

Moore County Board of Education
(Carthage, North Carolina)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**For the Fiscal Year Ended
JUNE 30, 2019**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Moore County Board of Education
Carthage, North Carolina

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

PREPARED BY

Andrew Cox, Executive Officer for Budget and Finance

Jennie Patnode, Assistant Finance Officer

Moore County Schools Finance Office

MOORE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i - vi
Board Members and Principal Officers	vii
Organizational Chart	viii
School District Map	ix
Awards	x - xi

FINANCIAL SECTION

Independent Auditors' Report	1 - 2
Management Discussion and Analysis	3 - 10
Basic Financial Statements	
Government-wide Financial Statements	
1 Statement of Net Position (Deficit)	11
2 Statement of Activities	12
Fund Financial Statements	
3 Balance Sheet – Governmental Funds	13
3 Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit)	13
4 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
6 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	16 - 19
7 Statement of Net Position (Deficit) – Proprietary Fund Types	20
8 Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit) – Proprietary Fund Type	21
9 Statement of Cash Flows – Proprietary Fund Type	22
10 Statement of Fiduciary Assets and Liabilities	23
Notes to the Financial Statements	24 - 45

MOORE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability - Teachers' and State Employees' Retirement System.....	46
Schedule of Board Contributions - Teachers' and State Employees' Retirement System	47
Schedule of the Proportionate Share of the Net OPEB Liability - Retiree Health Benefit Fund.....	48
Schedule of Board Contributions - Retiree Health Benefit Fund	49
Schedule of the Proportionate Share of the Net OPEB Asset - Disability Income Plan of North Carolina	50
Schedule of Board Contributions – Disability Income Plan of North Carolina.....	51

Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Outlay Fund.....	52
Schedule of Revenues and Expenditures – Budget and Actual – (Non-GAAP) School Food Service Fund	53
Schedule of Revenues and Expenditures – Budget and Actual – (Non-GAAP) Child Care Fund	54
Statement of Changes in Assets and Liabilities Sandhills Region Education Consortium (SREC) Agency Fund	55

STATISTICAL SECTION (UNAUDITED)

Financial Trends

Government-wide – Net Position (Deficit) by Component.....	56
Government-wide – Expenses, Program Revenues, and Net (Expense) Revenue.....	57 - 58
Government-wide – General Revenues and Total Change in Net Position (Deficit).....	59 - 60
Governmental Funds – Fund Balances	61
Governmental Funds – Revenues by Source	62
Governmental Funds – Expenditures by Function per Pupil and in Total	63
Governmental Funds – Other Financing Sources (Uses) and Net Change in Fund Balances.....	64

MOORE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS (continued)

STATISTICAL SECTION (UNAUDITED) (continued)

Proprietary Funds – Revenues by Source and Net Transfers	65
Proprietary Funds – Expenses by Category	66
Debt by Type.....	67
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property for Moore County, NC	68
Direct and Overlapping Property Tax Rates for Moore County, NC	69
Principal Property Tax Payers for Moore County, NC.....	70
Property Tax Levies and Collections for Moore County, NC.....	71
Debt Capacity	
Ratio of Outstanding Debt by Type for Moore County, NC	72
Ratio of Net General Bonded Debt Outstanding for Moore County, NC.....	73
Legal Debt Margin for Moore County, NC.....	74
Demographics and Economics	
Principal Employers for Moore County, NC	75
Demographic and Economic Statistics for Moore County, NC	76
Operations	
Employees by Function	77
Operating Indicators.....	78
Capital Assets.....	79

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80 - 81
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act.....	82 - 83

MOORE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS (continued)

COMPLIANCE SECTION (continued)

Independent Auditors' Report on Compliance for Each Major State Program on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act.....	84 - 85
Schedule of Findings and Questioned Costs.....	86 - 87
Summary Schedule of Prior Year's Audit Findings	88
Schedule of Expenditures of Federal and State Awards.....	89 - 91



Introductory Section



Moore County Board of Education

LETTER OF TRANSMITTAL

as of October 8, 2019

To the members of the Moore County Board of Education and Citizens of Moore County, North Carolina:

As Superintendent and Executive Officer for Budget and Finance for Moore County Schools, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Moore County Board of Education for the fiscal year ended June 30, 2019. The report also provides supplementary information that may help the reader understand the operations and financial position of the local education agency overseen by the Board. We believe that the data in this report is presented in a manner that describes fairly the financial position and results of operations of our local education agency in accordance with the accounting standards promulgated by Statements #34 and #54 of the Governmental Accounting Standards Board (GASB).

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Moore County Board of Education, operating as “Moore County Schools”, for the fiscal year ended June 30, 2019, is herewith submitted. Responsibility for the accuracy, completeness and clarity of the report rests with the Superintendent and the Executive Officer for Budget and Finance.

Management’s Discussion and Analysis (MD&A) follows the independent auditor’s report and provides a narrative introduction as well as an overview and analysis of the basic financial statements. The MD&A should be read in conjunction with this letter of transmittal.

The report has been prepared by the Finance Department in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and that it is presented in a manner designated to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain maximum understanding of the Board’s financial activity have been included.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The Moore County Board of Education’s MD&A can be found immediately following the report of the independent auditors.

The Board is required to undergo an annual single audit in conformity with the provisions of 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. Information

related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and auditor's reports on internal control and compliance with applicable laws and regulations are included in the Compliance Section of this report.

REPORTING ENTITY

This report includes all of the funds of the Moore County Board of Education, which is an independent reporting entity as defined by GASB statement #14 (amended by GASB Statements #39 and #61) and a primary government for GASB #34 purposes.

The Moore County Board of Education, elected by the citizens of Moore County, is the level of government having oversight responsibility and control over activities related to the public schools in Moore County, North Carolina. N.C. General Statute 115C-140 empowers the Moore County Board of Education with general control and supervision of all matters pertaining to the schools in the system. The school system receives local, state, and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive county funding, the county is not entitled to share in any surplus nor is it required to finance any deficits. The Board does not have the ability to levy tax and is limited by North Carolina General Statutes with regard to the types of debt it can issue and for what purpose. The Board is required to maintain accounting records according to a Uniform State format.

The Board consists of seven members elected for staggered terms of four years. The Chair and Vice Chair are elected by a majority vote of the Board each year. The Superintendent serves as secretary to the Board.

Moore County Schools offers our 12,788 students a comprehensive K-12 curriculum that includes workforce development, programs for special needs and gifted students and arts education. All three high schools offer a variety of Advanced Placement courses, as well as other academically challenging opportunities for all students.

FINANCIAL AND BUDGETARY CONTROL

In order to provide challenging learning experiences to the students attending Moore County Schools, the Board must use a variety of funding resources, including local, state, federal and private grants while complying with legal requirements of each funding source entity. In doing so, the Board is unable to summarize all governmental financial transactions and balances in one accounting entity. Instead, the accounting system is divided into three separate entities; each referred to as a "fund". The Board's funds are divided into governmental, proprietary and fiduciary.

Each fund is a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with legal requirements, generally accepted accounting principles, special regulations or other limitations. Governmental fund types include general, special revenue and capital projects. The enterprise funds are proprietary fund types, with the expendable trust and agency fund being fiduciary fund types. The enterprise fund and fiduciary fund are presented on a full accrual basis, while the other funds are maintained on a modified accrual basis.

Readers are directed to the management discussion and analysis within the financial section of this CAFR for a detailed explanation of the financial statements for the year ended June 30, 2019. In developing and evaluating the Board's accounting system, consideration is given to the adequacy of the internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with

management's authorization and recorded properly to permit preparation of the basic financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The North Carolina School Budget and Fiscal Control Act mandate a uniform budget format and the adoption of an annual balanced budget resolution by July 1 each year. The Board adopts budgets by fund and purpose for all governmental funds and the proprietary funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget and in funds provided by the federal, state, and local governments. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board's annual Budget Resolution authorizes expenditures by purpose on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amount reflected in the accompanying financial statements represents the final budget as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows encumbrances outstanding against each line item of expenditures. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

COMPARISON OF BUDGET TO ACTUAL

Comparisons of budget to actual performance are provided for all major funds in the financial statement section that follows this introductory section of the CAFR. As is more fully explained in the management discussion and analysis section included in the basic financial statements, there were several budget amendments during the year, and all variances from the initial and final budgets were expected.

MAJOR INITIATIVES

The focus of the school system for the next several years will be in the following areas:

- Closing achievement gaps and opportunity gaps;
- Continuing and expanding literacy initiatives;
- Developing students' future-ready skills;
- Continuing digital learning initiatives;
- Enhancing school safety and school health services;
- Implementing our Master Facilities Plan;
- Enhancing school improvement plan format and process; and
- Completing the design and construction of three new schools.

As required by the State Department of Public Instruction, Moore County Schools maintains a ten-year facilities plan that has been submitted and approved by the County Commissioners and the State Department of Public Instruction.

