

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Boggs, Crump & Brown, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Morganton, North Carolina

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

SCHOOL BOARD MEMBERS

Mr. Darrell C. Pennell, Chairman

Mrs. Teresa H. Branch, Vice Chairman

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Mrs. Ann B. Edwards

Mr. Timothy W. Hawkins

Mr. C. Duane Knight

Mr. Joseph D. Sims

SUPERINTENDENT

Dr. Donald Phipps

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JUNE 30, 2019**

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Boggs, Crump & Brown, P.A.

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Independent Auditor's Report

To the Board of Education
Caldwell County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caldwell County Board of Education, North Carolina, as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Caldwell County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund and Federal Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages four through thirteen and the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Board Contributions on pages 64 and 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

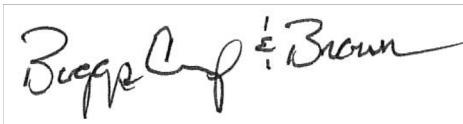
Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2019 on our consideration of Caldwell County's Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Caldwell County Board of Education's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Boggs Crump & Brown". The signature is written in a cursive style with a horizontal line underneath.

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

November 12, 2019
Morganton, North Carolina

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 221 students (1.9%) from the previous year.
- The liabilities of the Board exceeded assets at the close of the fiscal year by \$(113,385,659).
- The Board's total net position increased by \$3,302,912 during fiscal year June 30, 2019.
- At the close of the current fiscal year, the Board's governmental funds reported a combined fund balance of \$10,609,861 a decrease of \$(1,284,181) from the prior year.
- At the close of the current fiscal year, the Board's General Fund reported a fund balance of \$5,481,830 a decrease of \$(2,509,653) from the prior year.

Overview of the Financial Statements

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

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

Government-wide Statements

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

The two Government-wide statements report the Board's net position and how it has changed. Net position - the difference between the board's assets plus deferred outflows of resources and the total of liabilities plus deferred inflows of resources - is one way to measure the unit's financial health or position.

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds - not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund
- The Board has established other funds to control and manage money for particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Caldwell County Board of Education has two types of funds:

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

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

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

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

Financial Analysis of the District as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$(113,385,659) as of June 30, 2019.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
as of June 30, 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current assets	\$ 19,435,594	\$ 20,481,865	\$ 5,057,571	\$ 5,044,631	\$ 24,493,165	\$ 25,526,496
Capital assets	<u>68,357,605</u>	<u>68,735,734</u>	<u>641,539</u>	<u>721,524</u>	<u>68,999,144</u>	<u>69,457,258</u>
Total assets	<u>87,793,199</u>	<u>89,217,599</u>	<u>5,699,110</u>	<u>5,766,155</u>	<u>93,492,309</u>	<u>94,983,754</u>
Deferred outflows of resources	<u>32,607,036</u>	<u>26,762,508</u>	<u>1,221,198</u>	<u>1,002,312</u>	<u>33,828,234</u>	<u>27,764,820</u>
Current liabilities	10,450,597	10,242,487	320,736	360,610	10,771,333	10,603,097
Non current liabilities	<u>158,438,410</u>	<u>170,779,742</u>	<u>5,839,676</u>	<u>6,291,974</u>	<u>164,278,086</u>	<u>177,071,716</u>
Total liabilities	<u>168,889,007</u>	<u>181,022,229</u>	<u>6,160,412</u>	<u>6,652,584</u>	<u>175,049,419</u>	<u>187,674,813</u>
Deferred inflows of Resources	<u>63,367,651</u>	<u>49,970,866</u>	<u>2,289,132</u>	<u>1,791,466</u>	<u>68,544,553</u>	<u>51,762,332</u>
Net Investment in capital assets	67,903,014	67,698,981	641,539	721,524	68,544,553	68,420,505
Restricted:						
Individual schools	1,338,386	1,288,169			1,338,386	1,288,169
Stabilization by State statute	157,651	75,005			157,651	75,005
School Capital Outlay	3,789,645	2,614,390			3,789,645	2,614,390
DIPNC OPEB Plan	117,516	238,541	4,401	8,926	121,917	247,467
Unrestricted net position (deficit)	<u>(185,162,635)</u>	<u>(186,928,074)</u>	<u>(2,175,176)</u>	<u>(2,406,033)</u>	<u>(187,337,811)</u>	<u>(189,334,107)</u>
Total net position (deficit)	<u>\$(111,856,423)</u>	<u>\$(115,012,988)</u>	<u>\$(1,529,236)</u>	<u>\$(1,675,583)</u>	<u>\$(113,385,659)</u>	<u>\$(116,688,571)</u>

Note that net position increased during the year indicating an improvement in the financial condition of the Board. The increase in governmental activities net position was due to adjustments related to OPEB and pension entries. Also, note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 979,307	\$ 901,254	\$ 2,888,430	\$ 2,814,924	\$ 3,867,737	\$ 3,716,178
Operating grants and contributions	85,505,963	82,133,218	5,367,842	5,284,073	90,873,805	87,417,291
Capital grants and contributions	28,751	67,039			28,751	67,039
General revenue:						
Other revenues	<u>27,664,668</u>	<u>25,301,820</u>	<u>7,873</u>	<u>4,752</u>	<u>27,672,541</u>	<u>25,306,572</u>
Total revenues	<u>114,178,689</u>	<u>108,403,331</u>	<u>8,264,145</u>	<u>8,103,749</u>	<u>122,442,834</u>	<u>116,507,080</u>
Expenses:						
Governmental activities:						
Instructional services	90,685,913	96,256,925			90,685,913	96,256,925
System-wide support services	17,060,320	19,057,894			17,060,320	19,057,894
Ancillary services	14,242	12,746			14,242	12,746
Non-programmed charges	77,461	49,672			77,461	49,672
Unallocated depreciation expense	3,135,395	3,046,006			3,135,395	3,046,006
Business-type activities:						
Food service			6,965,227	6,971,591	6,965,227	6,971,591
Child care			<u>1,201,364</u>	<u>1,247,944</u>	<u>1,201,364</u>	<u>1,247,944</u>
Total expenses	<u>110,973,331</u>	<u>118,423,243</u>	<u>8,166,591</u>	<u>8,219,535</u>	<u>119,139,922</u>	<u>126,642,778</u>
Increase (decrease)in net position before transfers	3,205,358	(10,019,912)	97,554	(115,786)	3,302,912	(10,135,698)
Transfers in (out)	<u>(48,793)</u>	<u>(49,602)</u>	<u>48,793</u>	<u>49,602</u>		
Increase (decrease)in net position	3,156,565	(10,069,514)	146,347	(66,184)	3,302,912	(10,135,698)
Net position, beginning		61,035,793	(1,675,583)	4,606,860	(116,688,571)	65,642,653
Net position restatement	<u>(115,012,988)</u>	<u>(165,979,267)</u>		<u>(6,216,259)</u>		<u>(172,195,526)</u>
Ending net position (Deficit)	<u>\$(111,856,423)</u>	<u>\$(115,012,988)</u>	<u>\$(1,529,236)</u>	<u>\$(1,675,583)</u>	<u>\$(113,385,659)</u>	<u>\$(116,688,571)</u>

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Total governmental activities generated revenues of \$114,178,689 while expenses in this category totaled \$110,973,331 for the year ended June 30, 2019. Comparatively, revenues were \$108,403,311 and expenses totaled \$118,423,243 for the year ended June 30, 2018. After transfers to the business-type activities, the increase in net position stands at \$3,156,565 at June 30, 2019 compared to a decrease in net position of (\$10,069,514) for fiscal year end June 30, 2018. Instructional services expenses comprised 81.7% of total governmental-type expenses while system-wide support services made up 15.4% of those expenses for fiscal year ending June 30, 2019. Instructional services expenses comprised 81.3% of total governmental-type expenses while system-wide support services made up 16.09% of those expenses for fiscal year June 30, 2018. County funding comprised 17% of total government revenue for fiscal year end June 30, 2019 as compared to 15.5% in fiscal year end June 30, 2018 while unrestricted state funding comprised 5.0% and 5.7% for fiscal years ending June 30, 2019 and June 30, 2018 respectively. Much of the remaining 78% of total governmental revenue consists mainly of restricted State and Federal money for the year ending June 30, 2019. This revenue represented 78.2% of total revenue in 2018. Business-type activities generated revenue of \$8,264,145 and had expenses of \$8,166,591 as compared to revenues of \$8,103,749 and expenses of \$8,219,535 for the period ending June 30, 2018. Net position increased in the business-type activities by \$146,347 as compared to a decrease of (\$66,184) for the period ending June 30, 2018.

Financial Analysis of the District's Funds

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

The Board's governmental funds reported a combined fund balance of \$10,609,861 a decrease of \$(1,284,181) from the prior year. The Board's General Fund had a decrease in fund balance of \$(2,509,653) while the Capital Outlay Fund and Individual School Fund had an increase in fund balance of \$1,175,255 and \$50,217 respectively. The General Fund decrease in fund balance of \$(2,509,653) is primarily due to the General Fund funding cuts in the state budget and additional increases in employer benefit costs.

At the close of the year, state funding was \$80,878,380, compared to \$78,267,708 in 2018, an increase of \$2,610,672 for the year. This was mainly due to increased funding from the State Public School Fund. County funding was \$19,382,614, compared to \$16,772,835 in 2018, an increase of \$2,609,779 due to funds for new school construction in the Capital Outlay Fund. County funding to the General Fund remained the same at \$14,800,000 for June 30, 2019 and June 30, 2018. Federal Grant funding was \$6,193,504, compared to \$6,176,274 in 2018, an increase of \$17,230 for the year.

