fund were determined to be overstated as of June 30, 2019. The correction of this error increased fund balance for the General Fund and governmental activities' net position as of June 30, 2019. Compensated absences as of June 30, 2019 were increased by \$1,603,298 to correct errors in the reported amounts in the previous year. In addition, compensated absences for business-type activities as of June 30, 2019 were increased by \$34,906. As a result of these prior period adjustments, fund balance for the General Fund as of June 30, 2019 increased by \$454,247, governmental activities' net position as of June 30, 2019 decreased by \$1,149,051 and business-type activities net position as of June 30, 2019 decreased by 32,529.

**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Seven Fiscal Years\**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Board's proportion of the net pension liability (asset)	0.445%	0.457%	0.462%	0.473%	0.473%
Board's proportionate share of the net pension liability (asset)	\$ 46,148,509	\$ 45,500,322	\$ 36,685,681	\$ 43,482,777	\$ 17,446,833
Board's covered payroll	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.13%	67.34%	55.93%	67.61%	27.07%
Plan fiduciary net position as a percentage of the total pension liability	87.56%	87.61%	89.51%	87.32%	94.64%

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.474%	0.482%
Board's proportionate share of the net pension liability (asset)	\$ 5,556,221	\$ 29,244,099
Board's covered payroll	\$ 61,687,445	\$ 62,183,677
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.01%	47.03%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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

**This schedule is required supplementary information.**

**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Seven Fiscal Years\**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 8,759,240	\$ 8,576,803	\$ 7,284,373	\$ 6,545,862	\$ 5,884,814
Contributions in relation to the contractually required contribution	<u>8,759,240</u>	<u>8,576,803</u>	<u>7,284,373</u>	<u>6,545,862</u>	<u>5,884,814</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Contributions as a percentage of covered-employee payroll	12.97%	12.29%	10.78%	9.98%	9.15%

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contribution	<u>5,898,013</u>	<u>5,360,639</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 64,459,153	\$ 61,687,445
Contributions as a percentage of covered-employee payroll	9.15%	8.69%

**This schedule is required supplementary information.**

**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**RETIREE HEALTH BENEFIT FUND**  
*Last Four Fiscal Years\**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.389%	0.408%	0.419%	0.406%
Board's proportionate share of the net OPEB liability (asset)	\$ 123,153,047	\$ 116,263,550	\$ 137,331,100	\$ 176,513,543
Board's covered payroll	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	176.47%	172.06%	209.38%	274.45%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

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

**This schedule is required supplementary information.**



**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**RETIREE HEALTH BENEFIT FUND**  
*Last Ten Fiscal Years*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ 4,369,490	\$ 4,375,635	\$ 4,088,168	\$ 3,809,318	\$ 3,601,635
Contributions in relation to the contractually required contribution	4,369,490	4,375,635	4,088,168	3,809,318	3,601,635
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Contributions as a percentage of covered-employee payroll	6.47%	6.27%	6.05%	5.81%	5.60%

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Contractually required contribution	\$ 3,538,808	\$ 3,340,161	\$ 3,306,510	\$ 3,140,454	\$ 3,174,286
Contributions in relation to the contractually required contribution	3,538,808	3,340,161	3,306,510	3,140,454	3,174,286
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 64,459,153	\$ 61,854,833	\$ 62,387,045	\$ 62,809,038	\$ 64,781,347
Contributions as a percentage of covered-employee payroll	5.49%	5.40%	5.30%	5.00%	4.90%

**This schedule is required supplementary information.**

**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET**  
**DISABILITY INCOME PLAN OF NORTH CAROLINA**  
*Last Four Fiscal Years\**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.389%	0.418%	0.418%	0.405%
Board's proportionate share of the net OPEB asset	\$ 167,754	\$ 121,917	\$ 247,267	\$ 259,441
Board's covered payroll	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.24%	0.18%	0.38%	0.40%
Plan fiduciary net position as a percentage of the total OPEB asset	113.00%	108.47%	116.23%	116.06%

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

**This schedule is required supplementary information.**

**CALDWELL COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**DISABILITY INCOME PLAN OF NORTH CAROLINA**  
*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 67,535	\$ 97,702	\$ 94,602	\$ 249,241	\$ 263,391
Contributions in relation to the contractually required contribution	<u>67,535</u>	<u>97,702</u>	<u>94,602</u>	<u>249,241</u>	<u>263,391</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,534,619	\$ 69,786,843	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Contributions as a percentage of covered-employee payroll	0.10%	0.14%	0.14%	0.38%	0.41%

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 264,283	\$ 270,973	\$ 274,503	\$ 326,607	\$ 336,863
Contributions in relation to the contractually required contribution	<u>264,283</u>	<u>270,973</u>	<u>274,503</u>	<u>326,607</u>	<u>336,863</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 64,459,153	\$ 61,854,833	\$ 62,387,045	\$ 62,809,038	\$ 64,781,347
Contributions as a percentage of covered-employee payroll	0.41%	0.44%	0.44%	0.52%	0.52%

**This schedule is required supplementary information.**

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

**Exhibit A-1**

	Budget	Actual	Positive (Negative) Variance
<b>Revenues:</b>			
State of North Carolina:			
Smart Start		\$ 120,000	
NC Pre-Kindergarten Program		1,224,014	
	<u>\$ 1,415,133</u>	<u>1,344,014</u>	<u>\$ (71,119)</u>
Caldwell County:			
Regular appropriation		15,150,700	
Forest Service		57,001	
	<u>15,270,699</u>	<u>15,207,701</u>	<u>(62,998)</u>
U.S. Government:			
ROTC	-	77,477	77,477
Other :			
ABC revenues		43,547	
Sales tax refund		69,475	
Tuition and fees		27,864	
Fines and forfeitures		188,607	
Rental of school property		21,476	
Interest		128,683	
Miscellaneous		55,535	
Reimbursements		644,397	
Indirect cost allocated		107,004	
Private grants and donations		2,468,589	
Medicaid reimbursements		773,741	
Insurance settlements		31,206	
Total	<u>4,996,094</u>	<u>4,560,124</u>	<u>(435,970)</u>
Total revenues	<u>21,681,926</u>	<u>21,189,316</u>	<u>(492,610)</u>
<b>Expenditures:</b>			
Instructional services	13,714,262	10,861,791	2,852,471
System-wide support services	10,065,607	9,264,229	801,378
Ancillary services	187,213	100,094	87,119
Non-Programmed charges	240,000	107,042	132,958
Total expenditures	<u>24,207,082</u>	<u>20,333,156</u>	<u>3,873,926</u>

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

	<u>Budget</u>	<u>Actual</u>	<i>Exhibit A-1 (Continued)</i> Positive (Negative) Variance
Revenues over (under) expenditures	(2,525,156)	856,160	3,381,316
Appropriated fund balance	<u>2,525,156</u>	<u>-</u>	<u>(2,525,156)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	856,160	<u>\$ 856,160</u>
Fund balances:			
Beginning of year, July 1		5,936,077	
Change in reserve for inventories		<u>8,362</u>	
End of year, June 30		<u>\$ 6,800,599</u>	

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

	Budget	Actual	Variance Positive (Negative)
<b>Exhibit B-1</b>			
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 389,608	\$ 367,677	\$ (21,931)
State appropriations - lottery proceeds	13,650,000	4,982,094	(8,667,906)
Total State of North Carolina	<u>14,039,608</u>	<u>5,349,771</u>	<u>(8,689,837)</u>
Caldwell County:			
Appropriations - operating		1,972,351	
Other		2,496,531	
Total Caldwell County	<u>8,643,000</u>	<u>4,468,882</u>	<u>(4,174,118)</u>
Other:			
Interest earned		1,218	
Insurance proceeds		11,000	
Local Grants		558,783	
Other		4,835	
Total other	<u>60,000</u>	<u>575,836</u>	<u>515,836</u>
Total revenues	<u>22,742,608</u>	<u>10,394,489</u>	<u>(12,348,119)</u>
Expenditures:			
Current:			
Instructional services	813,734	421,190	392,544
System-wide support services	569,888	142,628	427,260
Capital Outlay	29,110,964	12,494,312	16,616,652
Debt Service			
Principal	6,178,342	367,677	5,810,665
Interest	211,266	211,266	-
Total expenditures	<u>36,884,194</u>	<u>13,637,073</u>	<u>23,247,121</u>

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

	<u>Budget</u>	<u>Actual</u>	<i>Exhibit B-1 (Continued)</i> Variance Positive (Negative)
Revenues over (under) expenditures	(14,141,586)	(3,242,584)	10,899,002
Other financing sources:			
Installment purchase obligations issued	<u>12,284,922</u>	<u>6,631,600</u>	<u>(5,653,322)</u>
Revenues and other financing sources over (under) expenditures	(1,856,664)	3,389,016	5,245,680
Appropriated fund balance	<u>1,856,664</u>	<u>-</u>	<u>(1,856,664)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	3,389,016	<u>\$ 3,389,016</u>
Fund balance:			
Beginning of year, July 1		<u>3,789,645</u>	
End of year, June 30		<u>\$ 7,178,661</u>	

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

**Exhibit C-1**

	Budget	Actual	Variance Positive (Negative)
Operating revenues	\$ 1,196,794	\$ 1,223,269	\$ 26,475
Operating expenditures:			
Business support services:			
Food cost:			
Purchase of food		3,022,741	
Salaries and benefits		3,477,492	
Supplies and materials		52,572	
Repairs and maintenance		48,896	
Other		16,780	
Total business support services	7,353,001	6,618,481	734,520
Capital outlay	54,155	10,819	43,336
Total operating expenditures	7,407,156	6,629,300	777,856
Operating loss	(6,210,362)	(5,406,031)	804,331
Nonoperating revenues:			
Federal reimbursements	5,565,899	5,496,333	(69,566)
Federal commodities	577,541	565,446	(12,095)
State reimbursements	15,385	15,386	1
Interest earned	2,000	2,026	26
Total nonoperating revenues	6,160,825	6,079,191	(81,634)
Revenues over (under) expenditures before other financing sources	(49,537)	673,160	722,697
Transfers from other funds	49,537	49,537	-
Revenues and other sources over (under) expenditures	\$ -	\$ 722,697	\$ 722,697



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

**Exhibit C-1  
 (Continued)**

Reconciliation of modified accrual to full accrual basis:

Revenues under expenditures	\$ 722,697
Depreciation	(112,004)
Capital outlay	10,819
Net pension liability	23,836
Net OPEB liability	(80,541)
Deferred outflows	(84,232)
Deferred inflows	312,827
Indirect costs	(311,305)
Indirect cost not paid	311,305
Increase (decrease) in inventories	212,297
(Increase) decrease in compensated absences	<u>(9,215)</u>
Change in net position (full accrual)	<u><u>\$ 996,484</u></u>