ECONOMIC CONDITION AND OUTLOOK

Moore County was established in 1784 and is located in the Sandhills region of North Carolina. It has a land area of 706 square miles and an estimated population of 92,763. County residents enjoy a varied

lifestyle with many activities available, a diverse host of attractions for entertaining guests, and a pleasant climate. Moore County's location, being 65 miles to Raleigh, 326 miles to Washington, D.C., 565 miles to New York City and 355 miles to Atlanta, helps to make it an ideal retirement and business community.

The financial health of the Moore County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and of Moore County. The economy continues to improve and recover from the effects of the nationwide financial crisis that began in the 2008-2009 school year.

The Board of County Commissioners increased their property tax rate by 4.5 cents per \$100 of assessed value in 2019. They have maintained the County appropriation, reflecting continued support for our school system. As a result of a \$103 million bond referendum passed in May 2018, bonds have been issued for our construction projects and two of three schools are now currently under construction. Two will open during the 2020-21 school year with the remaining school set to open during the 2021-22 school year. In addition, the Board of Commissioners and Board of Education continue to work together in hopes of establishing a funding formula for future budgets

The Board of Education undertook a student reassignment plan as a result of the new schools being built. The plan was scheduled to be approved in the fall of 2019 and with plans to be implemented over the next two years as the new schools open their doors to students.

The Board of Education anticipates slightly increased enrollment over the next five years. We have completed a facility and capacity study for all our school campuses. This study established a foundation for updating our Master Facilities Plan, providing valuable information on population changes and demographic trends, as well as information on the current state of existing facilities.

The Board of Education has identified facility projects as follows:

- Building a new elementary campus to address capacity concerns at Sandhills Farm Life Elementary and Vass-Lakeview Elementary (McDeeds Creek - Opened August 2019);
- Closing four elementary campuses (Aberdeen Primary and Aberdeen Elementary; Southern Pines Primary and Southern Pines Elementary); these campuses are over 50 years old, and will be replaced with two new campuses, combining the two Aberdeen schools and the two Southern Pines schools;
- Increasing capacity and address age of facilities at Pinehurst Elementary by building a replacement school;
- Building an addition at North Moore High School to include an auxiliary gym, wrestling room, science labs, and other learning areas;
- Increasing building security at multiple locations to include secured access , keyless FOB re-entry for staff, video surveillance, and fencing; and
- Other improvements to campuses as identified.

The local economy continues to thrive with an unemployment rate of 4.5% as of June 30, 2019. The County's economy is well diversified with significant agriculture, tourism, retirement, and manufacturing sectors, plus strong healthcare and retail sectors.

Agriculture

The agricultural community in Moore County is served by several groups including: Cooperative Extension, Farm Service Agency, Natural Resource Conservation Service and the Soil and Water Conservation District. The Farm Bureau and Piedmont Farm Credit also serve the agricultural community. The agencies mentioned continue to develop programs that will reduce our reliance on the tobacco market, which remains one of our top three crops. Efforts are being made in the areas of cooperative marketing and

agritourism. Agritourism may also provide opportunities for generating additional income on farm land from the tourist market already present in Moore County. The latest income data available for the Cooperative Extension Services shows revenues of \$150,349,000 for field crops in 2017.

Tourism

Tourism is the 2nd largest private industry sector in Moore County, only behind healthcare. The suppliers of tourism assets and services in Moore County are well known and quite diverse, ranging from four-star self-contained golf resorts to independent restaurants and family owned motels. Supporting the destinations appeal are more than 40 golf courses, which are consistently ranked in the top echelon of golf courses within the State and country. The Convention and Visitors Bureau (CVB) serves as the destination marketing & management organization for the County, responsible for promoting the area for meetings and conventions, motor coach tours, and leisure travelers. Visitors to Moore County spent over \$520 million dollars in 2018, and increase of 6% from 2017.

The strong tourist economy, along with a community-wide effort including the CVB, helped the Pinehurst Resort and the County obtain the rights to host the 1994 U.S. Senior Open; the 2009 U.S. Amateur Open; the 1996, 2001 and 2007 U.S. Women's Open at Pine Needles; and the 1999 and 2005 U.S. Men's Open Championships. Pinehurst Resort successfully hosted the 2014 U.S Men's Open Championship and the 2014 U.S Women's Open in back-to-back weeks. These championships have increased Moore County's exposure tremendously, and have improved upon an already strong tourism economy. The tourism industry continues to seek new ways to further diversify its business by adding family-friendly amenities and new initiatives and products such as agritourism and amateur sports tourism to the mix.

Retirement

The County's retirement sector is very important to the local economy, as 24% of the County's population is over 65. The County has an above average number of older residents and a higher per capita income than the State average. Many seniors enjoy retirement communities and assisted living facilities as part of their lifestyle.

Manufacturing

Incorporated in 2002 as a 501(c) (3) nonprofit entity, Moore County Partners in Progress (PIP) brings public and private interests together to provide economic development services for all of Moore County. The County makes an annual contribution to support PIP's operating budget and mission of increasing the number of new jobs and capital investment in Moore County through new industry recruitment, existing industry expansion and retention, and entrepreneurial development.

INDEPENDENT AUDIT

Dixon Hughes Goodman LLP has audited the financial records and transactions of the Moore County Board of Education for the year ended June 30, 2019. They are a firm of independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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. The auditor's report is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the year ended June 30, 2018. In order to earn the awards, a government unit must publish an easily readable and efficiently

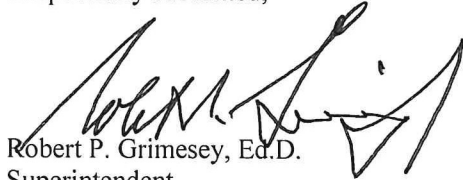
organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Each certificate is valid for a period of one year.

We believe our current CAFR continues to meet the stringent requirements of each organization and we are submitting this CAFR to both ASBO and GFOA for their consideration and review.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff, Finance Department and our independent audit firm. We would like to express appreciation to all staff members who assisted in the preparation of this report. As required by NC General Statute 115C-44, copies of this report will be filed with the Local Government Commission, the State Board of Education, and the Board of County Commissioners. A copy will also be made available for public inspection in the Superintendent's office as well as in the Finance office and on our website.