The Board's business-type funds showed a combined increase in net position of \$146,347 as compared to a decrease of \$(66,184) for the period ended June 30, 2018. The School Food Service Fund reported an increase in net position of \$20,415 while the Child Care Fund reported an increase in net position of \$125,932 as compared to a decrease of net position of \$(149,389) and an increase of \$83,205 respectively for fiscal year ended June 30, 2018.

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

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

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

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

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to change appropriations in light of the adjusted revenue estimates. Even with the adjustments in revenue, the Board was able to reduce spending and end the year with a smaller than initially anticipated deficit. Adjusted estimates in revenues totaled an increase of \$269,618 in the General Fund. The Board was able to come in at a smaller than anticipated deficit due to actual instructional service expenditures being \$1,852,839 under budgeted expenditures.

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Capital Assets

Capital assets decreased by \$458,114 (or .66%) from the previous year. Depreciation for the total primary government totaled \$3,973,400 while additions from capital expenditures totaled \$3,515,286. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3
Summary of Capital Assets
as of June 30, 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land	\$ 3,063,925	\$ 3,025,787	\$	\$	\$ 3,063,925	\$ 3,025,787
Construction in progress	2,922,325	853,103			2,922,325	853,103
Buildings and Improvements	58,278,842	59,984,290			58,278,842	59,984,290
Equipment and furniture	1,064,588	1,197,652	641,539	721,524	1,706,127	1,919,176
Vehicles	<u>3,027,925</u>	<u>3,674,902</u>			<u>3,027,925</u>	<u>3,674,902</u>
Total	<u>\$68,357,605</u>	<u>\$68,735,734</u>	<u>\$641,539</u>	<u>\$721,524</u>	<u>\$68,999,144</u>	<u>\$69,457,258</u>

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

Debt Outstanding

During the year the Board's outstanding debt decreased by \$582,162 due to payments made on installment financing for school buses. The Board is limited by North Carolina statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

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

Economic Factors

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

**CALDWELL COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

- Caldwell County's economy has historically been based on the furniture industry, which has seen massive layoffs in recent years due to international competition.
- The County's unemployment rate has increased by 0.7% from 4.1% in 2018 to 4.8% in 2019. The State unemployment rate is 4.2% at June 30, 2019.
- Caldwell County Schools is the leading employer in Caldwell County.

Requests for Information

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

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	14,660,049	4,534,135	19,194,184
Due from other governments	4,075,799	162,488	4,238,287
Receivables (net)	24,835	58,811	83,646
Net OPEB asset	117,516	4,401	121,917
Internal balances	-	-	-
Inventories	557,395	297,736	855,131
Total current assets	19,435,594	5,057,571	24,493,165
Capital assets (Note 1):			
Land and construction in progress	5,986,250		5,986,250
Other capital assets, net of depreciation	62,371,355	641,539	63,012,894
Total capital assets	68,357,605	641,539	68,999,144
Total assets	87,793,199	5,699,110	93,492,309
DEFERRED OUTFLOWS OF RESOURCES	32,607,036	1,221,198	33,828,234
LIABILITIES			
Accounts payable and accrued expenses	212,559	57,304	269,863
Accrued salaries and wages payable	6,249,763	74,896	6,324,659
Unearned revenue		58,141	58,141
Liabilities due within one year	3,988,275	130,395	4,118,670
Total current liabilities	10,450,597	320,736	10,771,333
Noncurrent liabilities:			
Net pension liability	43,857,760	1,642,562	45,500,322
Net OPEB liability	112,066,436	4,197,114	116,263,550
Due in more than one year	2,514,214	-	2,514,214
Total noncurrent liabilities	158,438,410	5,839,676	164,278,086
Total liabilities	168,889,007	6,160,412	175,049,419
DEFERRED INFLOWS OF RESOURCES	63,367,651	2,289,132	65,656,783
NET POSITION			
Net investment in capital assets	67,903,014	641,539	68,544,553
Restricted for:			
Individual schools	1,338,386		1,338,386
Stabilization by State Statute	157,651		157,651
School Capital Outlay	3,789,645		3,789,645
DIPNC OPEB plan	117,516	4,401	121,917
Unrestricted (deficit)	(185,162,635)	(2,175,176)	(187,337,811)
Total net position (deficit)	\$ (111,856,423)	\$ (1,529,236)	\$ (113,385,659)

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$ 51,865,569		\$ 45,896,108	
Special Populations	12,864,989		12,405,442	
Alternative Programs	8,652,289	127,936	9,003,848	
School Leadership	7,264,668	-	4,625,457	-
Co-Curricular	3,393,276	834,236	1,962,427	
School-Based Support	6,645,122		4,856,646	
System-wide Support services:				
Support and Development	756,208		88,904	
Special Population Support and Development	492,846		404,859	
Alternative Programs and Services Support and Development	275,902		291,493	
Technology Support	1,095,457		433,691	
Operational Support	10,965,954	17,135	4,581,965	28,751
Financial and Human Resource Accountability	1,469,928 244,910		-	
System-wide Pupil Support Policy, Leadership, and Public Relations	51,238 1,707,877		96,483 666,720	
Ancillary Services	14,242		15,055	
Non-programmed charges	77,461		176,865	
Unallocated depreciation expense**	3,135,395			
Total governmental activities	\$ 110,973,331	\$ 979,307	\$ 85,505,963	\$ 28,751
Business-type activities:				
School food service	6,965,227	1,566,972	5,367,842	
Child care	1,316,289	1,321,458	114,925	
Total business-type activities	8,281,516	2,888,430	5,482,767	-
Total primary government	\$ 119,254,847	\$ 3,867,737	\$ 90,988,730	\$ 28,751

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

Total general revenues and transfers

Change in net position
 Net position, beginning, previously reported
 Net position (deficit) - ending

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,969,461)	\$ -	\$ (5,969,461)
(459,547)		(459,547)
479,495		479,495
(2,639,211)		(2,639,211)
(596,613)		(596,613)
(1,788,476)		(1,788,476)
(667,304)		(667,304)
(87,987)		(87,987)
15,591		15,591
(661,766)		(661,766)
(6,338,103)		(6,338,103)
(1,469,928)		(1,469,928)
(148,427)		(148,427)
(51,238)		(51,238)
(1,041,157)		(1,041,157)
813		813
99,404		99,404
(3,135,395)		(3,135,395)
<u>\$ (24,459,310)</u>		<u>\$ (24,459,310)</u>
	(30,413)	(30,413)
	120,094	120,094
	89,681	89,681
<u>\$ (24,459,310)</u>	<u>\$ 89,681</u>	<u>\$ (24,369,629)</u>
14,800,000		14,800,000
4,582,614		4,582,614
4,286,992		4,286,992
1,397,648		1,397,648
202,845	7,873	210,718
2,394,569		2,394,569
(48,793)	48,793	-
<u>27,615,875</u>	<u>56,666</u>	<u>27,672,541</u>
3,156,565	146,347	3,302,912
(115,012,988)	(1,675,583)	(116,688,571)
<u>\$ (111,856,423)</u>	<u>\$ (1,529,236)</u>	<u>\$ (113,385,659)</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	9,464,384		1,338,386	3,857,279		14,660,049
Due from other governments	132,816	3,718,378		-	224,605	4,075,799
Due from other funds	58,154					58,154
Receivables (Net)	24,835			-		24,835
Inventories	557,395					557,395
Total assets	10,237,584	3,718,378	1,338,386	3,857,279	224,605	19,376,232
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	203,079		-	9,480		212,559
Accrued salaries and benefits payable	2,306,780	3,718,378			224,605	6,249,763
Due to other funds	-			58,154		58,154
Total liabilities	2,509,859	3,718,378	-	67,634	224,605	6,520,476
Deferred inflows of resources	2,245,895					2,245,895
Fund balances:						
Nonspendable:						
Inventories	557,395					557,395
Restricted:						
Stabilization by State Statute	157,651					157,651
School Capital Outlay Individual Schools			1,338,386	3,789,645		3,789,645
Individual Schools						1,338,386
Assigned:						
Subsequent years expenditure	2,435,308			-		2,435,308
Special Revenue	356,579					356,579
Unassigned	1,974,897					1,974,897
Total fund balances	5,481,830	-	1,338,386	3,789,645	-	10,609,861
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,237,584	\$ 3,718,378	\$ 1,338,386	\$ 3,857,279	\$ 224,605	

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

Net OPEB asset	117,516
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	68,357,605
Deferred outflows of resources related to pensions	24,416,579
Deferred outflows of resources related to OPEB	8,190,457
Some liabilities, including bonds payable and accrued vacation pay, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(6,502,489)
Net pension liability	(43,857,760)
Net OPEB liability	(112,066,436)
Deferred inflows of resources related to OPEB	(60,086,940)
Deferred inflows of resources related to pensions	(1,034,816)

Net position of government activities \$ (111,856,423)