**CALDWELL COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-  
GAAP) - CHILD CARE FUND  
For the Year Ended June 30, 2020**

**Exhibit D-1**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating revenues	<u>\$ 1,407,825</u>	<u>\$ 899,334</u>	<u>\$ (508,491)</u>
Operating expenditures:			
Business support services:			
Food cost:			
Purchase of food		21,706	
Salaries and benefits		965,652	
Supplies and materials		21,381	
Repairs and maintenance		417	
Field trips		20,183	
Other		<u>14,771</u>	
Total operating expenditures	<u>1,407,825</u>	<u>1,044,110</u>	<u>363,715</u>
Operating loss	<u>-</u>	<u>(144,776)</u>	<u>(144,776)</u>
Nonoperating revenues:			
Interest earned	<u>-</u>	<u>3,389</u>	<u>3,389</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (141,387)</u>	<u>\$ (141,387)</u>
Reconciliation of modified accrual to full accrual basis:			
Revenues over (under) expenditures		\$ (141,387)	
Net pension liability		34,310	
Net OPEB liability		50,800	
Deferred outflows		(42,806)	
Deferred inflows		120,542	
(Increase) decrease in compensated absences		<u>7,993</u>	
Change in net position (full accrual)		<u>\$ 29,452</u>	



## **Statistical Section**

## **STATISTICAL SECTION (Unaudited)**

The Statistical Section of the District's 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 says about the District's overall financial outlook.

### **Sections**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

#### **Revenue Capacity**

Since the District's local revenues are primarily provided by Caldwell County, these schedules on the county's revenue sources are relevant to an understanding of Caldwell County's most significant local revenue source, the property tax.

#### **Debt Capacity**

Since the District has no tax-levying or debt-issuing authority, the County of Caldwell provides significant funding to the school system. 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 schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

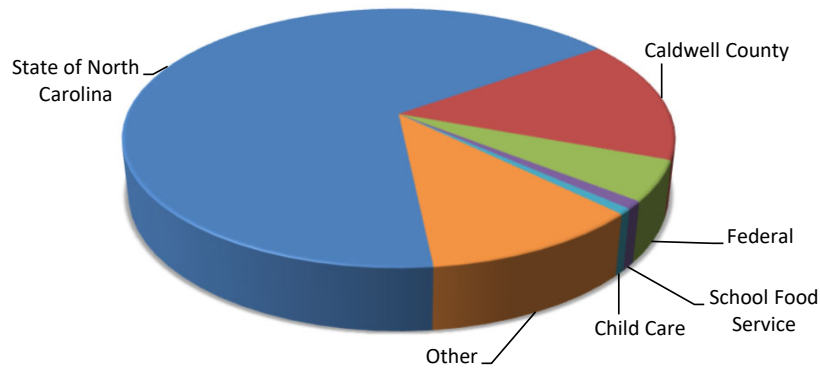
#### **Operating Information**

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

# Financial Perspective

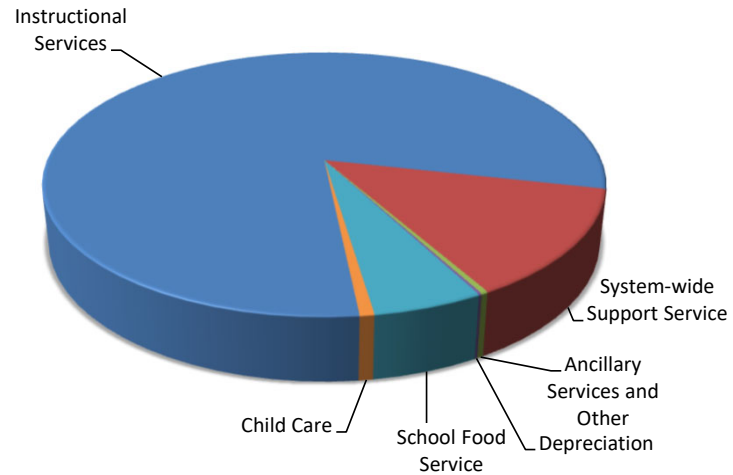
## Governmental and Business-type Activities for Fiscal Year 2019-2020

**Revenue Sources**



State of North Carolina	\$84,950,193
Caldwell County	19,676,583
Federal	6,399,093
School Food Service	1,223,269
Child Care	899,334
Other	<u>13,993,757</u>
 Total	 <u><u>\$127,142,229</u></u>

**Expenses**



Instructional Services	\$99,186,387
System-wide Support Service	16,420,402
Ancillary Services and Other	420,974
Depreciation	203,547
School Food Service	6,666,818
Child Care	<u>873,271</u>
 Total	 <u><u>\$123,771,399</u></u>

## CALDWELL COUNTY BOARD OF EDUCATION

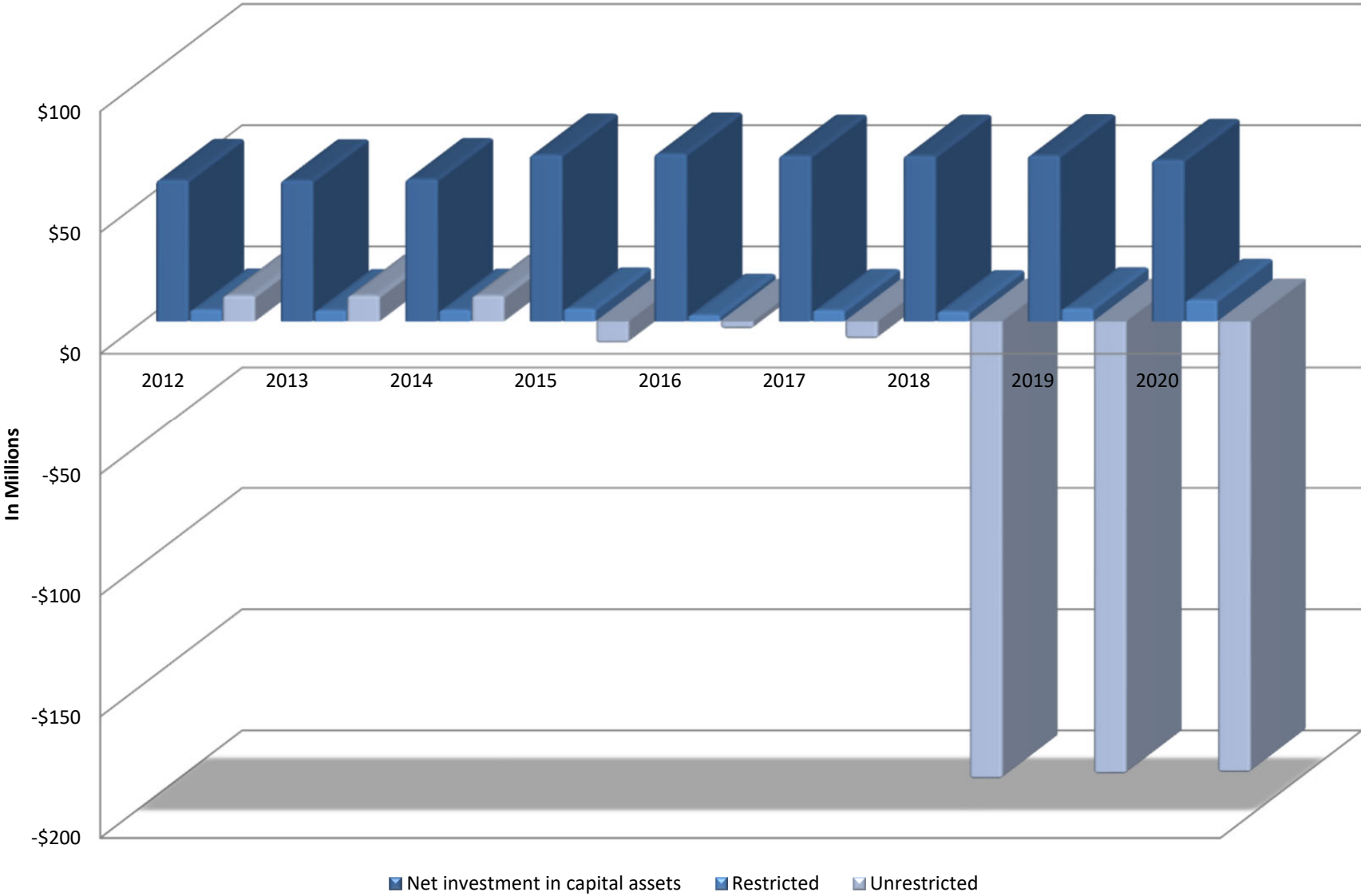
### Net Position by Component Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 57,200,782	\$ 57,537,448	\$ 57,485,628	\$ 57,947,547	\$ 67,874,534	\$ 68,434,954	\$ 67,677,405	\$ 67,698,981	\$ 67,903,014	\$ 66,111,617
Restricted	4,735,585	4,912,610	4,651,438	4,805,333	5,336,302	2,655,382	4,693,229	4,216,105	5,403,198	8,872,636
Unrestricted	4,739,942	7,606,061	7,314,194	7,093,003	(12,115,562)	(6,891,763)	(11,334,841)	(186,928,074)	(185,162,635)	(185,644,833)
	<b>\$ 66,676,309</b>	<b>\$ 70,056,119</b>	<b>\$ 69,451,260</b>	<b>\$ 69,845,883</b>	<b>\$ 61,095,274</b>	<b>\$ 64,198,573</b>	<b>\$ 61,035,793</b>	<b>\$ (115,012,988)</b>	<b>\$ (111,856,423)</b>	<b>\$ (110,660,580)</b>
Business-type activities										
Net investment in capital assets	\$ 743,005	\$ 828,345	\$ 756,862	\$ 788,112	\$ 924,505	\$ 813,241	\$ 747,119	\$ 721,524	\$ 641,539	\$ 540,354
Restricted	-	-	-	-	-	-	-	8,926	4,401	5,760
Unrestricted	3,158,056	3,123,697	3,390,931	3,579,506	2,851,062	3,504,513	3,859,741	(2,406,033)	(2,175,176)	(1,084,322)
	<b>\$ 3,901,061</b>	<b>\$ 3,952,042</b>	<b>\$ 4,147,793</b>	<b>\$ 4,367,618</b>	<b>\$ 3,775,567</b>	<b>\$ 4,317,754</b>	<b>\$ 4,606,860</b>	<b>\$ (1,675,583)</b>	<b>\$ (1,529,236)</b>	<b>\$ (538,208)</b>
District-wide										
Net investment in capital assets	\$ 57,943,787	\$ 58,365,793	\$ 58,242,490	\$ 58,735,659	\$ 68,799,039	\$ 69,248,195	\$ 68,424,524	\$ 68,420,505	\$ 68,544,553	\$ 66,651,971
Restricted	4,735,585	4,912,610	4,651,438	4,805,333	5,336,302	2,655,382	4,693,229	4,225,031	5,407,599	8,878,396
Unrestricted	7,897,998	10,729,758	10,705,125	10,672,509	(9,264,500)	(3,387,250)	(7,475,100)	(189,334,107)	(187,337,811)	(186,729,155)
	<b>\$ 70,577,370</b>	<b>\$ 74,008,161</b>	<b>\$ 73,599,053</b>	<b>\$ 74,213,501</b>	<b>\$ 64,870,841</b>	<b>\$ 68,516,327</b>	<b>\$ 65,642,653</b>	<b>\$ (116,688,571)</b>	<b>\$ (113,385,659)</b>	<b>\$ (111,198,788)</b>

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Net position for 2014 and before is not comparable to 2015 (and after) net position due to the implementation of GASB 68 during the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with the Board's participation in the Statewide Teachers' and State Employees' Retirement System (TSERS).