Respectfully submitted,



Robert P. Grimesey, Ed.D.
Superintendent



Andrew Cox, CSBD
Executive Officer for Budget and Finance

MOORE COUNTY BOARD OF EDUCATION

2019 BOARD MEMBERS AND PRINCIPAL OFFICERS

Board Members

Helena Wallin-Miller, Chair

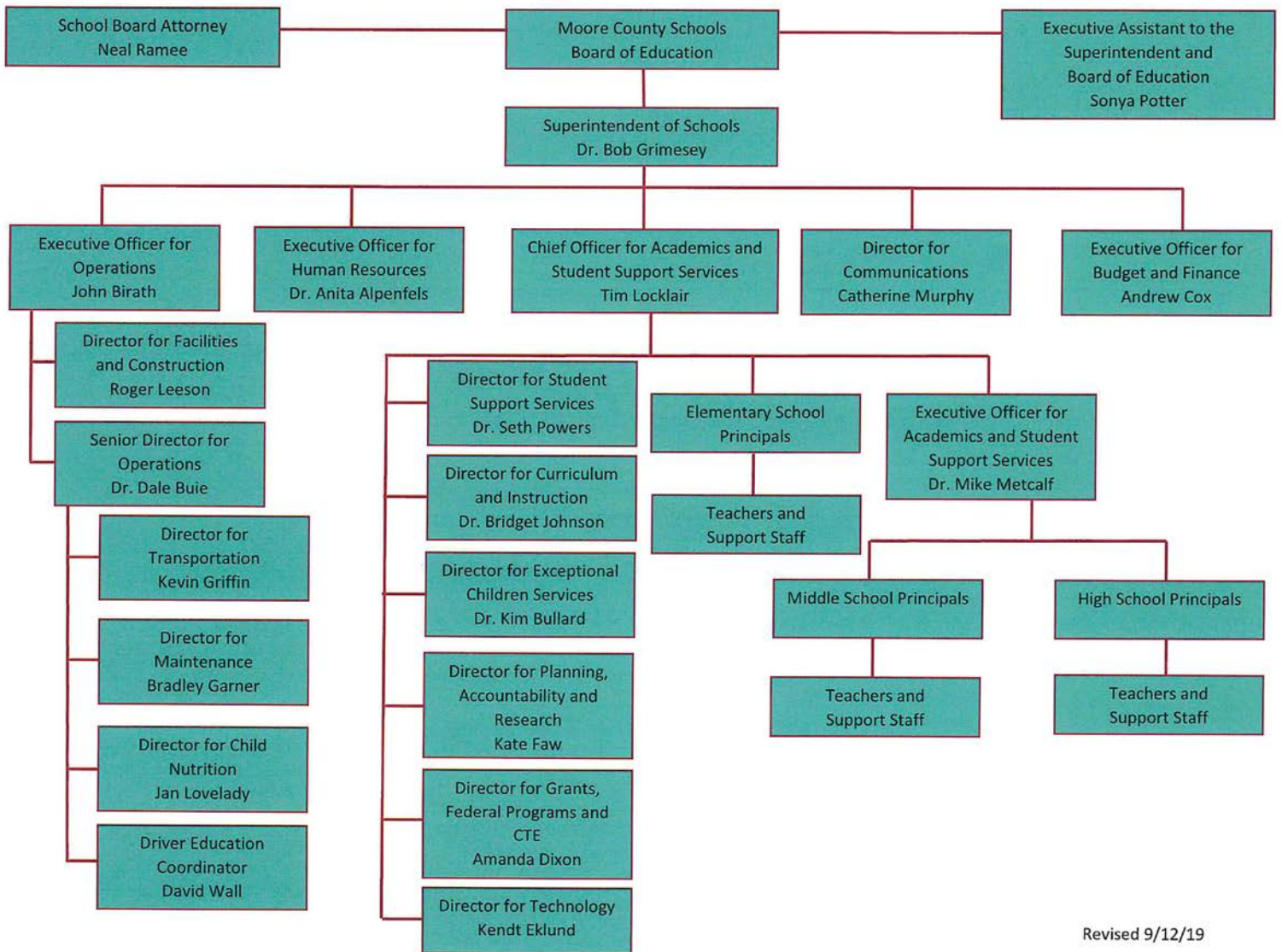
Elizabeth Carter, Vice-Chair

Stacey Caldwell, Ed Dennison, Betty Wells Brown, Ph.D

Bruce Cunningham, Pam Thompson

Principal Officers

Robert Grimesey, Ed.D.	Superintendent
Tim Locklair	Chief Officer for Academics and Student Support Service
Mike Metcalf, Ed.D	Executive Officer for Academics and Student Support Services
John Birath	Executive Officer for Operations
Anita Alpenfels, Ed.D.	Executive Officer for Human Resources
Andrew Cox	Executive Officer for Budget and Finance
Catherine Murphy	Director for Communications
Neal Ramee	General Counsel



Revised 9/12/19

Randolph County

Chatham County

Montgomery County

Lee County

Harnett County

Cumberland County

Richmond County

Hoke County

Scotland County

Area 1

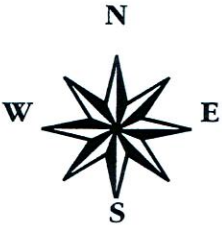
- Union Pines High School (9-12) 19
- New Century Middle School (6-8) 9
- Carthage Elementary School (K-5) 4
- Sandhills Farm Life Elementary School (K-5) 15
- Crain's Creek Middle School (6-8) 6
- Cameron Elementary School (K-5) 3
- Vass-Lakeview Elementary School (K-5) 20
- Pinckney Academy (Alternative) 11
- Central Office/Maintenance/Transportation 5

Area 2

- North Moore High School (9-12) 10
- Elise Middle School (6-8) 7
- Highfalls Elementary School (K-8) 8
- Robbins Elementary School (K-5) 14
- Westmoore Elementary School (K-8) 24

Area 3

- Pinecrest High School (9-12) 12
- Southern Middle School (6-8) 16
- Aberdeen Elementary School (3-5) 1
- Aberdeen Primary School (K-2) 2
- Southern Pines Elementary School (3-5) 17
- Southern Pines Primary School (K-2) 18
- West Pine Middle School (6-8) 23
- Pinehurst Elementary School (K-5) 13
- West End Elementary School (K-5) 21
- West Pine Elementary School (K-5) 22



2	Aberdeen Elementary																					
18	20	Aberdeen Primary																				
17	19	23	Cameron Elementary																			
13	15	12	Carthage Elementary																			
30	31	23	13	26	Crain's Creek Middle																	
30	31	23	13	25	7	Elise Middle																
12	14	7	5	6	19	19	Highfalls Elementary															
31	32	24	14	27	3	4	19	New Century Middle														
7	9	21	12	14	25	14	25	13	3	North Moore High												
17	19	11	1	13	13	7	13	Pinckney Academy														
4	6	22	13	13	26	26	15	27	14	Pinecrest High												
7	9	21	12	14	25	14	25	13	3	Pinehurst Elementary												
29	31	22	12	25	2	9	19	5	12	25	25	Robbins Elementary										
15	17	10	7	10	20	5	21	7	12	10	19	Sandhills Farm Life Elementary										
2	4	29	15	13	29	28	30	28	16	2	5	27	14	Southern Middle								
4	6	16	14	10	27	27	17	27	15	3	5	25	9	2	Southern Pines Primary							
4	6	16	14	11	27	27	18	28	14	4	6	26	10	3	2	Southern Pines High						
18	20	6	7	4	20	20	1	20	8	16	15	20	4	17	17	16	Union Pines High					
11	13	7	12	2	21	28	8	26	13	20	18	24	8	22	10	9	Vass-Lakeview Elementary					
17	19	26	17	22	17	24	17	20	17	13	10	15	19	15	15	13	18	27	West End Elementary			
13	14	21	22	18	22	29	23	25	22	9	6	20	29	10	12	10	23	22	5	West Pine Elementary		
13	14	21	22	18	22	29	23	25	22	9	6	20	29	10	12	10	23	22	5	0	West Pine Middle	
36	37	30	20	35	7	13	26	10	19	33	32	9	12	29	34	33	27	32	24	29	29	Westmoore Elementary
13	15	12	3	10	16	16	6	16	4	10	9	15	4	12	11	10	7	12	17	17	23	Central Office

Map Legend

- ★ Schools
- ↘ Highways
- ⋯ Streets
- ↘ School Districts



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Moore County Board of Education
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



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

Moore County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

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



A handwritten signature in black ink, appearing to read 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, appearing to read 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer



Financial Section

Independent Auditors' Report

Board of Education
Moore County Schools
Carthage, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board 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, State Public School, Restricted Revenues, and Federal Grants funds 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 3 through 10 and the Schedules of Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Board Contributions on pages 46 through 51, 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 Board's basic financial statements. The individual fund schedules and the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2019 on our consideration of the Board'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 Board's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 8, 2019**

Board of Education of Moore County Schools Management's Discussion and Analysis

This section of the Board of Education of Moore County Schools' (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

Liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$73.1 million as of June 30, 2019. Our revenues were \$161.7 million for the fiscal year ended June 30, 2019.

The Moore County Board of Commissioners has committed to funding five projects of the district's Master Facilities Plan. The New Area I Elementary School (McDeed's Creek Elementary) is nearing completion and expected to open to students in August 2019. General Obligation Bonds for three additional projects, all new elementary schools, which will replace aging facilities, were approved by the voters during the May 2018 primary election. Bonds have already been issued for two of these schools (Aberdeen Elementary and Southern Pines Elementary) with the third set of bonds set to be issued during the Fall of 2019 or Winter of 2020. The new Aberdeen Elementary School is currently under construction and set to open in August 2020. The new Southern Pines Elementary School is also under construction with an opening date TBD. Construction has not begun on the new Pinehurst Elementary School but demolition is scheduled on the old Pinehurst Elementary School for the Fall of 2019. The fifth project, additions and renovations to North Moore High School, has received approved funding from the county with a groundbreaking planned for September 2019.

Our instructional focus for the upcoming school year continues to be closing achievement and opportunity gaps to levels that meet or exceed the proficiency and graduation rates of the general student population. To that end, the district is implementing the "Capturing Kids Hearts" program to help our teachers better understand the needs of, and build relationships with, at risk students, minority students and students of poverty. Moore County Schools continues to implement the MTSS framework in order to reinforce and incorporate research-based instructional, grading and assessment practices. A K-5 Literacy Framework, K-5 Math Framework and 6-12 Instructional Framework have been developed and are being implemented based on current research and student need. In addition, we are working to sustain, refine and expand Moore County Schools' Digital Learning Initiative. This initiative includes ensuring expansion and refinement of digital applications with continued focus on allowing opportunities for students to use their devices to collaborate, create and publish, while remaining grounded in the foundation of our curriculum standards. Moore County Schools is striving to grow funding as needed to ensure sustainability of the technological needs of teachers and students, as well as staffing to support blended digital learning. This effort includes researching and identifying base content for core curriculum that supports the implementation of blended digital learning and highly effective instruction.

Moore County Schools' Digital Learning Initiative involves four phases. Phase I was completed in 2012-13, and provided laptops to all teachers, and an iPad initiative at Carthage Elementary and a laptop initiative at the Community Learning Center at Pinckney. Phase II, completed in 2013-14, provided Chromebooks to all students in Area 1 and Area 2 middle and high schools. Phase III, enacted over the 2015-2016 school term provided Chromebooks to all students in Area 3 middle schools and its high school. Phase IV, scheduled for the 2019-20 school year, would have expanded the Digital Learning Initiative to elementary schools. The County Digital Learning Fund was not expanded in the 2019-2020 school year, delaying Phase IV implementation. Available devices in grades K-5 are being comprehensively inventoried for equitable distribution in the district, while complying with Title I restrictions for device relocations. Teacher laptops have been added to the Digital Learning Sustainability Plan, to ensure they have adequate technology for teaching in the classroom, and this technology is refreshed on a regular cycle.