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 1,238,424	\$ 78,225,222	\$ -	\$ 1,397,648	\$ -	\$ 80,861,294
Caldwell County	14,922,265			4,582,614		19,504,879
U.S. Government	164,227				6,029,277	6,193,504
Contributions and donations	2,192,074		1,962,427			4,154,501
Other	2,739,532		849,440	10,996		3,599,968
Total revenues	21,256,522	78,225,222	2,811,867	5,991,258	6,029,277	114,314,146
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	4,479,057	48,808,068			517,615	53,804,740
Special Populations	954,309	9,928,146			2,526,613	13,409,068
Alternative Programs	3,093,463	3,269,328			2,615,030	8,977,821
School Leadership	2,585,333	4,653,164			-	7,238,497
Co-Curricular	656,734	-	2,761,650		-	3,418,384
School-Based Support	1,557,628	5,274,495			48,776	6,880,899
System-wide support services:						
Support and Development	741,966	77,383			3,338	822,687
Special Population Support and Development	123,727	401,542			3,317	528,586
Alternative Programs & Services Support and Development	130,352	47,445			109,460	287,257
Technology Support	696,551	433,691				1,130,242
Operational Support	5,809,494	4,569,703			12,262	10,391,459
Financial and Human Resource Accountability	1,413,280	94,202			2,281	1,509,763
System-wide Pupil Support	255,453					255,453
Policy, Leadership, and Public Relations	49,807					49,807
Public Relations	1,103,322	604,207			62,513	1,770,042
Ancillary services	-	15,055				15,055
Non-programmed charges	84,396	-			128,072	212,468
Debt service:						
Principal				582,162		582,162
Capital outlay:						
Real property and buildings				3,338,517		3,338,517
System-wide support services				139,732		139,732
Instructional services				755,592		755,592
Total expenditures	23,734,872	78,176,429	2,761,650	4,816,003	6,029,277	115,518,231
Excess (deficiency) of revenues over expenditures	(2,478,350)	48,793	50,217	1,175,255	-	(1,204,085)
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	-	(48,793)			-	(48,793)
Installment purchase obligations issued					-	-
Total other financing sources (uses)	-	(48,793)			-	(48,793)
Net change in fund balances	(2,478,350)	-	50,217	1,175,255		(1,252,878)
Fund balances- beginning	7,991,483		1,288,169	2,614,390		11,894,042
(Decrease) in reserve for inventories	(31,303)					(31,303)
Fund balances - ending	\$ 5,481,830	\$ -	\$ 1,338,386	\$ 3,789,645	\$ -	\$ 10,609,861

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Net changes in fund balances - total governmental funds	\$ (1,252,878)
Change in fund balance due to change in reserve for inventory	(31,303)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(378,129)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,235,035
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	4,295,085

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position:	-
New Debt issued	-
Repayment of long-term debt	582,162

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(9,675,392)
OPEB Expense	1,391,437
Loss on disposal of assets	-
Compensated absences	(9,452)

Total changes in net position of governmental activities	\$ 3,156,565
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The notes to the basic financial statements are an integral part of this statement.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>			Variance With Final Budget - Positive (Negative)	Original
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>		
Revenues:					
State of North Carolina	\$ 1,174,813	\$ 1,174,813	\$ 1,238,424	\$ 63,611	\$ 76,116,997
Caldwell County	14,810,000	14,810,000	14,922,265	112,265	
U.S. Government	166,286	166,286	164,227	(2,059)	
Contributions and donations	3,213,563	3,233,563	2,192,074	(1,041,489)	
Other	1,543,244	1,792,862	2,739,532	946,670	
Total Revenues	<u>20,907,906</u>	<u>21,177,524</u>	<u>21,256,522</u>	<u>78,998</u>	<u>76,116,997</u>
Expenditures:					
Current:					
Instructional services:					
Regular Instructional	5,689,634	4,711,730	4,479,057	232,673	54,229,467
Special Populations	90,142	955,092	954,309	783	7,855,883
Alternative Programs	4,599,105	4,712,845	3,093,463	1,619,382	1,934,214
School Leadership	2,106,072	2,585,333	2,585,333	-	4,587,163
Co-Curricular	615,600	656,735	656,734	1	
School-Based Support	1,377,965	1,557,628	1,557,628	-	2,321,821
System-wide Support services:					
Support and Development	1,086,931	741,971	741,966	5	63,154
Special Population Support and Development	91,730	127,582	123,727	3,855	359,763
Alternative Programs and Services Support and Development	126,188	135,710	130,352	5,358	48,642
Technology Support	824,961	696,960	696,551	409	76,195
Operational Support	5,471,520	5,809,539	5,809,494	45	3,943,087
Financial and Human Resource Accountability	1,649,637	1,485,076	1,413,280	71,796	92,682
System-wide Pupil Support	246,315	255,454	255,453	1	-
Policy, Leadership, and Public Relations	46,548	49,807	49,807	-	
Ancillary Services	1,013,673	1,111,457	1,103,322	8,135	549,538
Nutrition Services	1,625	1,626	-	1,626	6,595
Non-programmed charges	60,000	91,619	84,396	7,223	-
Total expenditures	<u>25,097,646</u>	<u>25,686,164</u>	<u>23,734,872</u>	<u>1,951,292</u>	<u>76,068,204</u>
Revenues over (under) expenditures	<u>(4,189,740)</u>	<u>(4,508,640)</u>	<u>(2,478,350)</u>	<u>2,030,290</u>	<u>48,793</u>
Other financing sources (uses):					
Transfer (to) from other funds	-	-	-	-	(48,793)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,793)</u>
Revenues and other sources and other uses	(4,189,740)	(4,508,640)	(2,478,350)	2,030,290	-
Fund balances, beginning of year	4,189,740	4,508,640	7,991,483	3,482,843	
Increase(decrease) in reserve for inventories			(31,303)	(31,303)	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,481,830</u>	<u>\$ 5,481,830</u>	<u>\$ -</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,353,724	\$ 1,180,411	\$ 4,534,135
Receivable	58,811		58,811
Due from other governments	137,540	24,948	162,488
OPEB asset	3,433	968	4,401
Inventories	297,736		297,736
	<u>3,851,244</u>	<u>1,206,327</u>	<u>5,057,571</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	641,539		641,539
	<u>641,539</u>		<u>641,539</u>
Total noncurrent assets			641,539
	<u>\$ 4,492,783</u>	<u>\$ 1,206,327</u>	<u>\$ 5,699,110</u>
DEFERRED OUTFLOWS OF RESOURCES	952,535	268,663	1,221,198
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	52,933	4,371	57,304
Accrued salaries and wages payable	54,393	20,503	74,896
Due to other funds	-		-
Unearned revenue	58,141	-	58,141
Compensated absences	86,796	43,599	130,395
	<u>252,263</u>	<u>68,473</u>	<u>320,736</u>
Total current liabilities			320,736
Noncurrent liabilities:			
Net pension liability	1,281,198	361,364	1,642,562
Net OPEB liability	3,273,749	923,365	4,197,114
Compensated absences	-	-	-
	<u>4,554,947</u>	<u>1,284,729</u>	<u>5,839,676</u>
Total noncurrent liabilities			5,839,676
	<u>4,807,210</u>	<u>1,353,202</u>	<u>6,160,412</u>
Total liabilities			6,160,412
DEFERRED INFLOWS OF RESOURCES	1,785,524	503,608	2,289,132
NET POSITION			
Net investment in capital assets	641,539		641,539
DIPNC OPEB plan	3,433	968	4,401
Unrestricted	(1,792,388)	(382,788)	(2,175,176)
	<u>\$ (1,147,416)</u>	<u>\$ (381,820)</u>	<u>\$ (1,529,236)</u>
Total net position			(1,529,236)

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 1,566,972		\$ 1,566,972
Child care fees		1,321,458	1,321,458
Total operating revenues	<u>1,566,972</u>	<u>1,321,458</u>	<u>2,888,430</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,229,658	41,207	2,270,865
Donated commodities	423,542		423,542
Salaries and benefits	3,343,325	1,085,945	4,429,270
Indirect costs	387,995	114,925	502,920
Materials and supplies	264,470	35,909	300,379
Repairs and maintenance	66,036		66,036
Depreciation	123,306		123,306
Non Capitalized Equipment	109,703	3,407	113,110
Purchased services	17,192	34,896	52,088
Total operating expenses	<u>6,965,227</u>	<u>1,316,289</u>	<u>8,281,516</u>
Operating Income (loss)	<u>(5,398,255)</u>	<u>5,169</u>	<u>(5,393,086)</u>
NONOPERATING REVENUES			
Federal reimbursements	4,405,258		4,405,258
Federal commodities	423,542		423,542
Federal Summer Feeding Program	133,961		133,961
State reimbursements	17,086		17,086
Interest earned	2,035	5,838	7,873
Indirect costs not paid	387,995	114,925	502,920
Total nonoperating revenue	<u>5,369,877</u>	<u>120,763</u>	<u>5,490,640</u>
Income (loss) before transfers	(28,378)	125,932	97,554
Transfers from other funds	<u>48,793</u>		<u>48,793</u>
Change in net position	20,415	125,932	146,347
Total net position, beginning	(1,167,831)	(507,752)	(1,675,583)
Total net position, restatement	<u>-</u>	<u>-</u>	<u>-</u>
Total net position, ending	<u>\$ (1,147,416)</u>	<u>\$ (381,820)</u>	<u>\$ (1,529,236)</u>