### Net Position by Component Government-wide



## CALDWELL COUNTY BOARD OF EDUCATION

### Changes in Net Position Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
Governmental Activities:										
Instructional services	\$ 83,788,101	\$ 82,391,721	\$ 84,353,606	\$ 83,794,656	\$ 82,753,411	\$ 83,683,689	\$ 89,550,006	\$ 96,256,925	\$ 90,685,913	\$ 99,186,387
System-wide support services	14,958,992	15,213,975	15,157,435	15,727,382	15,655,779	16,316,529	17,509,711	19,107,566	17,137,781	16,420,402
Ancillary services & non-programmed charges	13,850	9,317	-	54,643	8,240	30,590	17,572	12,746	14,242	420,974
Unallocated depreciation expense	2,309,540	2,446,437	1,960,649	2,447,107	2,540,169	2,946,843	2,933,688	3,046,006	3,135,395	203,547
Total governmental activities	101,070,483	100,061,450	101,471,690	102,023,788	100,957,599	102,977,651	110,010,977	118,423,243	110,973,331	116,231,310
Business-type activities:										
Child Care	1,162,270	1,183,572	1,181,496	1,180,074	1,107,414	1,123,377	1,198,430	1,247,944	1,316,289	873,271
School food service	6,978,426	7,200,620	7,287,269	7,155,561	6,867,366	6,975,140	6,923,099	6,971,591	6,965,227	6,666,818
Total business type activities	8,140,696	8,384,192	8,468,765	8,335,635	7,974,780	8,098,517	8,121,529	8,219,535	8,281,516	7,540,089
Total government-wide	\$ 109,211,179	\$ 108,445,642	\$ 109,940,455	\$ 110,359,423	\$ 108,932,379	\$ 111,076,168	\$ 118,132,506	\$ 126,642,778	\$ 119,254,847	\$ 123,771,399
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services	\$ 719,087	\$ 778,379	\$ 847,943	\$ 815,384	\$ 862,317	\$ 969,250	\$ 904,404	\$ 901,254	\$ 979,307	\$ 49,340
Operating grants and contributions	79,035,486	77,055,973	75,997,322	75,382,142	78,411,262	78,557,140	80,840,548	82,133,218	85,505,963	84,478,950
Capital grants and contributions	837,047	198,439	35,104	12,312	14,625	79,571	91,339	67,039	28,751	367,677
Total governmental activities program revenues	80,591,620	78,032,791	76,880,369	76,209,838	79,288,204	79,605,961	81,836,291	83,101,511	86,514,021	84,895,967
Business-type activities:										
Charges for services										
Student meal services	2,442,563	2,304,577	2,152,268	2,044,941	1,888,529	1,790,430	1,547,227	1,486,664	1,566,972	1,223,269
Child care services	1,179,913	1,253,632	1,308,555	1,234,847	1,162,652	1,285,296	1,301,709	1,328,260	1,321,458	899,334
Operating grants and contributions	4,791,617	4,829,402	5,146,882	5,208,065	5,126,264	5,518,566	5,512,757	5,284,073	5,482,767	6,388,470
Capital grants and contributions	-	-	4,953	-	-	-	-	-	-	-
Total business-type activities program revenues	8,414,093	8,387,611	8,612,658	8,487,853	8,177,445	8,594,292	8,361,693	8,098,997	8,371,197	8,511,073
Total government-wide	\$ 89,005,713	\$ 86,420,402	\$ 85,493,027	\$ 84,697,691	\$ 87,465,649	\$ 88,200,253	\$ 90,197,984	\$ 91,200,508	\$ 94,885,218	\$ 93,407,040
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (20,478,863)	\$ (22,028,659)	\$ (24,591,321)	\$ (25,813,950)	\$ (21,669,395)	\$ (23,371,690)	\$ (28,174,686)	\$ (35,321,732)	\$ (24,459,310)	\$ (31,335,343)
Business-type activities	273,397	3,419	143,893	152,218	202,665	495,775	240,164	(120,538)	89,681	970,984
Total government-wide	\$ (20,205,466)	\$ (22,025,240)	\$ (24,447,428)	\$ (25,661,732)	\$ (21,466,730)	\$ (22,875,915)	\$ (27,934,522)	\$ (35,442,270)	\$ (24,369,629)	\$ (30,364,359)

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020



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

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 14,446,200	\$ 14,400,000	\$ 14,485,000	\$ 14,649,205	\$ 14,778,726	\$ 14,750,000	\$ 14,800,000	\$ 14,809,121	\$ 14,800,000	\$ 15,207,701
Unrestricted county appropriations - capital	1,286,812	3,516,055	1,974,016	3,287,036	13,179,436	3,815,152	1,636,789	1,963,714	4,582,614	4,468,882
Unrestricted state appropriations - operating	4,925,826	5,418,666	5,347,151	5,668,950	5,308,566	5,055,774	4,816,164	4,652,640	4,286,992	1,224,014
Unrestricted state appropriations - capital	437,213	277,227	906,671	881,797	894,085	945,928	1,866,809	1,563,273	1,397,648	5,349,771
Unrestricted federal appropriations - operating	-	292,559	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	29,510	19,969	22,328	23,100	23,149	39,433	79,325	151,205	202,845	56,753
Miscellaneous, unrestricted	1,502,030	1,530,473	1,501,757	1,564,685	1,821,026	1,908,582	1,858,818	2,161,867	2,394,569	7,422,653
Transfers	(45,353)	(46,480)	(50,461)	(66,200)	(64,935)	(39,880)	(45,999)	(49,602)	(48,793)	(49,537)
<b>Total governmental activities</b>	<b>22,582,238</b>	<b>25,408,469</b>	<b>24,186,462</b>	<b>26,008,573</b>	<b>35,940,053</b>	<b>26,474,989</b>	<b>25,011,906</b>	<b>25,252,218</b>	<b>27,615,875</b>	<b>33,680,237</b>
Business-type activities:										
Investment earnings, unrestricted	3,338	899	1,397	1,407	2,542	6,532	2,943	4,752	7,873	5,415
Miscellaneous, unrestricted	-	183	-	-	-	-	-	-	-	-
Transfers	45,353	46,480	50,461	66,200	64,935	39,880	45,999	49,602	48,793	49,537
<b>Total business-type activities</b>	<b>48,691</b>	<b>47,562</b>	<b>51,858</b>	<b>67,607</b>	<b>67,477</b>	<b>46,412</b>	<b>48,942</b>	<b>54,354</b>	<b>56,666</b>	<b>54,952</b>
<b>Total government-wide</b>	<b>\$ 22,630,929</b>	<b>\$ 25,456,031</b>	<b>\$ 24,238,320</b>	<b>\$ 26,076,180</b>	<b>\$ 36,007,530</b>	<b>\$ 26,521,401</b>	<b>\$ 25,060,848</b>	<b>\$ 25,306,572</b>	<b>\$ 27,672,541</b>	<b>\$ 33,735,189</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,103,375	\$ 3,379,810	\$ (404,859)	\$ 194,623	\$ 14,270,658	\$ 3,103,299	\$ (3,162,780)	\$ (10,069,514)	\$ 3,156,565	\$ 2,344,894
Business-type activities	322,088	50,981	195,751	219,825	270,142	542,187	289,106	(66,184)	146,347	1,025,936
<b>Total government-wide</b>	<b>\$ 2,425,463</b>	<b>\$ 3,430,791</b>	<b>\$ (209,108)</b>	<b>\$ 414,448</b>	<b>\$ 14,540,800</b>	<b>\$ 3,645,486</b>	<b>\$ (2,873,674)</b>	<b>\$ (10,135,698)</b>	<b>\$ 3,302,912</b>	<b>\$ 3,370,830</b>

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Expenses for 2014 and before are not comparable to 2015 (and after) expenses due to the implementation of GASB 68 during the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with the Board's participation in the Statewide Teachers' and State Employees' Retirement System (TSERS).