The district completed the first refresh of the Phase II devices for the 2017-18 school year. Based on lessons learned on device durability and sustainability, all devices refreshed and moving forward for student take-home use (grades 6-12) will be on a 36 month refresh cycle, and be maintained under warranty and accidental damage protection for the entire lease period. MCS was able to obtain new devices with these coverages for a lower per unit cost than the original Phase II devices. We are also ensuring that students all have durable protective bags to protect devices during transit in school and at home.

Board of Education of Moore County Schools Management's Discussion and Analysis

For the 2018-2019 school year, Phase III student devices were refreshed using a lease/purchase model. This will eliminate end-of-lease device return costs and permit continued use of the devices if they are still serviceable. The next refresh of 6-12 student devices will take place in the summer of 2020 for the Area I and II 6-12 students, in preparation for the 2020-2021 school year.

All teacher laptops are being refreshed using a lease/purchase model. So far, K-5 teachers had devices refreshed in 2016, teachers in the Phase II schools in 2017, and a portion of teachers in the Phase III schools will be scheduled for refresh in the fall of 2019 (due to limited funding).

The vision for our Digital Learning Initiative is as follows: Moore County Schools will leverage the full range of digital resources to ensure students are immersed in authentic, personalized learning experiences that allow opportunities to showcase mastery and growth through creation and publication of digital work.

Overview of the Financial Statements

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

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Supplemental section that presents budgetary statements for the governmental and proprietary 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 (deficit) and the statement of activities. The Statement of Net Position (Deficit) 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 deferred outflows of resources and obligations to creditors and deferred inflows of resources. 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, proprietary funds, and fiduciary 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 and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of 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 (Deficit) includes 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 (deficit) and how they have changed. Net position (deficit) is the difference between the Board's total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. This is one way to measure the unit's financial health or position.

Board of Education of Moore County Schools Management's Discussion and Analysis

- Over time, increases or decreases in the Board's net position (deficit) is 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 a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

The Board has three types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, Restricted Revenues Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 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. The Board 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 7, 8, and 9 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Board has one fiduciary fund – an Agency Fund, which is used to account for moneys held for the Sandhills Region Education Consortium (SREC) for which the Board is the fiscal agent.

The fiduciary fund statement is shown as Exhibit 10.

**Board of Education of Moore County Schools
Management's Discussion and Analysis**

Financial Analysis of the Board as a Whole

The net position or deficit is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$73.1 million as of June 30, 2019. The largest component of net deficit is the Board's net investment in capital assets of \$131.2 million. Restricted and unrestricted net position (deficit) amounted to \$3.3 million and (\$207.5) million, respectively. The Board's overall financial position has improved in the current year, as the net deficit decreased by \$33.5 million, primarily due to capital contributions provided by Moore County. The primary reason for the total net deficit and unrestricted net deficit in the current year is the presentation of the board's proportionate share of the net pension liability and net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net pension liability, net OPEB liability, and related components has a \$203.7 million negative effect to the Board's overall net deficit.

Following is a summary of the Statement of Net Position (Deficit):

**Table 1
Condensed Statement of Net Position (Deficit)
as of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 11,969,064	\$ 14,855,502	\$ 2,487,846	\$ 2,264,347	\$ 14,456,910	\$ 17,119,849
Capital assets	132,503,277	100,641,201	9,075	10,764	132,512,352	100,651,965
Total assets	144,472,341	115,496,703	2,496,921	2,275,111	146,969,262	117,771,814
Deferred outflows of resources	39,068,418	33,481,338	868,576	748,979	39,936,994	34,230,317
Current liabilities	6,943,711	6,532,547	148,954	123,809	7,092,665	6,656,356
Long-term liabilities	177,060,461	192,779,197	3,943,204	4,285,158	181,003,665	197,064,355
Total liabilities	184,004,172	199,311,744	4,092,158	4,408,967	188,096,330	203,720,711
Deferred inflows of resources	70,309,376	53,586,430	1,556,268	1,188,665	71,865,644	54,775,095
Net investment in capital assets	131,152,831	99,445,548	9,075	10,764	131,161,906	99,456,312
Restricted net position	3,305,894	4,682,632	3,048	5,994	3,308,942	4,688,626
Unrestricted net deficit	(205,231,514)	(208,048,313)	(2,295,052)	(2,590,300)	(207,526,566)	(210,638,613)
Total net deficit	\$ (70,772,789)	\$ (103,920,133)	\$ (2,282,929)	\$ (2,573,542)	\$ (73,055,718)	\$ (106,493,675)

The net deficit of the Board's governmental activities decreased from \$104 million at June 30, 2018 to \$70.8 million at June 30, 2019, a decrease of \$33.1 million. The Board's net investment in capital assets increased by \$31.7 million during the year due to significant additions to construction in progress for construction projects. Restricted and unrestricted combined net deficit decreased by a total of \$1.4 million primarily as a result of the changes in the proportionate share of the Teachers' and State Employees' Retirement System plan net pension liability as well as

**Board of Education of Moore County Schools
Management's Discussion and Analysis**

changes to the proportionate share of the Retiree Health Benefit Fund net OPEB liability and deferred outflows and inflows of resources. Restrictions to net position (deficit) are related to stabilization by state statute, reserves for school capital outlay, reserves for individual schools, and reserves for the Disability Income Plan of North Carolina. The Board does not believe there are any other restrictions, commitments, or other limitations that will significantly affect fund resources for future use.

The net deficit of the Board's business-type activities decreased \$291 thousand for the year to \$2.3 million at June 30, 2019. This decrease in net deficit is attributable to increases in federal reimbursements which accompanied a decrease in operating expenses in the current year.

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2019 & 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,509,758	\$ 5,346,752	\$ 1,993,415	\$ 2,099,883	\$ 7,503,173	\$ 7,446,635
Operating grants and contributions	84,547,421	80,430,502	3,395,980	3,232,874	87,943,401	83,663,376
Capital grants and contributions	686,818	558,092	-	-	686,818	558,092
General revenues:						
Unrestricted state and federal appropriations	1,884,351	1,862,718	-	-	1,884,351	1,862,718
Unrestricted county appropriations	62,891,008	35,740,366	-	-	62,891,008	35,740,366
Other revenues	715,431	557,832	30,702	20,996	746,133	578,828
Total revenues	<u>156,234,787</u>	<u>124,496,262</u>	<u>5,420,097</u>	<u>5,353,753</u>	<u>161,654,884</u>	<u>129,850,015</u>
Expenses:						
Governmental activities:						
Instructional services	95,725,444	102,176,474	-	-	95,725,444	102,176,474
System-wide support services	21,425,426	24,060,722	-	-	21,425,426	24,060,722
Ancillary services	88,220	13,820	-	-	88,220	13,820
Non-programmed charges	1,863,656	1,576,934	-	-	1,863,656	1,576,934
Unallocated depreciation expense	4,216,186	4,157,778	-	-	4,216,186	4,157,778
Business-type activities:						
School food service	-	-	4,477,277	4,764,188	4,477,277	4,764,188
Child care	-	-	420,718	424,531	420,718	424,531
Total expenses	<u>123,318,932</u>	<u>131,985,728</u>	<u>4,897,995</u>	<u>5,188,719</u>	<u>128,216,927</u>	<u>137,174,447</u>
Excess (deficiency) of revenues before transfers	32,915,855	(7,489,466)	522,102	165,034	33,437,957	(7,324,432)
Transfers in (out)	<u>231,489</u>	<u>204,126</u>	<u>(231,489)</u>	<u>(204,126)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	33,147,344	(7,285,340)	290,613	(39,092)	33,437,957	(7,324,432)
Net deficit, beginning	<u>(103,920,133)</u>	<u>(96,634,793)</u>	<u>(2,573,542)</u>	<u>(2,534,450)</u>	<u>(106,493,675)</u>	<u>(99,169,243)</u>
Net deficit, ending	<u>\$ (70,772,789)</u>	<u>\$ (103,920,133)</u>	<u>\$ (2,282,929)</u>	<u>\$ (2,573,542)</u>	<u>\$ (73,055,718)</u>	<u>\$ (106,493,675)</u>

Board of Education of Moore County Schools Management's Discussion and Analysis

During the year ended June 30, 2019, governmental activities generated revenues of \$156.2 million and incurred expenses totaling \$123.3 million. Transfers in from business-type activities during the year were approximately \$231 thousand, net. Overall, governmental activities recognized a decrease in net deficit totaling \$33.1 million. This decrease is primarily related to capital contributions on construction received from Moore County. Primary sources of revenue included funding from the state of North Carolina, the County of Moore, and the United States government, which respectively comprised 50.7%, 40.2%, and 4.9% of the Board's revenues. As would be expected, the major component of the Board's expenditures was for instructional programs, which accounted for 62% of total expenditures during the most recent fiscal year. Of the remaining 38% of total expenditures, 13.6% was attributable to system-wide support services and 22.7% was attributable to capital outlay.