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,551,700	\$ 1,299,676	\$ 2,851,376
Cash paid for goods and services	(2,670,023)	(119,287)	(2,789,310)
Cash paid for employees services and benefits	(3,510,866)	(1,054,509)	(4,565,375)
Net cash provided (used) by operating activities	(4,629,189)	125,880	(4,503,309)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	4,556,305		4,556,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(43,321)		(43,321)
Net cash (used) by capital and related financing activities	(43,321)		(43,321)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	2,035	5,838	7,873
Net increase in cash and cash equivalents	(114,170)	131,718	17,548
Balances - beginning of year	3,467,894	1,048,693	4,516,587
Balances - end of year	\$ 3,353,724	\$ 1,180,411	\$ 4,534,135
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(5,398,255)	5,169	(5,393,086)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	123,306		123,306
Donated commodities consumed	423,542		423,542
Salaries paid by special revenue fund	48,793		48,793
Indirect costs not paid	387,995	114,925	502,920
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			-
Decrease (increase) in due from other governments	32,079	2,399	34,478
(Decrease) increase in due to other funds	(84,706)	-	(84,706)
Decrease (increase) in net OPEB asset	3,619	906	4,525
Decrease (increase) in accounts receivable	(23,693)		(23,693)
Decrease (increase) in inventory	74,004		74,004
Decrease (increase) in deferred outflows	(160,709)	(58,177)	(218,886)
Increase (decrease) in pension liability	234,959	83,250	318,209
Increase (decrease) in OPEB liability	(642,797)	(117,742)	(760,539)
Increase (decrease) in deferred inflows	370,265	127,401	497,666
Increase (decrease) in accounts payable and accrued liabilities	(28,163)	(2,542)	(30,705)
Increase (decrease) in accrued annual leave	2,151	(5,528)	(3,377)
Increase (decrease) in unearned revenues	8,421	(24,181)	(15,760)
Total adjustments	769,066	120,711	889,777
Net cash provided (uses) by operating activities	\$ (4,629,189)	\$ 125,880	\$ (4,503,309)

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$48,793 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 7.

Indirect costs of \$387,995 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 \$423,542 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$423,542 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund fund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Basis of Presentation - (Cont'd)

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

The Board reports the following major governmental funds:

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

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

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

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

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Caldwell County appropriations, restricted sales tax moneys, proceeds of Caldwell County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise funds:

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys between functions within the purpose level. Amendments are required for any revisions that alter total expenditures of any fund or that change purpose level appropriations. All amendments must be approved by the governing board. Amendments which alter the county appropriations or transfer monies to or from Capital Projects Fund also require the approval of the Caldwell County Board of Commissioners.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

D. Budgetary Data - (Cont'd)

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The primary revenue sources of the Board are the State of North Carolina, the Federal government and Caldwell County appropriations. Unexpended allocations from the State of North Carolina revert back to the State at the end of the fiscal year.

E. Use of Estimates

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

F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

1. Deposits and Investments - (Cont'd)

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

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

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

4. Capital Assets

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

4. Capital Assets - (Cont'd)

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

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

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

Land and construction in progress are not depreciated.

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

5. Deferred outflows and inflows of resources

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

6. Long-term obligations

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. In addition to the maximum 30 days, noncertified support personnel were awarded an additional 10 days in fiscal years ended June 30, 2003 and June 30, 2004 and an additional 5 days in fiscal year ended June 30, 2006 for a possible accumulation of 55 days as of June 30, 2019. 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, 2019 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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

8. Net Position/Fund Balance

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

8. Fund Balance - (Cont'd)

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

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

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

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

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

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

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

Special revenue- portion of fund balance that will be used by special revenue fund activities, as determined by the governing body.

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

Fund Balance - (Cont'd)

Caldwell County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$122,466,284) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$136,196,080
Less Accumulated Depreciation	<u>(67,838,475)</u>
Net capital assets	68,357,605
Pension related deferred outflows of resources	24,416,579
Net OPEB asset	117,516
OPEB related deferred outflows of resources	8,190,457

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

Description	Amount
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Net pension liability	\$ (43,857,760)
Net OPEB liability	(112,066,436)
Deferred inflows of resources related to pensions	(1,034,816)
Deferred inflows of resources related to OPEB	(60,086,940)
Installment financing	(454,591)
Compensated absences	<u>(6,047,898)</u>
Total adjustment	<u>\$ (122,466,284)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,409,443 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$3,471,964

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

Description	Amount
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	\$(3,850,093)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	582,162
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	8,235,035
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,295,085
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(9,675,392)
OPEB expense	1,391,437
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(9,452)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(31,303)
Total adjustment	<u>\$ 4,409,443</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

10. Defined Benefit Pension Plan and OPEB Plans

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

At June 30, 2019 the Board had deposits with banks and savings and loans with a carrying amount of \$10,934,184 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$10,858,023 and \$290,253 respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$10,648,276 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2019, the Board of Education had \$8,250,000 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standards and Poor's. The Board has no policy for managing interest rate risk or credit risk.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

A. Assets - (Cont'd)

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2019, were as follows:

	<u>Due from other governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 132,816	\$24,835	\$ 157,651
Other governmental activities	<u>3,942,983</u>	<u> </u>	<u>3,942,983</u>
Total	<u>\$4,075,799</u>	<u>\$24,835</u>	<u>\$4,100,634</u>
Business-type activities:			
School Food Service	\$ 137,540	\$58,811	\$ 196,351
Child Care	<u>24,948</u>	<u> </u>	<u> </u>
Total	<u>\$ 162,488</u>	<u>\$58,811</u>	<u>\$ 221,299</u>

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

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 12,388	County - Fines & Forfeitures
	63,608	Medicaid
	23,682	N.C. DPI - Other
	33,138	ROTC- Federal
State Public School Fund	3,718,378	Operating funds from DPI
Federal Grants Fund	<u>224,605</u>	Federal grant funds
Total	<u>\$ 4,075,799</u>	
Business Activities		
School Food Service	\$ 137,540	Federal funds
Child Care	<u>24,948</u>	County - DSS
Total	<u>\$ 162,488</u>	

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,025,787	\$	\$ 38,138	\$	\$ 3,063,925
Construction in progress	<u>853,103</u>	<u>(53,602)</u>	<u>2,122,823</u>	<u> </u>	<u>2,922,324</u>
Total capital assets not being depreciated	<u>3,878,890</u>	<u>\$ (53,602)</u>	<u>\$2,160,961</u>	<u>\$ </u>	<u>5,986,249</u>
Capital assets being depreciated:					
Buildings and improvements	112,449,808	\$ 53,602	\$1,180,063	\$ (32,830)	113,650,643
Equipment and furniture	4,368,134	<u> </u>	63,218	(184,874)	4,246,478
Vehicles	<u>12,766,570</u>	<u> </u>	<u>67,722</u>	<u>(521,583)</u>	<u>12,312,709</u>
Total capital assets being depreciated	<u>129,584,512</u>	<u>\$ 53,602</u>	<u>\$1,311,003</u>	<u>\$ (739,287)</u>	<u>130,209,830</u>
Less accumulated depreciation for:					
Buildings and Improvements	52,465,518	\$	\$2,939,112	\$ (32,830)	55,371,800
Equipment and furniture	3,170,482	<u> </u>	196,282	(184,874)	3,181,890
Vehicles	<u>9,091,668</u>	<u> </u>	<u>714,699</u>	<u>(521,583)</u>	<u>9,284,784</u>
Total accumulated depreciation	<u>64,727,668</u>	<u>\$ </u>	<u>\$3,850,093</u>	<u>\$ (739,287)</u>	<u>67,838,474</u>
Total capital assets being depreciated, net	<u>64,856,844</u>	<u> </u>	<u> </u>	<u> </u>	<u>62,371,356</u>
Governmental activity capital assets, net	<u>\$68,735,734</u>	<u> </u>	<u> </u>	<u> </u>	<u>\$68,357,605</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated				
Furniture and office equipment	\$ 3,227,881	\$ 43,321	\$()	\$ 3,271,202
Vehicles	<u>32,025</u>	<u> </u>	<u> </u>	<u>32,025</u>
Total capital assets being depreciated	<u>3,259,906</u>	<u>\$ 43,321</u>	<u>\$()</u>	<u>3,303,227</u>
Less accumulated depreciation for:				
Furniture/office equipment and Vehicles	<u>2,538,382</u>	<u>\$ 123,306</u>	<u>\$()</u>	<u>2,661,688</u>
Total accumulated depreciation	<u>2,538,382</u>	<u>\$ 123,306</u>	<u>\$()</u>	<u>2,661,688</u>
School Food Service capital assets, net	<u>721,524</u>			<u>641,539</u>
Business-type activities capital assets, net	<u>\$ 721,524</u>			<u>\$ 641,539</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$3,135,394
Operational support services	<u>714,699</u>
Total	<u>\$3,850,093</u>

Construction/Capital Commitments

Caldwell County has an active construction project as of June 30, 2019 for the benefit of the Caldwell County Board of Education. At year end, commitments with contractors for school construction and renovations are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Granite Falls Middle School	<u>\$ 22,867,446</u>

This project is being funded by funds borrowed by Caldwell County and funds from the Needs Based Public School Capital Fund Grant.

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

The Board is authorized by State Law to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. In June 2019, the Board entered into such contract to reduce the energy costs at twenty-six locations. The installation of the equipment will occur between June 14, 2019 through December 15, 2020. As of June 30, 2019 no funds had been spent on this project. The total amount financed for this project is \$6,631,600. Interest rate on the installment contract is 3.06%. This installment contract will be paid quarterly (principle and interest) with seventy quarterly payments beginning December 15, 2020. The General Fund of the Board is responsible for the payments where they will offset utility payments saved because of the installment purchase transaction.