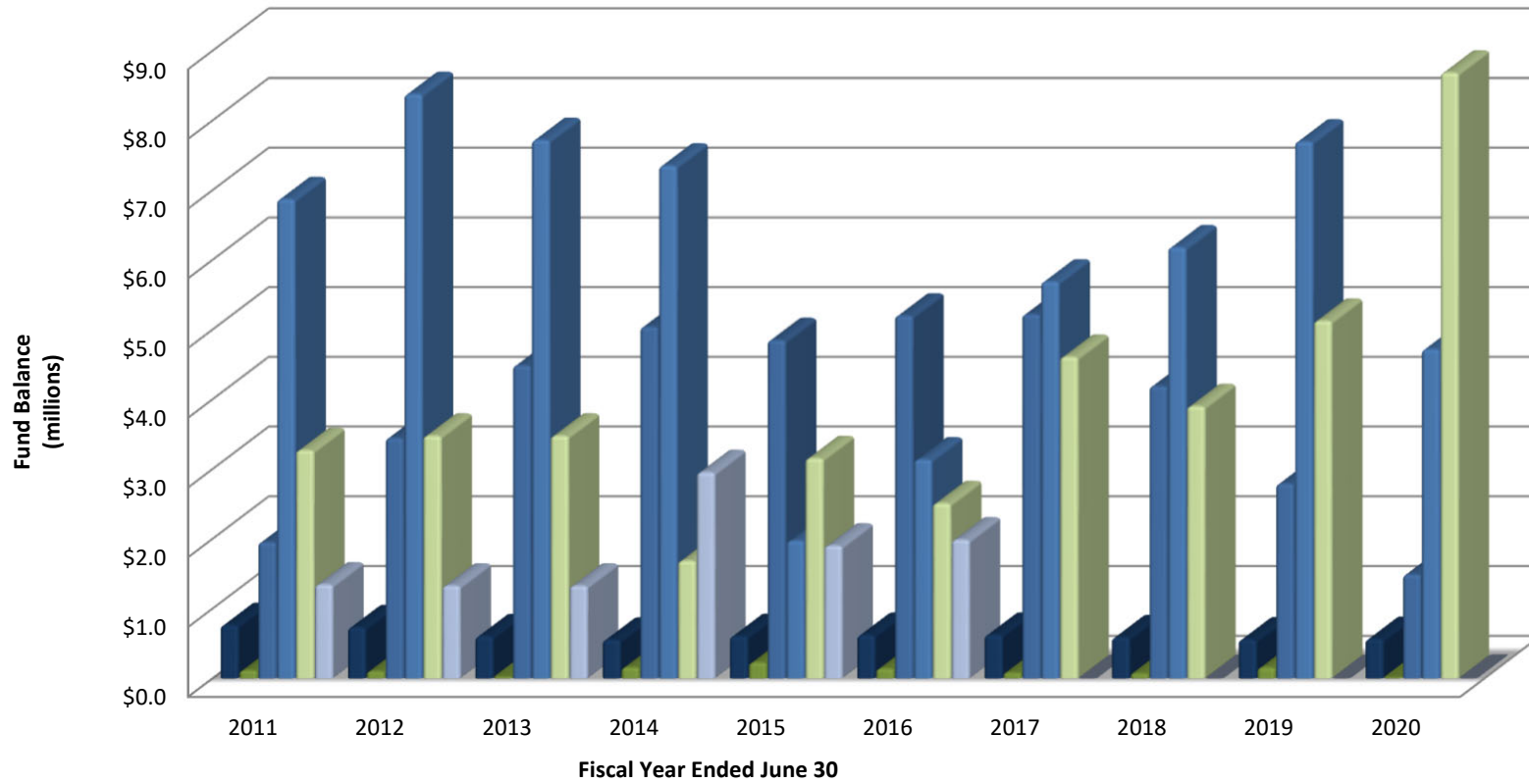
## CALDWELL COUNTY BOARD OF EDUCATION

### Governmental Funds Fund Balances Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$764,037	\$733,149	\$603,008	\$553,287	\$607,815	\$623,459	\$625,650	\$588,698	\$557,395	\$565,757
Restricted	115,788	103,065	31,358	161,256	229,174	143,473	82,873	75,005	157,651	22,896
Assigned	1,952,800	3,446,806	4,485,711	5,040,007	4,849,700	5,201,217	5,221,247	4,189,740	2,791,887	1,492,183
Unassigned	6,873,012	8,379,818	7,721,104	7,353,117	1,974,897	3,138,040	5,690,146	6,181,107	7,698,762	4,719,763
Total General Fund	<u>\$ 9,705,637</u>	<u>\$ 12,662,838</u>	<u>\$ 12,841,181</u>	<u>\$ 13,107,667</u>	<u>\$ 7,661,586</u>	<u>\$ 9,106,189</u>	<u>\$ 11,619,916</u>	<u>\$ 11,034,550</u>	<u>\$ 11,205,695</u>	<u>\$ 6,800,599</u>
All other governmental funds:										
Restricted	\$3,271,881	\$3,479,211	\$3,479,211	\$1,687,125	\$3,156,646	\$2,511,909	\$4,610,356	\$3,902,559	\$5,128,031	\$8,687,746
Assigned, reported in:										
Other Special Revenue Fund	1,347,916	1,330,334	1,330,334	2,956,952	1,903,903	1,990,975	-	-	-	-
Total all other governmental funds	<u>\$ 4,619,797</u>	<u>\$ 4,809,545</u>	<u>\$ 4,809,545</u>	<u>\$ 4,644,077</u>	<u>\$ 5,060,549</u>	<u>\$ 4,502,884</u>	<u>\$ 4,610,356</u>	<u>\$ 3,902,559</u>	<u>\$ 5,128,031</u>	<u>\$ 8,687,746</u>

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

## Governmental Funds Fund Balances - After GASB 54 Implementation



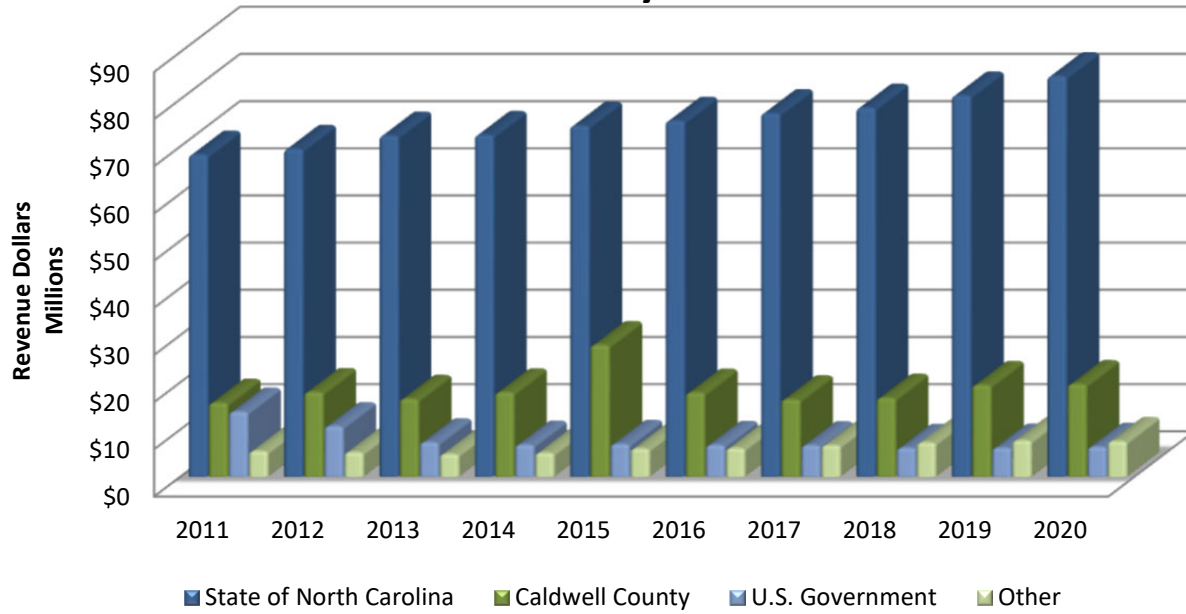
- Nonspendable, General
- Restricted, General
- Assigned, General
- Unassigned, General
- Restricted, all other governmental funds
- Assigned, Other Special Revenue

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

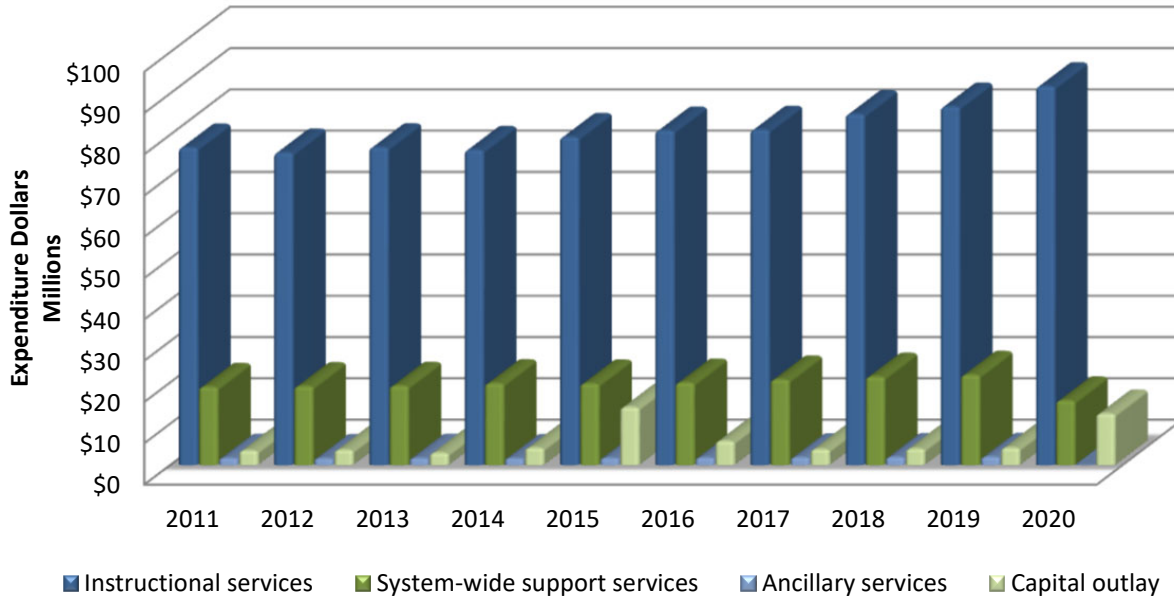
Year Ended June 30	2011	2012	2013	2014	2015
<b>Revenues</b>					
State of North Carolina	\$ 68,312,439	\$ 69,536,085	\$ 72,353,783	\$ 72,478,336	\$ 74,455,863
Caldwell County	15,722,734	17,995,918	16,545,310	17,936,241	27,958,162
U.S. Government	13,836,835	10,770,347	7,356,720	6,845,387	6,984,361
Other	5,497,124	5,269,556	4,877,254	5,132,845	6,037,572
Total revenues	103,369,132	103,571,906	101,133,067	102,392,809	115,435,958
<b>Expenditures</b>					
Instructional services	76,929,110	75,705,802	76,986,111	76,360,158	79,487,088
System-wide support services	18,939,789	19,110,777	19,209,687	19,814,554	19,764,490
Ancillary services	1,693,817	1,625,069	1,679,944	1,650,847	1,702,240
Non-programmed charges	-	-	-	-	-
Capital outlay	3,569,200	3,730,695	2,988,910	4,222,692	14,046,256
Debt service - principle	437,213	175,246	451,547	138,153	545,085
Total expenditures	101,569,129	100,347,589	101,316,199	102,186,404	115,545,159
Revenues over (under) expenditures	1,800,003	3,224,317	(183,132)	206,405	(109,201)
<b>Other financing sources (uses)</b>					
Installment purchase obligations issued	538,365	-	552,612	-	813,864
Sale of capital assets	-	-	-	-	-
Transfers in (out)	(45,353)	(46,480)	(50,461)	(66,200)	(64,935)
Total other financing sources (uses)	493,012	(46,480)	502,151	(66,200)	748,929
Net change in fund balance	\$ 2,293,015	\$ 3,177,837	\$ 319,019	\$ 140,205	\$ 639,728
Ratio of debt service expenditures to total non-capital expenditures	0.45%	0.18%	0.46%	0.14%	0.54%
Year Ended June 30	2016	2017	2018	2019	2020
<b>Revenues</b>					
State of North Carolina	\$ 75,484,601	\$ 77,112,444	\$ 78,267,708	\$ 80,861,294	\$ 84,950,193
Caldwell County	17,869,940	16,447,364	16,772,835	19,504,879	19,676,583
U.S. Government	6,789,305	6,725,396	6,176,274	6,193,504	6,399,093
Other	6,129,163	6,740,025	7,312,948	7,754,469	7,611,381
Total revenues	106,273,009	107,025,229	108,529,765	114,314,146	118,637,250
<b>Expenditures</b>					
Instructional services	81,046,689	81,245,507	85,028,088	86,848,510	91,758,616
System-wide support services	19,995,304	20,732,507	21,410,229	21,856,153	15,663,259
Ancillary services	1,800,077	1,879,720	1,943,297	1,997,565	101,842
Non-programmed charges	-	-	-	-	206,466
Capital outlay	5,860,608	3,892,760	4,020,394	4,233,841	12,494,312
Debt service	681,874	863,570	725,088	582,162	578,943
Total expenditures	109,384,552	108,614,064	113,127,096	115,518,231	120,803,438
Revenues over (under) expenditures	(3,111,543)	(1,588,835)	(4,597,331)	(1,204,085)	(2,166,188)
<b>Other financing sources (uses)</b>					
Installment purchase obligations issued	1,341,919	1,210,775	347,655	-	6,631,600
Sale of capital assets	-	-	-	-	-
Transfers in (out)	(39,880)	(45,999)	(49,602)	(48,793)	(49,537)
Total other financing sources (uses)	1,302,039	1,164,776	298,053	(48,793)	6,582,063
Net change in fund balance	\$ (1,809,504)	\$ (424,059)	\$ (4,299,278)	\$ (1,252,878)	\$ 4,415,875
Ratio of debt service expenditures to total non-capital expenditures	0.66%	0.83%	0.67%	0.53%	0.54%