Business-type activities generated revenue of \$5.4 million, had expenses of \$4.9 million and transfers to governmental activities of \$231 thousand, resulting in a decrease in net deficit of \$291 thousand. This represents an increase of \$328 thousand over the prior year increase in net deficit of \$39 thousand. Federal reimbursements increased by \$163 thousand and operating expenses also decreased by \$291 thousand. The decrease in operating expenses are primarily related to a slight decrease in participation in the school food service program as well as the OPEB benefit recognized in the fiscal year 2019.

The decrease in the overall net deficit during the fiscal year ended June 30, 2019 of \$33.4 million represented an increase of \$40.8 million in comparison to the \$7.3 million increase to the net deficit experienced during the fiscal year ended June 30, 2018. Total revenues increased \$31.8 million when compared to the fiscal year ended June 30, 2017, while expenses decreased \$9 million. The increase in revenues is primarily attributable to capital outlay contributed to Moore County. The largest decrease in operating expense was a decrease of \$6.6 million in instructional services. The decrease in expenses was primarily related a decreased net Pension and OPEB expense when compared to the prior year.

Financial Analysis of the Board's Funds

Governmental funds: The focus of the Board'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 \$8.5 million at June 30, 2019, a \$2.2 million decrease when compared to the prior year. Total revenues increased by \$31.7 million, or 25.4%, during the year. Total expenditures increased by \$32.9 million when compared to the prior year with the increase being primarily attributable to expenditures for land, buildings, and site improvements incurred in the capital projects fund. Specifically related to the General Fund, funding from Moore County decreased \$841 thousand to \$29.5 million when compared to the prior year and other revenues increased \$160 thousand due to an increase in fines and forfeitures revenue. Expenditures during the period decreased \$165 thousand over the prior year due to reallocations of personnel costs to the State Public School Fund. The Restricted Revenues Fund recognized decreases in total revenues of \$208 thousand for the year ended June 30, 2019 compared to the prior year. The Board received \$28 million more in County capital outlay support in the fiscal year ended June 30, 2019 when compared to June 30, 2018 primarily in the form of contributed capital related to the ongoing construction contracts.

Proprietary funds: The Board's business-type funds reported a combined net deficit of \$2.3 million at June 30, 2019, a \$291 thousand decrease to the deficit when compared to the prior year. The School Food Service Fund incurred a net income before transfers of \$246 thousand during the year ended June 30, 2019 compared to a net loss before transfers of \$84 thousand during the prior year. In comparison to the prior year, federal reimbursement increased by \$166 thousand and operating expenses decreased by \$287 thousand, primarily related to the OPEB benefit recognized in the current year. The Child Care Fund generated \$276 thousand of income before transfers which was an increase of \$27 thousand over the prior year income of \$249 thousand. This increase was related to increased enrollment.

**Board of Education of Moore County Schools
Management’s Discussion and Analysis**

General Fund Budgetary Highlights

Total budgeted revenues were generally consistent with actual with a slight increase to other budgeted revenue. Budget variances in instructional services and system-wide support services were experienced due to differences between expected and actual personnel costs. The Board budgeted to use \$814 thousand in fund balance during the year. However, the General Fund experienced a decrease in fund balance of \$839 thousand after the decrease in reserve for inventories. This increase, in comparison to appropriated fund balance, was primarily due to the decrease in reserve for inventories.

Capital Assets

During the fiscal year ended June 30, 2019, capital assets, net of accumulated depreciation, increased by \$31.9 million or 31.7% for governmental activities and decreased by \$2 thousand or 15.7% for business-type activities, compared to the prior year. During the year, the Board added \$35.6 million to construction in progress primarily related to school construction projects and transferred \$980 thousand to other capital asset accounts for projects completed during the year. Total depreciation charges for the year ended June 30, 2019 were \$4.6 million for governmental activities and \$8 thousand for business-type activities.

The following is a summary of the capital assets, net of depreciation at year-end. For more detailed information, please see Note 2-A-4 in the accompanying notes to the financial statements.

**Table 3
Summary of Capital Assets
as of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,747,104	\$ 2,747,104	\$ -	\$ -	\$ 2,747,104	\$ 2,747,104
Construction in progress	41,559,227	6,937,847	-	-	41,559,227	6,937,847
Buildings and improvements	83,243,356	85,361,482	-	-	83,243,356	85,361,482
Equipment and furniture	2,609,262	3,605,303	9,075	10,764	2,618,337	3,616,067
Vehicles	2,332,894	1,924,339	-	-	2,332,894	1,924,339
Computers	11,434	65,126	-	-	11,434	65,126
Total	\$ 132,503,277	\$ 100,641,201	\$ 9,075	\$ 10,764	\$ 132,512,352	\$ 100,651,965

Debt Outstanding

During the year, the Board’s outstanding debt increased by \$155 thousand due to the issuance of installment purchase obligations for school buses in the current year. The Board is limited by North Carolina General 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. For more detailed information, please see Note 2-B-6 in the accompanying notes to the financial statements.

Economic Factors

The Board anticipates a modest increase in enrollment over the next few years. The district will be adding four new elementary school over the next two years. In addition, the administrative staff continues to update the Master Facilities plan for schools throughout the district. This plan provides valuable information on population changes and demographic trends, as well as information on the current state of existing facilities. We are working with our County Commissioners to meet the needs of our facilities plans.

Board of Education of Moore County Schools Management's Discussion and Analysis

County funding in 18-19 consisted of just over 25% of our annual resources, a decrease of approximately; therefore, the state of the local economy directly impacts our schools. Moore County increased the property tax rate by 4.5 cents per \$100 of assessed value and also completed a property revaluation, thereby creating additional revenue for the County. Voters also approved a 1/4 cent increase in the local sales tax to generate additional revenues to support education and construction of the new schools, which went into effect on April 1, 2019.

Moore County is a thriving commerce center with a diverse and solid economic structure. Healthcare, tourism/hospitality, and retail are our three largest private industry sectors. Manufacturing and construction are consistently solid industries here as well. Moore County appreciates our existing industries and is committed to maintaining a business climate that is conducive to their growth and success.

Moore County also welcomes new business and industry opportunities. Moore County is an attractive, convenient location for military contractors and suppliers, not only because of our adjacent proximity to Fort Bragg, but also because of the large number of retired military that live in Moore County and enhance our skilled workforce. As a result, Moore County has a thriving industry sector of defense and homeland security vendors.

Moore County Partners in Progress is a nonprofit 501(c)(3) economic development organization serving all of Moore County. Its mission is to increase economic prosperity and improve the quality of life for Moore County's residents through economic development initiatives that create quality jobs and generate capital investment in our communities. Their activities include new business recruitment, existing industry retention and expansion, and entrepreneurial development.

Moore County's standard of living continues to be one of the highest in North Carolina on average. However, there remain large variances countywide. The most recent per capita income estimate was \$31,554. As of June 30, 2019 our unemployment rate was 4.5%.

The economic outlook for Moore County is good. As part of a region which is poised for growth with the proximity to Fort Bragg, world class golf at Pinehurst, and continued business spin-off from Research Triangle Park, the future budget outlook for Moore County is positive.

Requests for Information

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

Finance Office
Board of Education of Moore County Schools
P.O. Box 1180, Carthage NC 28327

Board of Education of Moore County Schools
Statement of Net Position (Deficit)
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,970,226	\$ 2,224,045	\$ 12,194,271
Due from other governments	1,514,759	66,299	1,581,058
Receivables (net)	45,705	10,627	56,332
Net OPEB asset	130,333	3,048	133,381
Inventories	308,041	183,827	491,868
Capital assets:			
Land, improvements, and construction in progress	44,306,331	-	44,306,331
Other capital assets, net of depreciation	88,196,946	9,075	88,206,021
Total capital assets	<u>132,503,277</u>	<u>9,075</u>	<u>132,512,352</u>
Total assets	<u>144,472,341</u>	<u>2,496,921</u>	<u>146,969,262</u>
PENSION DEFERRED OUTFLOWS OF RESOURCES	39,068,418	868,576	39,936,994
LIABILITIES			
Accounts payable and accrued expenses	903,088	6,417	909,505
Accrued salaries and wages payable	1,943,628	-	1,943,628
Unearned revenue	-	69,880	69,880
Due to other governments	497,997	-	497,997
Long-term liabilities:			
Due within one year	3,598,998	72,657	3,671,655
Due in more than one year	<u>177,060,461</u>	<u>3,943,204</u>	<u>181,003,665</u>
Total liabilities	<u>184,004,172</u>	<u>4,092,158</u>	<u>188,096,330</u>
PENSION DEFERRED INFLOWS OF RESOURCES	70,309,376	1,556,268	71,865,644
NET POSITION (DEFICIT)			
Net investment in capital assets	131,152,831	9,075	131,161,906
Restricted for:			
Stabilization by State Statute	61,958	-	61,958
School Capital Outlay	1,011,665	-	1,011,665
Individual Schools	2,101,938	-	2,101,938
DIPNC OPEB plan	130,333	3,048	133,381
Unrestricted	<u>(205,231,514)</u>	<u>(2,295,052)</u>	<u>(207,526,566)</u>
Total net deficit	<u>\$ (70,772,789)</u>	<u>\$ (2,282,929)</u>	<u>\$ (73,055,718)</u>