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

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 contribution. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2019, was 12.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$8,543,455 for the year ended June 30, 2019.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

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

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

At June 30, 2019, the Board reported a liability of \$45,500,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .46236% and .47310% respectively.

For the year ended June 30, 2019, the Board recognized pension expense of \$10,037,755. At June 30, 2019, the Board reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

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

B. Liabilities - (Cont'd)

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

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 3,320,644	\$ 456,626
Changes of assumptions	9,130,744	
Net difference between projected and actual earnings on pension plan investments	4,336,186	
Changes in proportion and differences between Board contributions and proportionate share of contributions		616,945
Board contributions subsequent to the measurement date	<u>8,543,455</u>	<u> </u>
	<u>\$25,331,029</u>	<u>\$1,073,571</u>

\$8,543,455 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 9,327,794
2021	5,783,848
2022	681,986
2023	(79,625)

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The assumptions used in the December 31, 2017 actuarial valuation are based on the experience study 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

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

B. Liabilities - (Cont'd)

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

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

the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

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

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

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

B. Liabilities - (Cont'd)

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board's proportionate share of the net pension liability (asset)	\$86,776,826	\$45,500,322	\$10,865,248

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

b. Other Post-employment Benefits

1. Healthcare Benefits

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

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

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

B. Liabilities - (Cont'd)

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

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

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

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

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

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

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF, assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state- supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$4,358,622.

At June 30, 2019, the Board reported a liability of \$116,263,550 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability then rolled forward to the measurement date of June 30, 2018 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 June 30, 2018, the Board's proportion was .40811% and .41886% respectively.

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

\$4,358,622 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ (13,402,442)
2021	(13,402,442)
2022	(13,402,442)
2023	(13,390,010)
2024	(5,036,474)

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

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

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.87%. 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 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

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

	1% decrease <u>(2.58%)</u>	Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.58%)</u>
Net OPEB liability	\$137,366,558	\$116,263,550	\$99,347,226

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

Healthcare Trend Rates

	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-6.25%, Medicare Advantage- 3.00-4.00%, Administrative- 2.00%)	(Medical- 5.00-6.50%, Pharmacy- 5.00-7.25%, Medicare Advantage- 4.00-5.00%, Administrative- 3.00%)	1% increase (Medical- 6.00-7.50%, Pharmacy- 6.00-8.25%, Medicare Advantage- 5.00-6.00%, Administrative- 4.00%)
Net OPEB liability	\$95,914,402	\$116,263,550	\$142,977,995

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits

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

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, employers made a statutory contribution of .14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$97,322 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Board reported an asset of \$121,917 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Boards present value of future salary, actuarially determined. At June 30, 2019 and June 30, 2018, the Board's proportion was .40136% and .40456% respectively.

\$97,322 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

Year ended June 30	
2020	\$ 83,865
2021	83,853
2022	59,413
2023	45,982
2024	32,325
Thereafter	32,313

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

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

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

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Net OPEB asset	\$93,417	\$121,917	\$149,258

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 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, 2018. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

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

2. Disability Benefits - (Cont'd)

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

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

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

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

	RHBF	DIPNC	Total
OPEB Expense	(1,450,106)	10,242	(1,439,864)
OPEB Liability (Asset)	116,263,550	(121,917)	116,141,633
Proportionate share of the net OPEB liability (asset)	.40811%	.40136%	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	-	212,673	212,673
Net difference between projected and actual earnings on plan investments	12,504	94,950	107,454
Changes of assumptions	-	23,022	23,022
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,691,004	7,109	3,698,113
Board contributions subsequent to the measurement date	4,358,662	97,321	4,455,943
Deferred of Inflows of Resources:			
Differences between expected and actual experience	7,950,614	-	7,950,614
Changes of assumptions	50,368,054	-	50,368,054
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,018,650	-	4,018,650

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

2. Accounts Payable

Accounts payable as of June 30, 2019, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$203,079	\$2,306,780	\$2,509,859
Other Governmental	<u>9,480</u>	<u>3,942,983</u>	<u>3,952,463</u>
Total governmental activities	<u>\$212,559</u>	<u>\$6,249,763</u>	<u>\$6,462,322</u>
Business-type Activities:			
School Food Service	\$ 52,933	\$ 54,393	\$ 107,326
Other Business-type	<u>4,371</u>	<u>20,503</u>	<u>24,874</u>
Total business-type activities	<u>\$ 57,304</u>	<u>\$ 74,896</u>	<u>\$ 132,200</u>

3. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Change in proportion and difference between Board contributions and proportionate share of contributions	\$ 3,698,113	\$ 4,635,596
Difference between expected and actual experience	3,533,317	8,407,240
Changes in assumptions	9,153,766	50,368,052
Net differences between projected and actual earnings on plan investments	4,443,639	
Board contributions subsequent to the measurement date	12,999,399	
Unavailable Revenue- Grant (General Fund)	<u> </u>	<u>2,245,895</u>
	<u>\$33,828,234</u>	<u>\$65,656,783</u>

4. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (School Food Service Fund)	<u>\$58,141</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

5. Risk Management

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

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

5. Risk Management - (Cont'd)

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

6. Operating Lease

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

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

Total operating lease expense under these leases totaled \$112,368 for fiscal year ended June 30, 2019.

Future minimum lease payments for these leases as of June 30, 2019 are as follows:

June 30, 2020	71,508
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**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

7. Contingent Liabilities

At June 30, 2019, the Board was a defendant to various lawsuits. At this time, the ultimate outcome of these legal matters is not known.

8. Long-Term Obligations

a. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. During fiscal year ending June 30, 2017, the Board entered into two installment purchase contracts to finance the purchase of a total of fourteen school buses. In 2018 the Board entered an installment purchase contract to finance the purchase of four school buses. These financing contracts require principal only payments of \$367,428 due at the beginning of the contract year.

The future minimum payments of the installment purchases as of June 30, 2019 including \$0 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2020	\$367,428	\$
2021	<u>87,163</u>	<u> </u>
Principal payments	<u>\$454,591</u>	
Total interest payments		<u>\$ - 0 -</u>

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

B. Liabilities - (Cont'd)

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

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2019:

	Balance (Restated) July 1, 2018	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2019	Current Portion
Governmental activities:					
Installment purchases	\$ 1,036,753	\$	\$ 582,162	\$ 454,591	\$ 367,428
Net pension liability	35,361,328	8,496,432		43,857,760	
Net OPEB Liability	132,373,447		20,307,011	112,066,436	
Compensated absences	<u>6,038,446</u>	<u>3,630,299</u>	<u>3,620,847</u>	<u>6,047,898</u>	<u>3,620,847</u>
Total	<u>\$174,809,974</u>	<u>\$12,126,731</u>	<u>\$24,510,020</u>	<u>\$162,426,685</u>	<u>\$3,988,275</u>
Business-type activities:					
Compensated absences	\$ 133,772	\$ 217,330	\$ 220,707	\$ 130,395	\$ 130,395
Net pension liability	1,324,353	318,209		1,642,562	
Net OPEB liability	<u>4,957,653</u>	<u> </u>	<u>760,539</u>	<u>4,197,114</u>	<u> </u>
Total	<u>\$ 6,415,778</u>	<u>\$ 535,539</u>	<u>\$ 981,246</u>	<u>\$ 5,970,071</u>	<u>\$ 130,395</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$48,793</u>
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**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

D. Fund Balance

The Board of Education has a revenue spending policy that provides policy programs with multiple revenue sources. The Finance Officer will use resources firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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

Total fund balance - General Fund	\$5,481,830
Less:	
Inventories	(557,395)
Stabilization by State Statute	(157,651)
Appropriated Fund Balance in 2020 budget	(2,435,308)
Assigned Special Revenue	<u>(356,579)</u>
Remaining Fund Balance	<u>\$1,974,897</u>

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Board has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

IV. Subsequent Events

Management has evaluated subsequent events through November 12, 2019, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

Required Supplemental Financial Data

- Schedule of Proportionate Share of Net Pension Liability for Teachers' and State Employee Retirement System
- Schedule of Contributions to Teachers' and State Employee Retirement System
- Schedule of the Board's Proportionate Share of Net OPEB Liability Retiree Health Benefit Fund
- Schedule of Board Contributions Retiree Health Benefit Fund
- Schedule of Proportionate Share of Net OPEB Asset Disability Income Plan of North Carolina
- Schedule of Contributions Disability Income Plan of North Carolina