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

### Governmental Funds Revenue by Source



### Governmental Funds Expenditures by Function



**CALDWELL COUNTY BOARD OF EDUCATION**  
**Full-time Equivalent Governmental Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Officials, admins, mgrs	29	26	25	26	26	26	28	28	25	23
Principals	26	26	26	25	26	26	26	26	26	25
Asst. Principals, non-teaching	19	16	18	18	18	18	18	18	18	19
Total administrators	74	68	69	69	70	70	72	72	69	67
Elementary teachers	422	404	401	399	398	397	376	376	399	399
Secondary teachers	201	196	197	194	192	198	187	187	186	170
Other teachers	242	225	221	228	225	223	221	221	230	223
Total teachers	865	825	819	821	815	818	784	784	815	792
Guidance	39	36	37	35	34	34	35	35	36	32
Psychological	4	3	6	5	4	5	6	6	4	4
Librarian, audiovisual	20	18	19	19	18	18	17	17	18	20
Consultant, supervisor	-	-	-	-	-	-	-	-	-	1
Other professionals	78	73	71	74	68	68	70	70	74	66
Total professionals	1,080	1,023	1,021	1,023	1,009	1,013	984	984	1,016	982
Teacher Assistants	310	281	282	271	262	253	247	247	246	233
Technicians	8	7	7	8	8	8	8	8	8	9
Clerical, secretarial	88	85	85	83	83	87	81	81	92	86
Service workers	159	135	124	116	111	108	102	102	138	127
Skilled crafts	19	20	22	21	21	23	22	22	24	24
Laborers, Unskilled	1	1	-	-	-	-	1	1	-	-
Total employees	<u>1,665</u>	<u>1,552</u>	<u>1,541</u>	<u>1,522</u>	<u>1,494</u>	<u>1,492</u>	<u>1,445</u>	<u>1,445</u>	<u>1,524</u>	<u>1,461</u>

Source: North Carolina Public Schools Statistical Profile (20011-2020 Editions)

# CALDWELL COUNTY BOARD OF EDUCATION

## Operational Expenditures Per Pupil Expenditures by Function Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2011	2012	2013	2014	2015
Average Daily Membership	12,555	12,333	12,224	12,060	11,918
Instructional	\$ 6,127	\$ 6,138	\$ 6,298	\$ 6,332	\$ 6,669
Support	1,509	1,550	1,571	1,643	1,658
Ancillary	135	132	137	137	143
<b>Total Expenditures</b>	<b>\$ 7,771</b>	<b>\$ 7,820</b>	<b>\$ 8,006</b>	<b>\$ 8,112</b>	<b>\$ 8,470</b>

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2016	2017	2018	2019	2020
Average Daily Membership	11,964	11,666	11,445	11,236	11,096
Instructional	\$ 6,774	\$ 6,964	\$ 7,429	\$ 7,729	\$ 8,270
Support	1,671	1,777	1,871	1,945	1,412
Ancillary	150	161	170	178	9
<b>Total Expenditures</b>	<b>\$ 8,595</b>	<b>\$ 8,902</b>	<b>\$ 9,470</b>	<b>\$ 9,852</b>	<b>\$ 9,691</b>

EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2011	2012	2013	2014	2015
Instructional	\$ 2,714	\$ 2,675	\$ 2,697	\$ 2,657	\$ 2,795
Support	669	675	673	689	695
Ancillary	60	58	59	57	60
<b>Total Expenditures</b>	<b>\$ 3,443</b>	<b>\$ 3,408</b>	<b>\$ 3,429</b>	<b>\$ 3,403</b>	<b>\$ 3,550</b>

EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2016	2017	2018	2019	2020
Instructional	\$ 2,810	\$ 2,843	\$ 2,948	\$ 3,017	\$ 3,206
Support	693	725	742	759	547
Ancillary	62	66	67	69	3
<b>Total Expenditures</b>	<b>\$ 3,565</b>	<b>\$ 3,634</b>	<b>\$ 3,757</b>	<b>\$ 3,845</b>	<b>\$ 3,756</b>

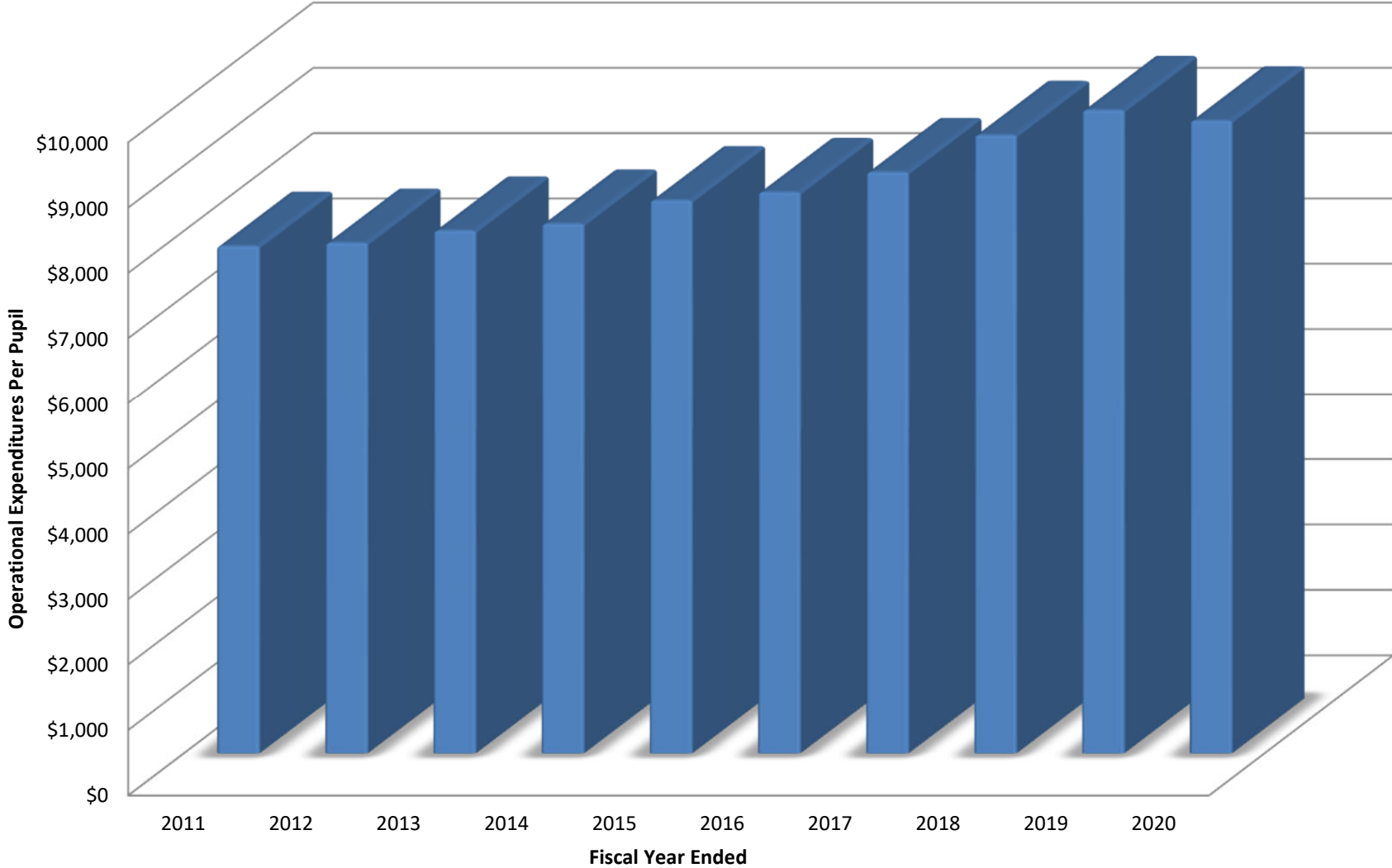
Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020.