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

**Board of Education of Moore County Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2019**

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 50,099,379	\$ -	\$ 42,429,163	\$ -	\$ (7,670,216)	\$ -	\$ (7,670,216)
Special populations	17,743,601	-	16,301,393	-	(1,442,208)	-	(1,442,208)
Alternative programs	6,718,312	-	5,942,576	-	(775,736)	-	(775,736)
Student leadership	7,217,017	-	4,393,688	-	(2,823,329)	-	(2,823,329)
Co-curricular services	5,093,299	-	-	-	(5,093,299)	-	(5,093,299)
School-based support	8,853,836	5,509,758	6,792,759	-	3,448,681	-	3,448,681
System-wide support services:							
Support and development	640,105	-	201,086	-	(439,019)	-	(439,019)
Special population support and development	121,856	-	126,826	-	4,970	-	4,970
Alternative programs and services support and development	106,895	-	107,654	-	759	-	759
Technology support	2,150,997	-	466,245	-	(1,684,752)	-	(1,684,752)
Operational support	14,533,435	-	6,318,924	686,818	(7,527,693)	-	(7,527,693)
Financial and human resources	1,561,640	-	631,444	-	(930,196)	-	(930,196)
Accountability	315,066	-	-	-	(315,066)	-	(315,066)
Policy, leadership and public relations	1,995,432	-	562,768	-	(1,432,664)	-	(1,432,664)
Ancillary services	88,220	-	109,032	-	20,812	-	20,812
Non-programmed charges	1,863,656	-	163,863	-	(1,699,793)	-	(1,699,793)
Unallocated depreciation expense, excluding direct depreciation expense charged to programs	4,216,186	-	-	-	(4,216,186)	-	(4,216,186)
Total governmental activities	123,318,932	5,509,758	84,547,421	686,818	(32,574,935)	-	(32,574,935)
Business-type activities:							
School food service	4,477,277	1,296,208	3,395,980	-	-	214,911	214,911
Child care	420,718	697,207	-	-	-	276,489	276,489
Total business-type activities	4,897,995	1,993,415	3,395,980	-	-	491,400	491,400
Total primary government	\$ 128,216,927	\$ 7,503,173	\$ 87,943,401	\$ 686,818	(32,574,935)	491,400	(32,083,535)
General revenues:							
Unrestricted county appropriations - operating					29,500,000	-	29,500,000
Unrestricted county appropriations - capital					750,000	-	750,000
Unrestricted county appropriations - contributed capital					32,641,008	-	32,641,008
Unrestricted State and Federal appropriations - operating					984,130	-	984,130
Unrestricted State appropriation - capital					900,221	-	900,221
Investment earnings, unrestricted					100,817	30,702	131,519
Miscellaneous, unrestricted					614,614	-	614,614
Transfers in (out)					231,489	(231,489)	-
Total general revenues and transfers					65,722,279	(200,787)	65,521,492
Change in net deficit					33,147,344	290,613	33,437,957
Net deficit, beginning					(103,920,133)	(2,573,542)	(106,493,675)
Net deficit, ending					\$ (70,772,789)	\$ (2,282,929)	\$ (73,055,718)

**Board of Education of Moore County Schools
Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
ASSETS							
Cash and cash equivalents	\$ 3,454,135	\$ 497,997	\$ -	\$ 3,555,510	\$ 1,011,665	\$ 1,450,919	\$ 9,970,226
Due from other governments	16,253	1,395,967	102,539	-	-	-	1,514,759
Receivables (net)	-	-	-	45,705	-	-	45,705
Due from other funds	-	-	-	-	-	651,019	651,019
Inventories	308,041	-	-	-	-	-	308,041
Total assets	<u>\$ 3,778,429</u>	<u>\$ 1,893,964</u>	<u>\$ 102,539</u>	<u>\$ 3,601,215</u>	<u>\$ 1,011,665</u>	<u>\$ 2,101,938</u>	<u>\$ 12,489,750</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenditures	892,721	-	-	10,367	-	-	903,088
Accrued salaries and wages payable	442,398	1,395,967	102,539	2,724	-	-	1,943,628
Due to other funds	-	-	-	651,019	-	-	651,019
Due to other governments	-	497,997	-	-	-	-	497,997
Total liabilities	<u>1,335,119</u>	<u>1,893,964</u>	<u>102,539</u>	<u>664,110</u>	<u>-</u>	<u>-</u>	<u>3,995,732</u>
Fund balances:							
Nonspendable:							
Inventories	308,041	-	-	-	-	-	308,041
Restricted:							
Stabilization by State Statute	16,253	-	-	45,705	-	-	61,958
School Capital Outlay	-	-	-	-	1,011,665	-	1,011,665
Individual Schools	-	-	-	-	-	2,101,938	2,101,938
Assigned:							
Other special programs	-	-	-	2,891,400	-	-	2,891,400
Unassigned:							
	2,119,016	-	-	-	-	-	2,119,016
Total fund balances	<u>2,443,310</u>	<u>-</u>	<u>-</u>	<u>2,937,105</u>	<u>1,011,665</u>	<u>2,101,938</u>	<u>8,494,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,778,429</u>	<u>\$ 1,893,964</u>	<u>\$ 102,539</u>	<u>\$ 3,601,215</u>	<u>\$ 1,011,665</u>	<u>\$ 2,101,938</u>	
Amounts reported for governmental activities in the Statement of Net Position (Deficit) (Exhibit 1) are different because:							
Net OPEB asset							130,333
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds							132,503,277
Deferred outflows of resources related to pensions							27,066,859
Deferred outflows of resources related to OPEB							12,001,559
Some liabilities, including those for compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds							(8,785,364)
Net pension liability							(48,302,316)
Net OPEB liability							(123,571,779)
Deferred inflows of resources related to pensions							(1,318,720)
Deferred inflows of resources related to OPEB							(68,990,656)
Net deficit of governmental activities							<u>\$ (70,772,789)</u>

**Board of Education of Moore County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019**

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
Revenues:							
Intergovernmental:							
State of North Carolina	\$ -	\$ 77,396,391	\$ -	\$ 406,821	\$ 1,531,569	\$ -	\$ 79,334,781
Moore County	29,500,000	-	-	-	33,391,008	-	62,891,008
U.S. Government	-	-	7,151,030	577,309	-	-	7,728,339
Other	715,431	-	-	1,491,833	-	4,237,258	6,444,522
Total revenues	<u>30,215,431</u>	<u>77,396,391</u>	<u>7,151,030</u>	<u>2,475,963</u>	<u>34,922,577</u>	<u>4,237,258</u>	<u>156,398,650</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	9,088,004	41,842,216	586,947	334,304	-	-	51,851,471
Special populations	1,221,339	13,754,653	2,546,740	844,948	-	-	18,367,680
Alternative programs	569,565	2,929,072	3,013,504	440,475	-	-	6,952,616
School leadership	3,096,528	4,393,688	-	-	-	-	7,490,216
Co-curricular services	931,289	-	-	-	-	4,180,073	5,111,362
School-based support	1,532,142	6,384,572	408,187	847,018	-	-	9,171,919
System-wide support services:							
Support and development	430,045	112,071	89,015	26,000	-	-	657,131
Special population support and development	-	-	126,826	-	-	-	126,826
Alternative programs and services support and development	-	-	107,654	-	-	-	107,654
Technology support	1,535,811	466,245	-	192,365	-	-	2,194,421
Operational support	8,284,386	6,218,533	100,391	1,053	-	-	14,604,363
Financial and human resources	725,868	624,040	7,404	243,576	-	-	1,600,888
Accountability	326,544	-	-	-	-	-	326,544
Policy, leadership, and public relations	1,382,850	562,269	499	99,898	-	-	2,045,516
Ancillary services	-	64,032	-	24,188	-	-	88,220
Non-programmed charges	1,863,656	-	163,863	-	-	-	2,027,519
Debt service:							
Principal retirements	-	-	-	-	631,348	-	631,348
Capital outlay:							
Land, buildings, and site improvements	-	-	-	-	35,103,257	-	35,103,257
Furnishings and equipment	-	-	-	-	353,123	-	353,123
Vehicles and other	-	-	-	-	811,896	-	811,896
Total expenditures	<u>30,988,027</u>	<u>77,351,391</u>	<u>7,151,030</u>	<u>3,053,825</u>	<u>36,899,624</u>	<u>4,180,073</u>	<u>159,623,970</u>
Excess (deficiency) of revenues over expenditures	<u>(772,596)</u>	<u>45,000</u>	<u>-</u>	<u>(577,862)</u>	<u>(1,977,047)</u>	<u>57,185</u>	<u>(3,225,320)</u>
Other financing sources (uses):							
Installment purchase obligations issued	-	-	-	-	786,141	-	786,141
Transfers (to) from other funds	-	(45,000)	-	158,960	-	117,529	231,489
Net change in fund balances	<u>(772,596)</u>	<u>-</u>	<u>-</u>	<u>(418,902)</u>	<u>(1,190,906)</u>	<u>174,714</u>	<u>(2,207,690)</u>
Fund balances:							
Beginning of year	3,281,909	-	-	3,356,007	2,202,571	1,927,224	10,767,711
Decrease in reserve for inventories	<u>(66,003)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,003)</u>
End of year	<u>\$ 2,443,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,937,105</u>	<u>\$ 1,011,665</u>	<u>\$ 2,101,938</u>	<u>\$ 8,494,018</u>