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.04570%	0.46236%	0.47310%	0.47343%	0.47391%	0.481.70%
Board's proportionate share of the net pension liability (asset)	\$45,500,322	\$ 36,685,681	\$ 43,482,777	\$ 17,446,833	\$ 5,556,221	\$ 29,244,099
Board's covered payroll	\$67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,854,835	\$ 62,183,677
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.73%	55.93%	67.61%	27.07%	8.98%	47.03%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%	98.24%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,543,455	\$ 7,284,373	\$ 6,545,862	\$ 5,884,814	\$ 5,898,013	\$ 5,360,639
Contributions in relation to the contractually required contribution	<u>8,543,455</u>	<u>7,284,373</u>	<u>6,545,862</u>	<u>5,884,814</u>	<u>5,898,013</u>	<u>6,360,639</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 69,515,498	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908	\$ 64,459,153	\$ 61,854,835
Contributions as a percentage of covered payroll	12.29%	10.78%	9.98%	9.15%	9.15%	8.67%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.40811%	0.41890%	0.40580%
Board's proportionate share of the net OPEB liability (asset)	\$ 116,263,550	\$ 137,331,100	\$ 176,513,543
Board's covered payroll	\$ 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 payroll	172.06%	209.38%	274.45%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,358,622	\$ 4,088,168	\$ 3,809,318
Contributions in relation to the contractually required contribution	<u>4,358,622</u>	<u>4,088,168</u>	<u>3,809,318</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$69,515,498	\$ 67,573,029	\$ 65,589,797
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.41778%	0.41778%	0.40456%
Board's proportionate share of the net OPEB asset	\$ 121,917	\$ 247,267	\$ 259,441
Board's covered payroll	\$ 67,573,029	\$ 65,589,797	\$ 64,314,908
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.40136%	0.40456%	0.41778%
Plan fiduciary net position as a percentage of the total OPEB asset	108.47%	116.23%	116.06%

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST THREE YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 97,322	\$ 94,602	\$ 249,258
Contributions in relation to the contractually required contribution	<u>97,322</u>	<u>94,602</u>	<u>249,258</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 69,515,498	\$ 67,573,029	\$65,589,797
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CALDWELL COUNTY BOARD OF EDUCATION
GENERAL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

<u>REVENUES</u>	Local Current Expenses			2018 Actual
	Budget	2019 Actual	Variances	
State of North Carolina:				
Smart Start	\$ 98,359	\$ 120,000	\$ 21,641	\$ 99,999
NC Pre K	1,076,454	1,118,424	41,970	996,885
Total State of North Carolina	1,174,813	1,238,424	63,611	1,096,884
Caldwell County:				
Appropriation	14,800,000	14,800,000	-	14,800,000
Forest Service	10,000	122,265	112,265	9,121
Total Caldwell County	14,810,000	14,922,265	112,265	14,809,121
United States Government:				
ROTC	166,286	164,227	(2,059)	95,485
Total U.S. Government	166,286	164,227	(2,059)	95,485
Other:				
ABC Revenues	25,000	31,367	6,367	23,610
Sales Taxes	108,083	108,083	-	76,185
Tuition and Fees	120,461	127,936	7,475	106,586
Fines and Forfeitures	240,000	235,526	(4,474)	213,747
Rental of School Property	16,535	17,135	600	12,635
Interest Earned on Investments	170,000	186,660	16,660	127,640
Miscellaneous & School Reimbursements	787,783	688,855	(98,928)	693,516
Indirect Cost Allocations	115,000	135,457	20,457	110,479
Private Grants and Donations	3,233,563	2,192,074	(1,041,489)	1,895,835
Medicaid Reimbursement	195,000	1,189,777	994,777	993,264
Insurance Settlements	15,000	18,736	3,736	50,990
Total Other	5,026,425	4,931,606	(94,819)	4,304,487
Fund Balance Appropriated	4,508,640	-	(4,508,640)	
Total Revenue	25,686,164	21,256,522	(4,429,642)	20,305,950
 <u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		3,237,544		2,938,355
Employee Benefits		932,884		1,010,433
Purchased Services		232,552		115,150
Supplies and Materials		76,077		126,221
Total Regular Instructional Services	\$ 4,711,730	\$ 4,479,057	\$ 232,673	\$ 4,190,159

		Local Current Expenses		
		2019		2018
EXPENDITURES - (Cont'd):	Budget	Actual	Variances	Actual
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$ -	\$ 675,528	\$ -	\$ 1,382,607
Employee Benefits		207,946		101,037
Purchased Services		43,837		345
Supplies and Materials		26,998		20,445
Total Special Population Services	955,092	954,309	783	1,504,434
Alternative Programs and Services:				
Salaries		1,803,181		1,648,257
Employee Benefits		748,464		632,408
Purchased Services		359,829		589,218
Supplies and Materials		181,989		318,086
Total Alternative Programs and Services	4,712,845	3,093,463	1,619,382	3,187,969
School Leadership Services:				
Salaries		1,811,786		1,723,727
Employee Benefits		707,659		646,733
Purchased Services		34,870		37,237
Supplies and Materials		31,018		39,293
Total School Leadership Services	2,585,333	2,585,333	-	2,446,990
Co-Curricular Services:				
Salaries		438,050		397,128
Employee Benefits		105,656		89,342
Purchased Services		113,028		110,439
Total Co-Curricular Services	656,735	656,734	1	596,909
School-Based Support Services:				
Salaries		980,636		804,741
Employee Benefits		366,101		284,904
Purchased Services		210,891		226,982
Supplies and Materials		-		2,128
Total School-Based Support Services	1,557,628	1,557,628	-	1,318,755
Total Instructional Services	15,179,363	13,326,524	1,852,839	13,245,216
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		531,823		547,167
Employee Benefits		176,727		178,670
Purchased Services		28,317		27,601
Supplies and Materials		5,099		6,265
Total Support and Development Services	741,971	741,966	5	759,703
Special Population Support and Development Services:				
Salaries		61,031		53,232
Employee Benefits		21,550		18,213
Purchased Services		41,146		45,321
Total Special Population Support And Development Services	\$ 127,582	\$ 123,727	\$ 3,855	\$ 116,766

EXPENDITURES - (Cont'd):	2019			2018
	Budget	Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Alternative Programs and Services:				
Salaries	\$ -	\$ 90,286	\$ -	\$ 88,421
Employee Benefits		29,816		27,041
Purchased Services		10,250		10,658
Supplies and Materials		-		-
Total Alternative Programs and Services	135,710	130,352	5,358	126,120
Technology Support Services:				
Salaries		441,451		458,879
Employee Benefits		177,913		176,628
Purchased Services		-		50,855
Supplies and Materials		77,187		105,235
Total Technology Support Services	696,960	696,551	409	791,597
Operational Support Services:				
Salaries		1,187,551		1,151,771
Employee Benefits		490,226		449,335
Purchased Services		3,247,612		3,235,621
Supplies and Materials		859,735		993,014
Capital Outlay		24,370		
Total Operational Support Services	5,809,539	5,809,494	45	5,829,741
Financial and Human Resource Services:				
Salaries		537,251		598,932
Employee Benefits		289,871		359,189
Purchased Services		566,070		548,468
Supplies and Materials		20,088		31,145
Total Financial and Human Resource Services	1,485,076	1,413,280	71,796	1,537,734
Accountability Services:				
Salaries		165,325		173,834
Employee Benefits		59,053		59,082
Purchased Services		15,598		18,390
Supplies and Materials		15,477		41,755
Total Accountability Services	255,454	255,453	1	293,061
System-Wide Pupil Support:				
Salaries		34,605		32,977
Employee Benefits		15,202		13,956
Total System-Wide Pupil Support Services	49,807	49,807	-	46,933
Policy, Leadership and Public Relations Services:				
Salaries		496,576		496,478
Employee Benefits		134,543		164,100
Purchased Services		353,909		325,480
Supplies and Materials		118,294		93,224
Total Policy, Leadership and Public Relations Services	1,111,457	1,103,322	8,135	1,079,282
Total System-Wide Support Services	\$ 10,413,556	\$ 10,323,952	\$ 89,604	\$ 10,580,937

EXPENDITURES - (Cont'd):	Local Current Expenses			2018
	Budget	2019 Actual	Variance	Actual
ANCILLARY SERVICES:				
Nutrition Services:				
Salaries	\$ -	\$ -	\$ -	\$ 1,698
Employee Benefits		-		2,431
Supplies and Materials		-		7,430
Total Nutrition Services	1,626	-	1,626	11,559
Total Ancillary Services	1,626	-	1,626	11,559
NON-PROGRAMMED CHARGES:				
Payments to Charter Schools		84,396		59,719
Other		-		-
Total Programmed Charges	91,619	84,396	7,223	59,719
Total Expenditures	25,686,164	23,734,872	1,951,292	23,897,431
Excess of Revenue Over (Under) Expenditures	-	(2,478,350)	(2,478,350)	(3,591,481)
OTHER FINANCING SOURCES (USES):				
Transfers (Out)			-	
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	(2,478,350)	\$ (2,478,350)	(3,591,481)
Fund Balance - July 1, 2018		7,991,483		11,619,916
Increase (Decrease) in Reserve for Inventories		(31,303)		(36,952)
Fund Balance - June 30, 2019		\$ 5,481,830		\$ 7,991,483