The above operational expenditures per pupil include all governmental funds.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

# Operational Expenditures Per Pupil

## Expenditures by Function





**Caldwell County Board of Education  
Student Statistics  
Last Ten Fiscal Years**

Year Ended June 30,	Teaching Staff	Students	Pupil/ Teacher ratio	Student Attendance Percentage	Students receiving free/ reduced lunch percentage
2020	792	11,096	14.0	95.63%	67.91%
2019	815	11,236	13.8	94.89%	60.84%
2018	784	11,445	14.6	94.89%	60.80%
2017	784	11,666	14.9	94.96%	62.13%
2016	818	11,964	14.6	95.53%	58.97%
2015	815	11,918	14.6	95.69%	62.15%
2014	821	12,060	14.7	95.79%	61.39%
2013	819	12,224	14.9	95.09%	60.27%
2012	825	12,333	14.9	96.10%	59.72%
2011	865	12,555	14.5	95.40%	54.79%

Source: North Carolina Department of Public Instruction

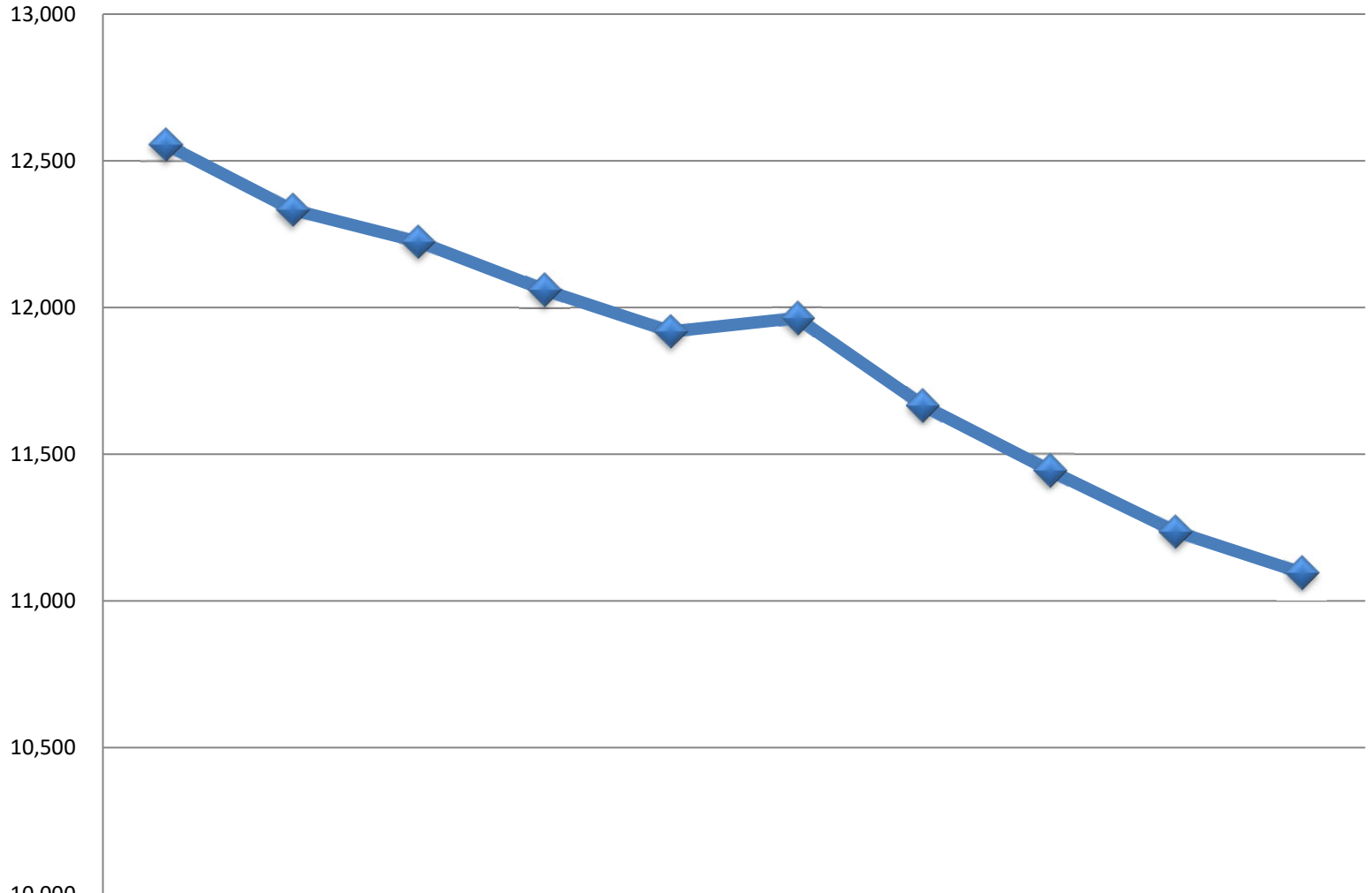
# CALDWELL COUNTY BOARD OF EDUCATION

## School Building Data June 30, 2020

Site	Square Footage	Capacity	Current Membership	Over/(Under) Capacity
Baton Elementary	72,446	642	355	287
Caldwell Applied Sciences Academy	N/A	N/A	213	N/A
Caldwell Early College	N/A	N/A	395	N/A
Collettsville School	60,032	477	353	124
Davenport A+ School	76,115	523	491	32
Dudley Shoals Elementary	73,390	653	420	233
Gamewell Elementary	85,047	707	464	243
Gamewell Middle	95,759	676	553	123
Gateway School	27,098	95	66	29
Granite Falls Elementary	68,355	773	593	180
Granite Falls Middle	96,561	765	554	211
Happy Valley Elementary	54,525	485	220	265
Hibriten High	184,509	1,093	808	285
Horizons Elementary	26,042	125	33	92
Hudson Elementary	107,403	940	681	259
Hudson Middle	98,534	920	709	211
Kings Creek Elementary	54,496	307	171	136
Lower Creek Elementary	48,950	410	386	24
Oak Hill Elementary	45,587	335	117	218
Sawmills Elementary	57,420	532	331	201
South Caldwell High	272,427	1,900	1,365	535
Valmead Elementary	38,085	330	136	194
West Caldwell High	193,809	1,186	697	489
West Lenoir Elementary	43,327	287	144	143
Whitnel Elementary	72,339	544	280	264
William Lenoir Middle	100,699	750	561	189

Source: Facilities Director, Caldwell County Board of Education

### CALDWELL COUNTY SCHOOLS Average Daily Membership Last Ten Fiscal Years



**CALDWELL COUNTY BOARD OF EDUCATION**  
**Proprietary Fund - Food Services Operations**  
**Revenues by Source**  
**Last Ten Fiscal Years**

**EXPRESSED IN NOMINAL DOLLARS**

Year Ended June 30	2011	2012	2013	2014	2015
Food sales	\$ 2,442,563	\$ 2,304,577	\$ 2,152,268	\$ 2,044,941	\$ 1,888,529
Federal reimbursements	3,948,997	4,116,803	4,309,688	4,319,853	4,339,584
Federal commodities	454,674	349,769	435,315	469,897	387,898
Other	391,104	363,912	408,229	419,433	400,998
Total revenues	<u>\$ 7,237,338</u>	<u>\$ 7,135,061</u>	<u>\$ 7,305,500</u>	<u>\$ 7,254,124</u>	<u>\$ 7,017,009</u>

**EXPRESSED IN NOMINAL DOLLARS**

Year Ended June 30	2016	2017	2018	2019	2020
Food sales	\$ 1,790,430	\$ 1,547,227	\$ 1,486,664	\$ 1,566,972	\$ 1,223,269
Federal reimbursements	4,668,628	4,655,276	4,262,250	4,405,258	5,496,333
Federal commodities	445,505	468,432	642,743	557,503	565,446
Other	409,375	390,921	380,943	407,116	328,717
Total revenues	<u>\$ 7,313,938</u>	<u>\$ 7,061,856</u>	<u>\$ 6,772,600</u>	<u>\$ 6,936,849</u>	<u>\$ 7,613,765</u>

**EXPRESSED IN CONSTANT DOLLARS**

Year Ended June 30	2011	2012	2013	2014	2015
Food sales	\$ 1,082,111	\$ 1,004,269	\$ 921,726	\$ 857,982	\$ 791,378
Federal reimbursements	1,749,496	1,793,986	1,845,659	1,812,452	1,818,480
Federal commodities	201,431	152,419	186,427	197,152	162,547
Other	173,268	158,583	174,827	175,979	168,036
Total revenues	<u>\$ 3,206,306</u>	<u>\$ 3,109,257</u>	<u>\$ 3,128,639</u>	<u>\$ 3,043,565</u>	<u>\$ 2,940,441</u>