Board of Education of Moore County Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (2,207,690)
Adjustment due to the use of consumption method of recording inventories in the government-wide statements.	(66,003)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,951,960
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	4,669,004
Net OPEB benefit	1,082,609
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	31,862,076
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(154,793)
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.	
Compensated absences	(359,774)
Pension expense	<u>(10,630,045)</u>
Total changes in net position (deficit) of governmental activities	<u>\$ 33,147,344</u>

Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	General Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Moore County	29,500,000	29,500,000	29,500,000	-
U.S. Government	-	-	-	-
Other	480,000	715,400	715,431	31
Total revenues	<u>29,980,000</u>	<u>30,215,400</u>	<u>30,215,431</u>	<u>31</u>
Expenditures:				
Current:				
Instructional services	16,198,385	16,444,325	16,438,867	5,458
System-wide support services	12,595,115	12,720,918	12,685,504	35,414
Ancillary services	-	-	-	-
Nonprogrammed charges	1,800,000	1,863,657	1,863,656	1
Total expenditures	<u>30,593,500</u>	<u>31,028,900</u>	<u>30,988,027</u>	<u>40,873</u>
Revenues over (under) expenditures	<u>(613,500)</u>	<u>(813,500)</u>	<u>(772,596)</u>	<u>40,904</u>
Other financing sources:				
Transfers from (to) other funds	-	-	-	-
Fund balance appropriated	<u>613,500</u>	<u>813,500</u>	-	<u>(813,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(772,596)	<u>\$ (772,596)</u>
Fund balances:				
Beginning of year			3,281,909	
Decrease in reserve for inventories			<u>(66,003)</u>	
End of year			<u>\$ 2,443,310</u>	

**Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	State Public School Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 75,546,000	\$ 78,420,447	\$ 77,396,391	\$ (1,024,056)
Moore County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>75,546,000</u>	<u>78,420,447</u>	<u>77,396,391</u>	<u>(1,024,056)</u>
Expenditures:				
Current:				
Instructional services	68,754,858	70,172,647	69,304,201	868,446
System-wide support services	6,791,142	8,134,239	7,983,158	151,081
Ancillary services	-	68,561	64,032	4,529
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>75,546,000</u>	<u>78,375,447</u>	<u>77,351,391</u>	<u>1,024,056</u>
Revenues over (under) expenditures	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Other financing sources:				
Transfers from (to) other funds	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Decrease in reserve for inventories			-	
End of year			<u>\$ -</u>	

**Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	<u>Restricted Revenues Fund</u>			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 306,200	\$ 406,304	\$ 406,821	\$ 517
Moore County	-	-	-	-
U.S. Government	513,300	597,230	577,309	(19,921)
Other	<u>1,115,300</u>	<u>1,297,612</u>	<u>1,491,833</u>	<u>194,221</u>
Total revenues	<u>1,934,800</u>	<u>2,301,146</u>	<u>2,475,963</u>	<u>174,817</u>
Expenditures:				
Current:				
Instructional services	1,467,200	2,736,661	2,466,745	269,916
System-wide support services	459,600	857,345	562,892	294,453
Ancillary services	8,000	14,825	24,188	(9,363)
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>1,934,800</u>	<u>3,608,831</u>	<u>3,053,825</u>	<u>555,006</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,307,685)</u>	<u>(577,862)</u>	<u>729,823</u>
Other financing sources:				
Transfers from (to) other funds	<u>-</u>	<u>149,800</u>	<u>158,960</u>	<u>9,160</u>
Fund balance appropriated	<u>-</u>	<u>1,157,885</u>	<u>-</u>	<u>(1,157,885)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(418,902)</u>	<u>\$ (418,902)</u>
Fund balances:				
Beginning of year			3,356,007	
Decrease in reserve for inventories			<u>-</u>	
End of year			<u>\$ 2,937,105</u>	

**Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	Federal Grants Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:	\$ -	\$ -	\$ -	\$ -
State of North Carolina	-	-	-	-
Moore County	-	-	-	-
U.S. Government	7,800,000	8,243,311	7,151,030	(1,092,281)
Other	-	-	-	-
Total revenues	<u>7,800,000</u>	<u>8,243,311</u>	<u>7,151,030</u>	<u>(1,092,281)</u>
Expenditures:				
Current:				
Instructional services	6,544,200	7,198,809	6,555,378	643,431
System-wide support services	93,600	493,044	431,789	61,255
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>1,162,200</u>	<u>551,458</u>	<u>163,863</u>	<u>387,595</u>
Total expenditures	<u>7,800,000</u>	<u>8,243,311</u>	<u>7,151,030</u>	<u>1,092,281</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers from (to) other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year				-
Decrease in reserve for inventories				-
End of year			<u>\$ -</u>	

Board of Education of Moore County Schools
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2019

Exhibit 7

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,224,045	\$ -	\$ 2,224,045
Receivables (net)	10,627	-	10,627
Due from other governments	66,299	-	66,299
OPEB asset	3,048	-	3,048
Inventories	183,827	-	183,827
Total current assets	<u>2,487,846</u>	<u>-</u>	<u>2,487,846</u>
Noncurrent assets:			
Capital assets:			
Equipment, furniture and vehicles, net	9,075	-	9,075
Total assets	<u>2,496,921</u>	<u>-</u>	<u>2,496,921</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>868,576</u>	<u>-</u>	<u>868,576</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	6,417	-	6,417
Unearned revenue	69,880	-	69,880
Compensated absences	72,657	-	72,657
Total current liabilities	<u>148,954</u>	<u>-</u>	<u>148,954</u>
Noncurrent liabilities:			
Net pension liability	1,071,921	-	1,071,921
Net OPEB liability	2,788,144	-	2,788,144
Compensated absences	83,139	-	83,139
Total noncurrent liabilities	<u>3,943,204</u>	<u>-</u>	<u>3,943,204</u>
Total liabilities	<u>4,092,158</u>	<u>-</u>	<u>4,092,158</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,556,268</u>	<u>-</u>	<u>1,556,268</u>
NET POSITION (DEFICIT)			
Investment in capital assets	9,075	-	9,075
DIPNC OPEB plan	3,048	-	3,048
Unrestricted	<u>(2,295,052)</u>	<u>-</u>	<u>(2,295,052)</u>
Total net deficit	<u>\$ (2,282,929)</u>	<u>\$ -</u>	<u>\$ (2,282,929)</u>

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

Board of Education of Moore County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

Exhibit 8

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Operating revenues:			
Food sales	\$ 1,296,208	\$ -	\$ 1,296,208
Child care fees	-	697,207	697,207
Total operating revenues	<u>1,296,208</u>	<u>697,207</u>	<u>1,993,415</u>
Operating expenses:			
Food cost:			
Purchase of food	1,418,837	-	1,418,837
Donated commodities	293,355	-	293,355
Salaries and benefits	2,442,650	420,718	2,863,368
Materials and supplies	196,965	-	196,965
Repairs and maintenance	61,094	-	61,094
Contracted services	26,616	-	26,616
Depreciation	7,888	-	7,888
Non-capitalized equipment	15,710	-	15,710
Other	14,162	-	14,162
Total operating expenses	<u>4,477,277</u>	<u>420,718</u>	<u>4,897,995</u>
Operating income (loss)	<u>(3,181,069)</u>	<u>276,489</u>	<u>(2,904,580)</u>
Nonoperating revenues:			
Federal reimbursements	3,098,058	-	3,098,058
Federal commodities	293,355	-	293,355
State reimbursements	4,567	-	4,567
Interest earned	30,702	-	30,702
Total nonoperating revenues	<u>3,426,682</u>	<u>-</u>	<u>3,426,682</u>
Income before transfers	245,613	276,489	522,102
Transfers from (to) other funds	<u>45,000</u>	<u>(276,489)</u>	<u>(231,489)</u>
Change in net deficit	<u>290,613</u>	<u>-</u>	<u>290,613</u>
Total net deficit, beginning	<u>(2,573,542)</u>	<u>-</u>	<u>(2,573,542)</u>
Total net deficit, ending	<u>\$ (2,282,929)</u>	<u>\$ -</u>	<u>\$ (2,282,929)</u>