**CALDWELL COUNTY BOARD OF EDUCATION
STATE PUBLIC SCHOOL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES:				
State of North Carolina	\$ 79,432,382	\$ 78,225,222	\$ (1,207,160)	\$ 75,607,551
Total Revenues	<u>79,432,382</u>	<u>78,225,222</u>	<u>(1,207,160)</u>	<u>75,607,551</u>
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		34,382,589		33,368,763
Employee Benefits		13,099,835		12,096,684
Purchased Services		373,528		254,472
Supplies and Materials		952,116		2,458,833
Capital Outlay		-		-
Total Regular Instructional Services	<u>49,903,083</u>	<u>48,808,068</u>	<u>1,095,015</u>	<u>48,178,752</u>
Special Populations:				
Salaries		7,060,071		6,035,177
Employee Benefits		2,797,873		2,661,771
Purchased Services		53,152		63,717
Supplies and Materials		17,050		29,316
Total Special Populations Services	<u>9,928,155</u>	<u>9,928,146</u>	<u>9</u>	<u>8,789,981</u>
Alternative Programs and Services:				
Salaries		2,057,651		1,989,821
Employee Benefits		769,378		711,752
Purchased Services		40,316		41,575
Supplies and Materials		401,983		295,779
Total Alternative Programs And Services	<u>3,269,329</u>	<u>3,269,328</u>	<u>1</u>	<u>3,038,927</u>
School Leadership Services:				
Salaries		3,408,979		3,413,078
Employee Benefits		1,243,598		1,163,985
Purchased Services		587		561
Total School Leadership Services	<u>4,653,170</u>	<u>4,653,164</u>	<u>6</u>	<u>4,577,624</u>
School-Based Support Services:				
Salaries		3,213,805		3,077,385
Employee Benefits		1,194,859		1,090,347
Purchased Services		849,743		741,687
Supplies and Materials		16,088		4,237
Total School-Based Support Services	<u>5,274,545</u>	<u>5,274,495</u>	<u>50</u>	<u>4,913,656</u>
Total Instructional Services	<u>\$ 73,028,282</u>	<u>\$ 71,933,201</u>	<u>\$ 1,095,081</u>	<u>\$ 69,498,940</u>

	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance</u>	<u>2018 Actual</u>
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries	\$	\$ 50,540	\$	\$ 154,149
Employee Benefits		26,843		52,534
Total Support and Development Services	77,384	77,383	1	206,683
Special Population Support and Development Services:				
Salaries		296,428		326,859
Employee Benefits		103,803		108,719
Purchased Services		1,311		2,674
Total Special Population Support And Development Services	448,258	401,542	46,716	438,252
Alternative Programs and Services:				
Salaries		32,764		32,167
Employee Benefits		14,681		13,710
Purchased Services		-		-
Total Alternative Programs and Services	48,642	47,445	1,197	45,877
Technology Support Services:				
Salaries				-
Employee Benefits				-
Purchased Services		260,879		131,436
Supplies and Materials		172,812		68,063
Total Technology Support Services	433,692	433,691	1	199,499
Operational Support Services:				
Salaries		2,938,374		2,943,223
Employee Benefits		1,095,077		1,038,670
Purchased Services		165,053		123,493
Supplies and Materials		360,673		322,691
Capital Outlay		10,526		24,126
Total Operational Support Services	4,569,704	4,569,703	1	4,452,203
Financial and Human Resource Services:				
Salaries		69,976		68,602
Employee Benefits		24,226		22,476
Total Financial and Human Resource Services	94,202	94,202	-	91,078
Accountability Services:				
Salaries				
Employee Benefits				
Total Accountability Services	\$ -	\$ -	\$ -	\$ -

	Budget	2019 Actual	Variance	2018 Actual
EXPENDITURES - (Cont'd):				
SYSTEM-WIDE SUPPORT SERVICES				
Policy, Leadership and Public Relations Services:				
Salaries	\$ -	\$ 460,352	\$ -	\$ 521,530
Employee Benefits		143,855		108,978
		-		-
Total Policy, Leadership and Public Relations Services:	604,209	604,207	2	630,508
Total System-Wide Support Services	6,276,091	6,228,173	47,918	6,064,100
ANCILLARY SERVICES				
Nutrition Services:				
Salaries		13,992		-
Employee Benefits		1,063		-
Total Nutrition Services	79,216	15,055	64,161	-
Total Ancillary Services	79,216	15,055	64,161	
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	-	-	-	(5,091)
Total Non-Programmed Charges		-	-	(5,091)
Total Expenditures	79,383,589	78,176,429	1,207,160	75,557,949
Excess of Revenue Over (Under) Expenditures	48,793	48,793	-	49,602
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(48,793)	(48,793)	-	(49,602)
Fund Balance:				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

**CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues:				
State of North Carolina	\$ 1,610,098	\$ 1,397,648	\$ (212,450)	\$ 1,563,273
Caldwell County	2,643,000	4,582,614	1,939,614	1,963,714
Other	60,060	10,996	(49,064)	194,528
Total Revenues	<u>4,313,158</u>	<u>5,991,258</u>	<u>1,678,100</u>	<u>3,721,515</u>
Expenditures:				
Instructional Services Equipment	930,900	755,592	175,308	658,574
System-Wide Support Services Equipment and Vehicles	637,004	139,732	497,272	800,703
Capital Outlay Projects - Building and Improvements	4,303,755	3,338,517	965,238	2,561,117
Debt Service: Principal	582,612	582,162	450	725,088
Total Expenditures	<u>6,454,271</u>	<u>4,816,003</u>	<u>1,638,268</u>	<u>4,745,482</u>
Excess of Revenues Over (Under) Expenditures	(2,141,113)	1,175,255	3,316,368	(1,023,967)
Other Financing Sources (Uses):				
Installment purchase obligations issued	350,000	-	(350,000)	347,655
Fund Balance Appropriated	1,791,113		(1,791,113)	
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	1,175,255	<u>\$ 1,175,255</u>	(676,312)
Fund Balance:				
Beginning of Year, July 1, 2018		<u>2,614,390</u>		<u>3,290,702</u>
End of Year, June 30, 2019		<u>\$ 3,789,645</u>		<u>\$ 2,614,390</u>

**CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUE				
State of North Carolina:				
Public School Building Capital Fund	\$ 350,000	\$ 138,000	\$ (212,000)	\$ -
Public School Building Capital Fund - Lottery	677,486	677,486	-	706,712
State Appropriations - Other Vehicles		-	-	131,473
State Appropriations - Buses	582,612	582,162	(450)	725,088
Total State Revenues	<u>1,610,098</u>	<u>1,397,648</u>	<u>(212,450)</u>	<u>1,563,273</u>
Caldwell County:				
Restricted Sales Tax	1,643,000	1,725,636	82,636	1,779,335
Appropriation from county - issued installment purchase	1,000,000	2,856,978	1,856,978	
Other county appropriation	-	-	-	184,379
Total	<u>2,643,000</u>	<u>4,582,614</u>	<u>1,939,614</u>	<u>1,963,714</u>
Other:				
Contributions and Donations		-	-	-
Sales Tax	28,000		(28,000)	
Interest Earned	20,000	981	(19,019)	979
Disposition Capital Assets	12,000	10,015	(1,985)	67,039
Insurance Settlement	60	-	(60)	87,285
Other		-	-	39,225
Total	<u>60,060</u>	<u>10,996</u>	<u>(49,064)</u>	<u>194,528</u>
Total Revenues	<u>\$ 4,313,158</u>	<u>\$ 5,991,258</u>	<u>\$ 1,678,100</u>	<u>\$ 3,721,515</u>

**CALDWELL COUNTY BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Operating Revenues:				
Food Sales	\$ 1,540,458	\$ 1,566,972	\$ 26,514	\$ 1,486,664
Operating Expenses:				
Business Support Services:				
Purchase of Food	2,745,338	2,579,196		2,454,834
Salaries and Benefits	3,439,931	3,535,817		3,418,238
Materials and Supplies	283,866	264,470		287,875
Repairs and Maintenance	59,985	66,036		81,197
Purchased Services	16,668	17,192		21,878
Capital Outlay	96,579	43,321		103,231
Non-Capitalized Equipment	109,614	109,703		76,837
Total Operating Expenses	<u>6,751,981</u>	<u>6,615,735</u>	<u>136,246</u>	<u>6,444,090</u>
Operating (Loss)	<u>(5,211,523)</u>	<u>(5,048,763)</u>	<u>162,760</u>	<u>(4,957,426)</u>
Nonoperating Revenue:				
Federal Reimbursements	4,403,215	4,405,258	2,043	4,262,250
Federal Commodities	423,048	423,542	494	495,769
Federal Reimbursement - Summer Feeding	132,955	133,961	1,006	146,974
Interest Earned	1,947	2,035	88	1,862
State Reimbursement	17,142	17,086	(56)	17,143
Total Nonoperating Revenue	<u>4,978,307</u>	<u>4,981,882</u>	<u>3,575</u>	<u>4,923,998</u>
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	(233,216)	(66,881)	166,335	(33,428)
Other Financing Sources:				
Transfer From Other Funds	-	48,793	48,793	49,602
Fund Balance Appropriated	233,216		(233,216)	
Excess of Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>\$ (18,088)</u>	<u>\$ (18,088)</u>	<u>\$ 16,174</u>
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		(18,088)		16,174
Reconciling Items:				
Depreciation		(123,306)		(128,826)
Net OPEB asset		(3,619)		(7,456)
Net OPEB liability		642,797		1,008,806
Deferred outflows		160,709		(18,889)
Deferred inflows		(370,265)		(1,343,991)
Net pension liability		(234,959)		204,367
Indirect cost		(387,995)		(361,937)
Indirect cost not paid		387,995		361,937
Equipment Purchases		43,321		103,231
Increase (Decrease) in Inventory		(74,004)		10,312
(Increase) Decrease in Accrued Vacation Pay		<u>(2,171)</u>		<u>6,883</u>
Change in net position(full accrual)		<u>\$ 20,415</u>		<u>\$ (149,389)</u>