**EXPRESSED IN CONSTANT DOLLARS**

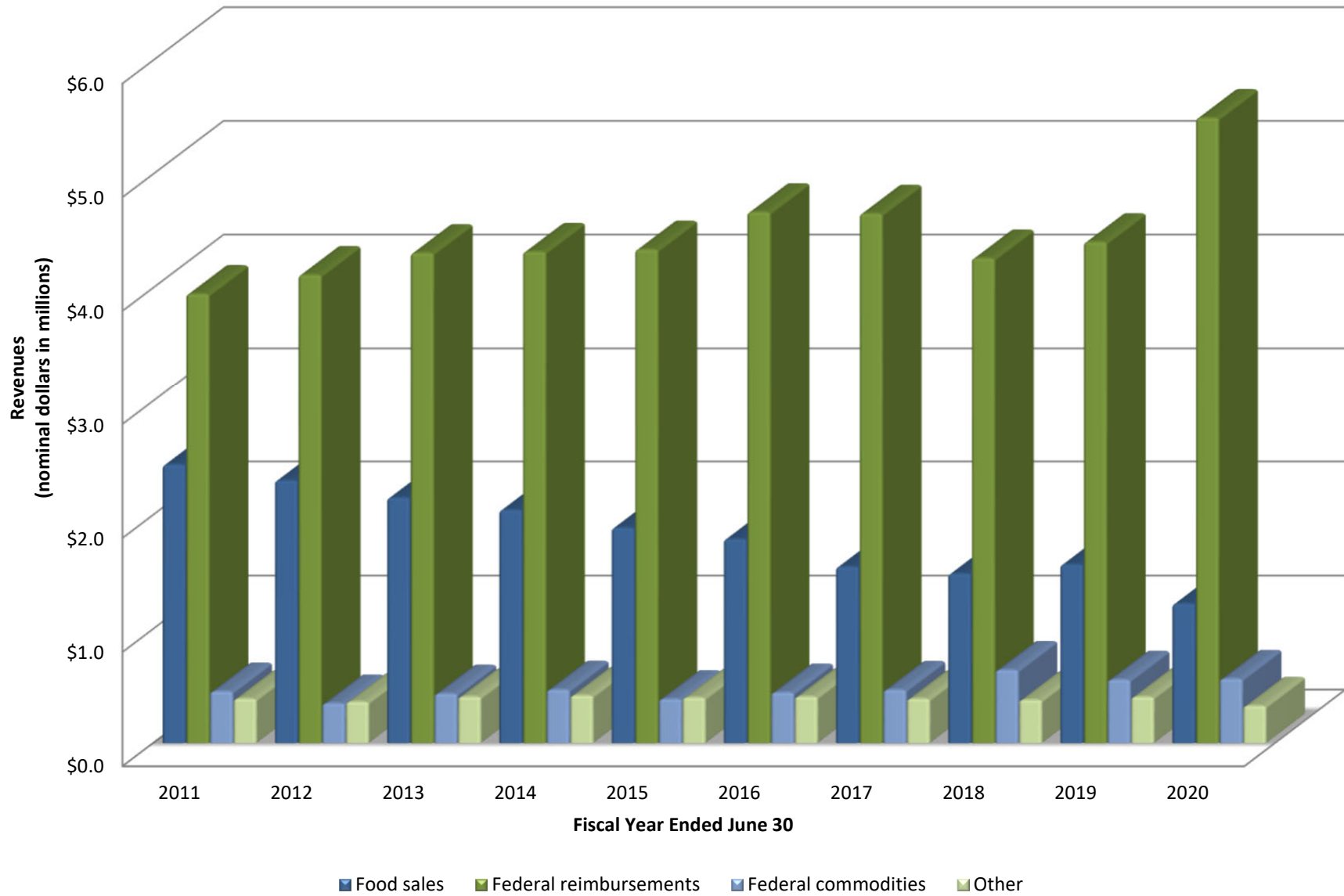
Year Ended June 30	2016	2017	2018	2019	2020
Food sales	\$ 742,800	\$ 631,637	\$ 589,972	\$ 611,757	\$ 474,190
Federal reimbursements	1,936,885	1,900,462	1,691,443	1,719,843	2,130,609
Federal commodities	184,828	191,232	255,068	217,653	219,191
Other	169,838	159,589	151,174	158,941	127,425
Total revenues	<u>\$ 3,034,351</u>	<u>\$ 2,882,920</u>	<u>\$ 2,687,657</u>	<u>\$ 2,708,194</u>	<u>\$ 2,951,415</u>

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Other revenue includes interest earned, State reimbursements, indirect costs not paid, and other revenue.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

## Proprietary Fund - Food Service Operations Revenues by Source



**CALDWELL COUNTY BOARD OF EDUCATION**  
**Proprietary Fund - Food Services Operations**  
**Expenses by Category**  
**Last Ten Fiscal Years**

**EXPRESSED IN NOMINAL DOLLARS**

Year Ended June 30	2011	2012	2013	2014	2015
Purchase of food	\$ 2,112,716	\$ 2,276,318	\$ 2,260,963	\$ 2,240,615	\$ 2,269,629
Donated commodities	454,674	349,769	435,315	470,459	387,898
Salaries and benefits	3,470,972	3,539,638	3,637,901	3,594,321	3,317,628
Other	940,064	1,034,895	953,090	850,166	892,211
Total expenses	<u>\$ 6,978,426</u>	<u>\$ 7,200,620</u>	<u>\$ 7,287,269</u>	<u>\$ 7,155,561</u>	<u>\$ 6,867,366</u>

**EXPRESSED IN NOMINAL DOLLARS**

Year Ended June 30	2016	2017	2018	2019	2020
Purchase of food	\$ 2,232,097	\$ 2,053,835	\$ 1,948,753	\$ 2,229,658	\$ 2,810,444
Donated commodities	445,505	468,432	495,769	423,542	-
Salaries and benefits	3,302,724	3,464,504	3,568,518	3,343,325	3,314,817
Other	994,814	936,328	958,551	968,702	541,557
Total expenses	<u>\$ 6,975,140</u>	<u>\$ 6,923,099</u>	<u>\$ 6,971,591</u>	<u>\$ 6,965,227</u>	<u>\$ 6,666,818</u>

**EXPRESSED IN CONSTANT DOLLARS**

Year Ended June 30	2011	2012	2013	2014	2015
Purchase of food	\$ 935,981	\$ 991,955	\$ 968,276	\$ 940,080	\$ 951,076
Donated commodities	201,431	152,419	186,427	197,387	162,547
Salaries and benefits	1,537,720	1,542,474	1,557,961	1,508,046	1,390,235
Other	416,470	450,978	408,169	356,699	373,876
Total expenses	<u>\$ 3,091,602</u>	<u>\$ 3,137,826</u>	<u>\$ 3,120,833</u>	<u>\$ 3,002,212</u>	<u>\$ 2,877,734</u>

**EXPRESSED IN CONSTANT DOLLARS**

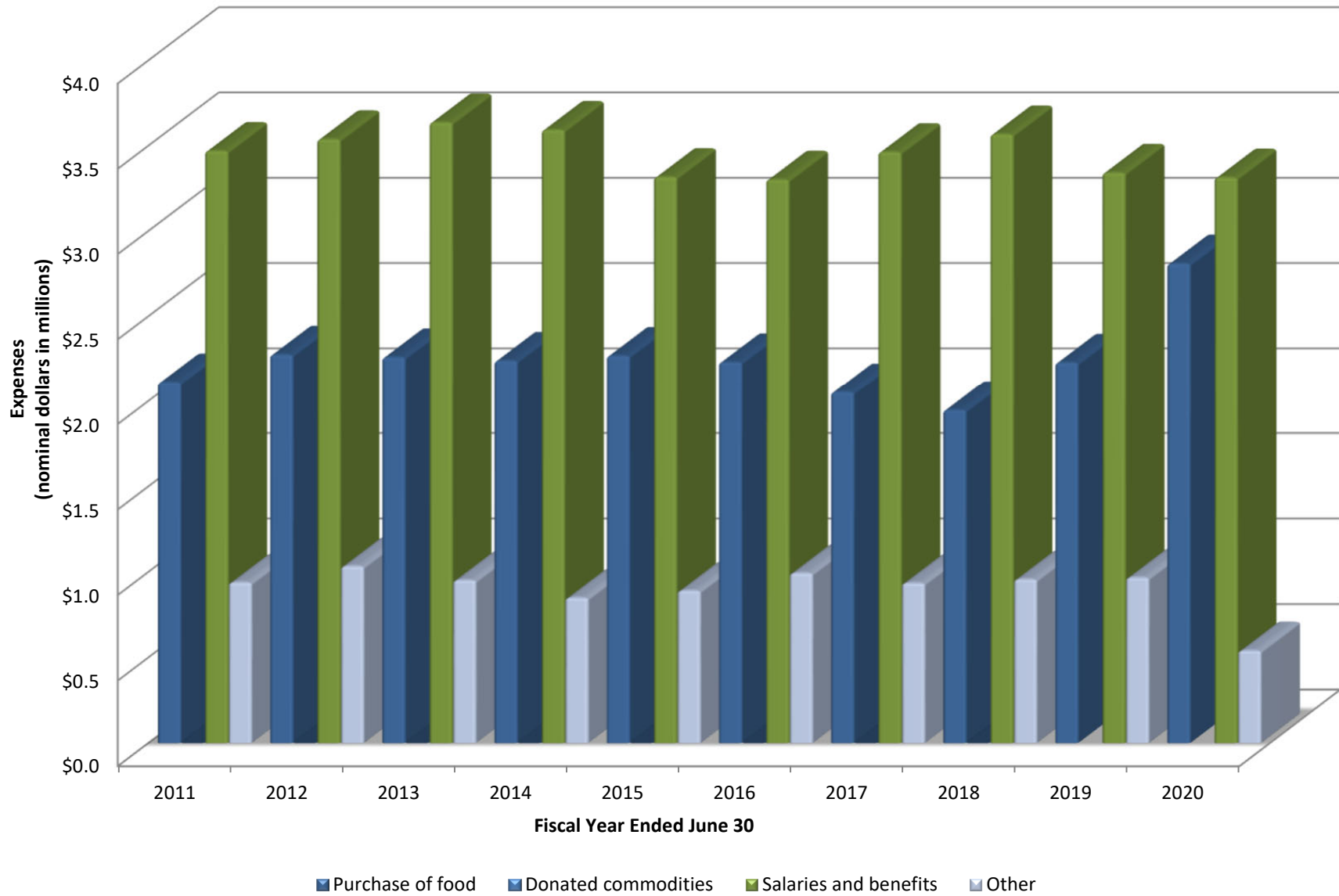
Year Ended June 30	2016	2017	2018	2019	2020
Purchase of food	\$ 926,035	\$ 838,454	\$ 773,348	\$ 870,474	\$ 1,089,446
Donated commodities	184,828	191,232	196,742	165,354	-
Salaries and benefits	1,370,209	1,414,343	1,416,140	1,305,257	1,284,962
Other	412,721	382,245	380,394	378,188	209,930
Total expenses	<u>\$ 2,893,793</u>	<u>\$ 2,826,274</u>	<u>\$ 2,766,624</u>	<u>\$ 2,719,273</u>	<u>\$ 2,584,338</u>

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Other expense includes indirect costs, materials and supplies, repairs and maintenance, depreciation, and other expenses.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

## Proprietary Fund - Food Services Operations Expenses by Category



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

<b>Year Ended June 30</b>	<b>Installment Purchases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2020	\$ 6,718,514	\$ 6,718,514	0.23%	\$ 82
2019	454,591	454,591	0.02%	6
2018	1,036,756	1,036,756	0.04%	13
2017	1,414,186	1,414,186	0.08%	17
2016	1,066,981	1,066,981	0.07%	13
2015	406,936	406,936	0.03%	5
2014	138,157	138,157	0.01%	2
2013	276,310	276,310	0.02%	3
2012	175,245	175,245	0.01%	2
2011	350,490	350,490	0.02%	4

Source: Caldwell County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2020

Note: Caldwell County School System cannot incur debt without obtaining prior approval from the Board.



**CALDWELL COUNTY**  
**North Carolina**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Population Estimate (1)	83,209	83,117	83,117	82,590	82,321
Personal Income	\$1,711,957,296	\$1,609,311,354	\$1,549,300,880	\$1,587,544,980	\$1,609,540,192
Per Capita Income (2)	\$20,574	\$19,362	\$18,640	\$19,222	\$19,552
Median Age (3)	42	42	42	42	44
School Enrollment	12,555	12,333	12,224	12,060	11,918
Unemployment Rate (2)	13.3%	13.2%	10.0%	7.4%	7.1%
<b>Year Ended June 30</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Population Estimate (1)	82,445	82,292	81,623	81,981	82,247
Personal Income	\$1,611,964,640	\$1,725,827,824	\$2,653,400,484	\$2,772,178,515	\$2,909,405,378
Per Capita Income (2)	\$19,552	\$20,972	\$32,508	\$33,815	\$35,374
Median Age (3)	43	43	44	44	44
School Enrollment	11,964	11,666	11,445	12,236	11,096
Unemployment Rate (2)	6.3%	4.2%	4.0%	3.8%	8.2%

## Sources:

1 Based upon estimates issued by the U.S. Census Bureau

2 Bureau of Economic Analysis

3 Office of State Budget and Management

4 North Carolina Department of Public Instruction

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total Taxable Assessed Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita (1)</u>
2011	5,485,000	5,389,529,112	0.10	66
2012	3,945,000	5,540,557,372	0.07	47
2013	2,445,000	5,674,721,362	0.04	29
2014	1,385,000	6,307,655,358	0.02	17
2015	825,000	6,433,533,768	0.01	10
2016	500,000	6,621,942,767	0.01	6
2017	185,000	6,680,868,162	0.003	2
2018	-	6,797,653,494	-	-
2019	-	7,027,817,450	-	-
2020	-	7,653,239,428	-	-

(1) Population based on estimates issued by the Bureau of the Census

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2020 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2021, if applicable.

**CALDWELL COUNTY**  
North Carolina  
Principal Employers  
For Year Ended June 30, 2020 and 2011

Employer	2020			2011		
	Employees <sup>(1)</sup>	Rank	Approximate Percentage of Total County Employment	Employees <sup>(1)</sup>	Rank	Approximate Percentage of Total County Employment
Caldwell County Schools	1000+	1	2.85%	1000+	1	2.61%
Merchants Distributors Inc	1000+	2	2.85%	1000+	2	2.61%
Bernhardt Furniture Co Inc	1000+	3	2.85%	500-999	4	1.31 - 2.61%
Caldwell Memorial Hospital Inc	500-999	4	1.42 - 2.84%	500-999	3	1.31 - 2.61%
Wal-Mart Associates Inc	500-999	5	1.42 - 2.84%	500-999	7	1.31 - 2.61%
Caldwell County	500-999	6	1.42 - 2.84%	500-999	8	1.31 - 2.61%
Caldwell Community Coll & Tech Inst	500-999	7	1.42 - 2.84%	500-999	5	1.31 - 2.61%
Fairfield Chair Company	250-499	8	0.71 - 1.42%			
RPM Wood Finishes	250-499	9	0.71 - 1.42%			
Stallergenes Greer	250-499	10	0.71 - 1.42%			
Broyhill Furniture Industries Inc	-			500-999	6	1.31 - 2.61%
Thomasville Furniture Ind Inc	-			250-499	10	0.65 - 1.30%
Universal Mental Health Services	-			250-499	9	0.65 - 1.30%
Total County Emplment (2)	<u>35,126</u>		<u>16.36 - 24.17%</u>	<u>38,299</u>		<u>14.38 - 23.48%</u>

## Sources:

(1) North Carolina Chamber of Commerce

(2) Labor estimates provided by the Employment Security Commission of North Carolina

**CALDWELL COUNTY, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**December 31, 2019 and December 31, 2010**

Taxpayer	December 31, 2019			December 31, 2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Google	\$1,173,397,868	1	15.33	\$ 118,199,030	1	2.19
Tapaha Dynamics LLC	355,607,500	2	4.65	53,889,600	4	1.00
MDI/Merchant Distributors	143,020,441	3	1.87	116,033,065	2	2.15
Duke Energy	92,047,047	4	1.20	60,526,364	3	1.12
Blue Ridge Electric Membership/Energies	68,458,960	5	0.89	47,409,862	5	0.88
Greer Laboratories Inc	39,981,706	6	0.52			-
Walmart	36,230,896	7	0.47	19,875,703	9	0.37
Bernhardt Industries	28,712,478	8	0.38	27,307,718	7	0.51
Exela	28,538,659	9	0.37			-
Sealed Air Corporation	26,250,399	10	0.34			-
Broyhill Industries		-	-	28,577,192	6	0.53
BellSouth		-	-	22,831,759	8	0.42
Neptco		-	-	19,782,983	10	0.37
	<u>\$ 1,992,245,954</u>		<u>26.02</u>	<u>\$ 514,433,276</u>		<u>9.54</u>
Total Assessed Valuation	<u>\$ 7,653,239,428</u>			<u>\$ 5,389,529,112</u>		

Source: Caldwell County Tax Department

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

EXPRESSED IN NOMINAL DOLLARS			
FISCAL YEAR ENDED June 30	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED
2020	48,292,192	47,007,689	97.34
2019	44,275,250	42,775,463	96.61
2018	42,839,522	41,194,901	96.16
2017	42,109,895	40,529,324	96.25
2016	39,744,478	38,217,503	96.16
2015	38,611,973	37,065,023	95.99
2014	37,906,403	35,909,696	94.73
2013	35,746,118	34,386,100	96.20
2012	36,566,382	35,461,834	96.98
2011	35,009,037	34,160,132	97.58

EXPRESSED IN CONSTANT DOLLARS			
FISCAL YEAR ENDED June 30	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	
2020	18,720,081	18,222,153	
2019	17,285,364	16,699,837	
2018	17,000,552	16,347,897	
2017	17,190,870	16,545,620	
2016	16,488,885	15,855,385	
2015	16,180,144	15,531,903	
2014	15,904,139	15,066,394	
2013	15,308,568	14,726,129	
2012	15,934,592	15,453,261	
2011	15,509,803	15,133,718	

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Caldwell County, North Carolina, Annual Financial Report for the year ended June 30, 2020.

**CALDWELL COUNTY**  
**North Carolina**  
**Property Tax Rates - All Overlapping Governments**  
**(PER \$100 OF ASSESSED VALUE)**  
**Last Ten Fiscal Years**

Year Ended June 30	2011	2012	2013	2014	2015
CALDWELL COUNTY	0.6599	0.6599	0.6299	0.6000	0.6000
CITIES AND TOWNS					
Blowing Rock	0.2800	0.2800	0.2800	0.2800	0.3100
Cedar Rock	0.1500	0.1500	0.1500	0.1500	0.1500
Granite Falls	0.4200	0.4200	0.4400	0.4400	0.4400
Hickory	0.5000	0.5000	0.5000	0.5000	0.5665
Hudson	0.3700	0.3700	0.3700	0.3900	0.3900
Lenoir	0.5400	0.5400	0.5600	0.5600	0.5800
Rhodhiss	0.5500	0.5500	0.5500	0.5500	0.5500
Rutherford College	N/A	N/A	N/A	N/A	N/A
Sawmills	0.2000	0.2000	0.2000	0.2000	0.2000
FIRE DISTRICTS					
All Districts	.0310 - .1300	.0310 - .1300	.0310 - .1300	.0310 - .1300	.0310 - .1300
RESCUE SERVICES	0.0085	0.0085	0.0085	0.0085	0.0085
SPECIAL DISTRICTS					
Lenior Special District	0.2500	0.2500	0.2500	0.2500	0.2500

<b>Year Ended June 30</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>CALDWELL COUNTY</b>	0.6000	0.6300	0.6300	0.6300	0.6300
<b>CITIES AND TOWNS</b>					
Blowing Rock	0.3300	0.3700	0.3700	0.3900	0.3900
Cedar Rock	0.1500	0.1500	0.1500	0.1500	0.1500
Granite Falls	0.4400	0.4500	0.4500	0.4485	0.4485
Hickory	0.5665	0.5665	0.5665	0.5875	0.5875
Hudson	0.3900	0.4300	0.4300	0.4300	0.4300
Lenoir	0.5800	0.5800	0.5800	0.5800	0.5800
Rhodhiss	0.5500	0.5500	0.5500	0.5500	0.5500
Rutherford College	N/A	N/A	N/A	0.1200	0.1200
Sawmills	0.2000	0.2000	0.2000	0.2000	0.2000
<b>FIRE DISTRICTS</b>					
All Districts	.0310 - .1300	.0395 - .1300	.0395 - .1385	.0395 - .1580	.0395 - .1580
<b>RESCUE SERVICES</b>	0.0085	0.0085	N/A	N/A	N/A
<b>SPECIAL DISTRICTS</b>					
Lenior Special District	0.2500	0.2500	0.2500	0.2500	0.2500

Source: Caldwell County, North Carolina, Tax Department.

**CALDWELL COUNTY, NORTH CAROLINA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assessed value (after exemption)	\$ 7,653,239,428	\$ 7,027,817,450	\$ 6,797,653,494	\$ 6,680,868,162
Debt limit rate	8%	8%	8%	8%
Debt limit	612,259,154	562,225,396	543,812,280	534,469,453
Less: Total net debt applicable to limit	43,970,245	46,947,869	34,099,526	36,537,387
Legal debt margin	<u>568,288,909</u>	<u>515,277,527</u>	<u>509,712,754</u>	<u>497,932,066</u>
Total net debt applicable to the limit as a percentage of debt limit	7%	8%	6%	7%
<b>Legal Debt Margin Calculation for Fiscal Year 2020</b>				
Assessed value (after exemptions)				\$ 7,653,239,428
Debt limit (8% of assessed value)				612,259,154
Debt applicable to limit:				
Outstanding general obligation debt				43,970,245
Total net debt applicable to limit				<u>43,970,245</u>
Legal debt margin				<u>\$ 568,288,909</u>

Note: Caldwell County Board of Education does not have debt levy authority.



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 6,621,942,767	\$ 6,433,533,768	\$ 6,307,655,358	\$ 5,674,721,362	\$ 5,540,557,372	\$ 5,389,529,112
8%	8%	8%	8%	8%	8%
<u>529,755,421</u>	<u>514,682,701</u>	<u>504,612,429</u>	<u>453,977,709</u>	<u>443,244,590</u>	<u>431,162,329</u>
<u>40,735,195</u>	<u>44,596,174</u>	<u>47,200,967</u>	<u>35,780,074</u>	<u>39,909,568</u>	<u>45,689,498</u>
<u><u>489,020,226</u></u>	<u><u>470,086,527</u></u>	<u><u>457,411,462</u></u>	<u><u>418,197,635</u></u>	<u><u>403,335,022</u></u>	<u><u>385,472,831</u></u>
8%	9%	9%	8%	9%	11%