**CALDWELL COUNTY BOARD OF EDUCATION
CHILD CARE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018)**

	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance</u>	<u>2018 Actual</u>
Operating Revenues:				
Child Care Fees	\$ 1,407,825	\$ 1,321,458	\$ (86,367)	\$ 1,328,260
Operating Expenses:				
Business Support Services:				
Purchase of Food	75,500	41,207		50,149
Salaries and Benefits	1,166,525	1,044,779		1,069,043
Materials and Supplies	69,700	35,909		31,467
Non Capitalized Equipment	11,600	3,407		973
Purchased Services	84,500	34,896		38,771
Total Operating Expenses	<u>1,407,825</u>	<u>1,160,198</u>	<u>247,627</u>	<u>1,190,403</u>
Operating Income	<u>-</u>	<u>161,260</u>	<u>161,260</u>	<u>137,857</u>
Nonoperating Revenue:				
Interest Earned		5,838		2,889
Total Nonoperating Revenue	<u>-</u>	<u>5,838</u>	<u>5,838</u>	<u>2,889</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>167,098</u>	<u>167,098</u>	<u>140,746</u>
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		167,098		\$ 140,746
Reconciling Items:				
Net OPEB asset		(906)		(1,982)
Net OPEB liability		117,742		268,164
Deferred outflows		58,177		(6,415)
Deferred inflows		(127,401)		(358,022)
Net pension liability		(83,250)		41,012
Indirect cost		(114,925)		
Indirect cost not paid		114,925		
(Increase) Decrease in Accrued Vacation Pay		<u>(5,528)</u>		<u>(298)</u>
Change in net position(full accrual)		<u>\$ 125,932</u>		<u>\$ 83,205</u>

COMPLIANCE SECTION

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Caldwell County Board of Education's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

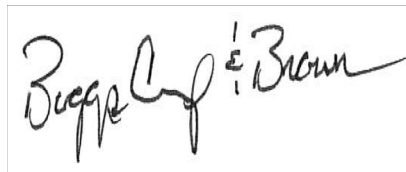
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, enclosed in a thin black rectangular border. The signature reads "Boggs Crump & Brown" in a cursive, flowing script.

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

November 12, 2019
Morganton, North Carolina

Boggs, Crump & Brown, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street
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Morganton, NC 28680
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

To the Board of Education
Caldwell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Caldwell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Caldwell County Board of Education's major federal programs for the year ended June 30, 2019. Caldwell County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

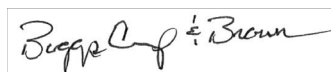
Report on Internal Control Over Compliance

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

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

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

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



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

November 12, 2019
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

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

Independent Auditor's Report

To the Board of Education
Caldwell County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Caldwell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Caldwell County Board of Education's major state programs for the year ended June 30, 2019. Caldwell County Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

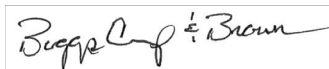
Report on Internal Control Over Compliance

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

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

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

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



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

November 12, 2019
Morganton, North Carolina

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- | | | |
|--|------------------------------|---|
| * Material weakness(es) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| * Significant deficiency(s) identified that are not considered to be material weaknesses | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |
| Noncompliance material to financial statements noted | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

Federal Awards

Internal control over major federal programs:

- | | | |
|--|------------------------------|---|
| * Material weakness(es) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| * Significant deficiency(s) identified that are not considered to be material weaknesses | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |
| Noncompliance material to federal awards | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

yes no

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.424	Student Support and Academic Enrichment
	Special Education Cluster:
84.027	Special Education - Grants to States (IDEA, PartB) Education of the Handicapped
84.173	Special Education - Preschool Grants (IDEA Preschool) Preschool Handicapped
84.027	Special Education - IDEA Special Needs Targeted Assistance
84.173	Special Education - IDEA Preschool Targeted Assistance

Section I. Summary of Auditor's Results

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

\$750,000

Auditee qualified as low-risk auditee?

x yes

 no

State Awards

Internal control over major State programs:

* Material weakness(es) identified?

 yes

x no

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

 yes

x none reported

Noncompliance material to State awards

 yes

x no

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

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act

 yes

x no

Section I. Summary of Auditor's Results - Continued

Identification of major State programs:

Program Name

State Public School Fund
Public School Building Capital Fund
School Buses Appropriation

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

None

**CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The Organization believes that the following prior audit findings are no longer valid or do not warrant further action as all of the following have occurred:

- 1.) Two years have passed since the audit report in which the finding occurred was submitted to the Federal Audit Clearinghouse.
- 2.) The federal agency or pass-through entity is not currently following up with the auditee on the audit finding.
- 3.) A management decision was not issued.

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

Status: Corrected

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

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

Finding: 16-001 The Board failed to return required records under Session Law 2011-147

Status: Corrected

Finding: 16-002 The Board exceeded the state months allotted for classroom teachers and vocational education instructors.

Status: Corrected

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS:			
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	12.000	\$ 164,227	
Total U.S. Department of Defense		164,227	
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed thru N.C. Department of Public Instruction:			
Title I, Grants to Local Education Agencies (Title I, Part A of ESEA)	84.01	2,528,866	
Total Title I, Part A Cluster		2,528,866	
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)			
Education of the Handicapped	84.027	2,499,169	
Special Education - Preschool Grants (IDEA Preschool)			
Preschool Handicapped	84.173	71,537	
Special Education - IDEA Special Needs Targeted Assistance	84.027	10,964	
Special Education- IDEA Preschool Targeted Assistance	84.173	7,750	
Total Special Education Cluster		2,589,420	
Career and Technical Education - Basic Grants			
to States	84.048	173,244	
Career and Technical Education - Capacity Building Grant	84.048	3,359	
Supporting Effective Instruction State Grants	84.367	348,021	
(formerly Improving Teacher Quality State Grants)			
Language Acquisition	84.365	87,876	
Special Education State Improvement	84.323A	9,123	
Homeless Children	84.196A	11,204	
Student Support and Academic Enrichment	84.424	245,433	
Math and Science Partnerships	84.366	-	
Total U.S. Department of Education		5,996,546	
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	423,542	
Total Non-Cash Assistance		423,542	
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	1,284,336	
National School Lunch Program	10.555	3,120,922	
Summer Food Service Program for Children	10.559	133,961	
Total Cash Assistance		4,539,219	
Total Child Nutrition Cluster		4,962,761	
Total U.S. Department of Agriculture		4,962,761	
<u>U.S. Department Health and Human Services</u>			
Passed thru N.C. Department of Public Instruction:			
Abstinence Education Program Title V	93.235	32,731	
Total Federal Assistance Programs		\$ 11,156,265	

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Federal - State Grantor/Program Title</u>	Federal CFDA Number	Federal Expenditures	State Expenditures
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 73,468,994
Vocational Education - State Months of Employment			4,008,110
- Program Support Funds			272,701
Driver Training - SPSF			197,941
State Technology Fund - SPSF			277,476
Breakfast Program Reduced Price			17,086
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			1,118,424
Passed thru Caldwell County Smart Start:			
Smart Start			120,000
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund - Lottery			677,486
Public School Building Capital Fund - ADM			138,000
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation			582,162
Total State Assistance Programs			\$ 80,878,380

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

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of the Caldwell County board of Education under the programs of the federal government and the state of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Caldwell County Schools it is not intended to and does not present the financial position, changes in net position or cash flows of Caldwell County Schools.

Note 2 - Summary of Significant Accounting Policies:

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

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

Note 3 - Cluster of Programs:

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

**CALDWELL COUNTY BOARD OF EDUCATION
GASB 34 CALCULATION OF MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>	
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>
General Fund	\$ 10,237,584	x	x	\$ 2,509,859	x	x
Special Revenue Funds:						
State Public School Fund	3,718,378	x	x	3,718,378	x	x
Federal Grants Fund	224,605			224,605		
Individual Schools	1,338,386			-		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,857,279</u>	x	x	<u>67,634</u>		x
Total Government Funds	<u>19,376,232</u>			<u>6,520,476</u>		
10% of Total Governmental Funds	<u>1,937,623</u>			<u>652,048</u>		
Enterprise Funds:						
Child Nutrition Fund	5,445,318	x	x	6,592,734	x	x
Child Care	<u>1,474,990</u>	x		<u>1,856,810</u>	x	x
Total Enterprise Funds	<u>6,920,308</u>			<u>8,449,544</u>		
10% of Total Enterprise Funds	<u>692,031</u>			<u>844,954</u>		
Total Governmental and Enterprise Funds	<u>26,296,540</u>			<u>14,970,020</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,314,827</u>			<u>\$ 748,501</u>		

Revenue	Computes "X" if Meets		Expenditures/ Expenses	Computes "X" if Meets		Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
	10% Rule	5% Rule		10% Rule	5% Rule	
\$ 21,256,522	x	x	\$ 23,734,872	x	x	Always major
78,225,222	x	x	78,176,429	x	x	Major
6,029,277		x	6,029,277		x	Major - Discretion of Auditee
2,811,867			2,761,650			Major - Discretion of Auditee
<u>5,991,258</u>			<u>4,816,003</u>			Major
<u>114,314,146</u>			<u>115,518,231</u>			
<u>11,431,415</u>			<u>11,551,823</u>			
6,936,849	x	x	6,965,227	x	x	Major
1,442,221	x		1,316,289	x		Major
<u>8,379,070</u>			<u>8,281,516</u>			
<u>837,907</u>			<u>828,152</u>			
<u>122,693,216</u>			<u>123,799,747</u>			
<u>\$ 6,134,661</u>			<u>\$ 6,189,987</u>			