Board of Education of Moore County Schools
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

Exhibit 9

	Enterprise		Total
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 1,325,701	\$ 697,207	\$ 2,022,908
Cash paid for goods and services	(1,799,697)	-	(1,799,697)
Cash paid to employees for services	(2,522,008)	(420,718)	(2,942,726)
Net cash provided (used) by operating activities	<u>(2,996,004)</u>	<u>276,489</u>	<u>(2,719,515)</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	45,000	(276,489)	(231,489)
Federal and state reimbursements	3,117,716	-	3,117,716
Net cash provided (used) by noncapital activities	<u>3,162,716</u>	<u>(276,489)</u>	<u>2,886,227</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(6,199)	-	(6,199)
Cash flows from investing activities:			
Interest earned on investments	30,702	-	30,702
Net increase in cash and cash equivalents	191,215	-	191,215
Cash and cash equivalents, beginning of year	2,032,830	-	2,032,830
Cash and cash equivalents, end of year	<u>\$ 2,224,045</u>	<u>\$ -</u>	<u>\$ 2,224,045</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,181,069)	\$ 276,489	\$ (2,904,580)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	7,888	-	7,888
Donated commodities	293,355	-	293,355
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:			
Decrease in accounts receivable	15,448	-	15,448
Decrease in net OPEB asset	2,946	-	2,946
Increase in inventories	(65,769)	-	(65,769)
Decrease in accounts payable and accrued expenses	(544)	-	(544)
Increase in deferred inflows of resources	367,603	-	367,603
Increase in deferred outflows of resources	(119,597)	-	(119,597)
Increase in net pension liability	191,057	-	191,057
Decrease in net OPEB liability	(529,206)	-	(529,206)
Increase in unearned revenue	14,045	-	14,045
Increase in compensated absences payable	7,839	-	7,839
Total adjustments	<u>185,065</u>	<u>-</u>	<u>185,065</u>
Net cash provided (used) by operating activities	<u>\$ (2,996,004)</u>	<u>\$ 276,489</u>	<u>\$ (2,719,515)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$293,355 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

**Board of Education of Moore County Schools
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2019**

Exhibit 10

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 313,381
LIABILITIES	
Due to Sandhills Region Education Consortium (SREC)	\$ 313,381

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Board of Education of Moore County Schools (“Board”) 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 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 Moore County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. There are no components units of the Board.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position (Deficit) and the Statement of Activities display information about the Board. These statements include the financial activities of all nonfiduciary funds of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund 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, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – 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. The fiduciary fund funds are presented separately.

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

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].

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

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 U.S. Government for the current operating expenditures of the public school system.

Restricted Revenues Fund. The Restricted Revenues Fund is used to account for activities designated for specific purposes and generally not intended for the general K-12 student population of the Board. Funding is primarily from local and state government grants and private donations received from individual and corporate donors, along with grant monies received directly from the federal government.

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) and it is reported as a capital outlay projects fund. It is mandated by state law [G.S.115C-426]. Capital projects are funded by Moore County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, as well as certain state assistance.

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Agency Fund. The Agency Fund is used to account for moneys held for the Sandhills Region Education Consortium for which the Board is the fiscal agent.

C. Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 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.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Fiduciary Fund Financial Statements. The Board's fiduciary fund is an Agency Fund, which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Agency fund is accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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 is 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 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 superintendent is authorized by the governing board to transfer appropriations within a fund without limitation and without a report being made. The superintendent is not authorized to transfer contingency appropriations within a fund, nor may he transfer amounts between funds. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. 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 is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. The STIF is classified as a Level 2 investment on the fair value hierarchy. Investments classified in Level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. 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.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

(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, 1990 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.

For capital assets utilized in governmental activities having an estimated useful life of two or more years, it is the policy of the Board to capitalize infrastructure costing more than \$100,000, buildings costing more than \$20,000 and all other capital assets costing more than \$5,000. For capital assets utilized in business-type activities, the Board's policy is to capitalize those assets costing more than \$1,000 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Moore County (the "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 acquisitions 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 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 and improvements	15 to 50
Equipment and furniture	5 to 12
Vehicles	6
Computer equipment	3

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

(5) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position (Deficit) 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 - a pension and OPEB related deferral and contributions made to the plans subsequent to the measurement date. The Statement of Net Position (Deficit)

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

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 two items that meet this criterion – 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.

(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. 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 of the current portion of compensated absences has been made based on prior years' records.

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 (Deficit)

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

(9) Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Assigned Fund balance – portion of fund balance that the Board 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 transfer amounts between, purpose, program and object codes.

Other special programs – portion of fund balance that will be used by restricted revenues 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.

The Board does not have a formal fund balance policy. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

The Board does not have a formal revenue spending policy; however, it is the Board’s practice to use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-Board funds and Board funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

F. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position (Deficit).

The governmental fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position (deficit) – governmental activities* as reported in the government-wide Statement of Net Position (Deficit). The net adjustment of \$(79,266,807) 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)	\$ 212,428,377
Less accumulated depreciation	<u>(79,925,100)</u>
Net capital assets	132,503,277
Net OPEB asset	130,333
Pension related deferred outflows of resources	27,066,859
OPEB related deferred outflows of resources	12,001,559
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(7,434,918)
Installment financing	(1,350,446)
Net pension liability	(48,302,316)
Net OPEB liability	(123,571,779)
Deferred inflows of resources related to pensions	(1,318,720)
Deferred inflows of resources related to OPEB	<u>(68,990,656)</u>
Total adjustment	<u>\$ (79,266,807)</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances 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 \$35,355,034 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 36,472,285
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	(4,610,209)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities	(786,141)
Principal payments on installment financing are recorded as a use of funds on the fund statements but affect only the Statement of Net Position (Deficit) in the government-wide statements	631,348
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,951,960
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,669,004
Net OPEB benefit	1,082,609
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	(10,630,045)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(359,774)
Adjustment due to the use of the consumption method of recording inventories in the government-wide statements	<u>(66,003)</u>
Total adjustment	<u>\$ 35,355,034</u>

G. Defined Benefit Pension Plans and OPEB Plans

For purposes of measuring the net pension liability and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension expense and OPEB expense and/or benefit, 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.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

2. 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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the Board had deposits with banks with a carrying amount of \$3,450,941 and with the State Treasurer of \$2,448,747. The bank balances with the financial institutions and the State Treasurer were \$3,507,407 and \$3,353,230, respectively. Of these balances, \$1,759,317 was covered by federal depository insurance and \$5,101,320 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. At June 30, 2019, the Board's petty cash totaled \$94.

(2) Investments

At June 30 2019, the Board had \$6,607,870 invested with the State Treasurer in the Short Term Investment Fund (STIF).

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The STIF had a weighted average maturity of 1.3 years as of June 30, 2019.

Credit Risk. The STIF is unrated and is authorized under North Carolina General Statute 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

Concentration of Credit Risk. The Board places no limit on the amount the Board may invest in any one issuer.

(3) Receivables

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

	Due from Other Governments	Other	Total
Governmental activities:			
General Fund	\$ 16,253	\$ -	\$ 16,253
Other governmental activities	<u>1,498,506</u>	<u>45,705</u>	<u>1,544,211</u>
Total	<u>\$ 1,514,759</u>	<u>\$ 45,705</u>	<u>\$ 1,560,464</u>
Business-type activities:			
School Food Service	<u>\$ 66,299</u>	<u>\$ 10,627</u>	<u>\$ 76,926</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Due from other governments consists of the following:

Governmental activities:			
General Fund	\$	16,253	Local government fines and forfeitures
State Public School Fund		1,395,967	Operating funds from DPI
Federal Grants Fund		<u>102,539</u>	Federal grant funds
Total	\$	<u>1,514,759</u>	
Business-type activities:			
School Food Service	\$	<u>66,299</u>	Federal funds

(4) Capital Assets

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

	<u>Beginning Balances</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,747,104	\$ -	\$ -	\$ -	\$ 2,747,104
Construction in progress	<u>6,937,847</u>	<u>(979,815)</u>	<u>35,601,195</u>	<u>-</u>	<u>41,559,227</u>
Total capital assets not being depreciated	<u>9,684,951</u>	<u>(979,815)</u>	<u>35,601,195</u>	<u>-</u>	<u>44,306,331</u>
Capital assets being depreciated:					
Buildings and improvements	144,638,673	979,815	-	-	145,618,488
Equipment and furniture	9,217,328	-	23,995	-	9,241,323
Vehicles	11,414,021	-	847,095	22,200	12,238,916
Computers	<u>1,023,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023,319</u>
Total capital assets being depreciated	<u>166,293,341</u>	<u>979,815</u>	<u>871,090</u>	<u>22,200</u>	<u>168,122,046</u>
Less accumulated depreciation for:					
Buildings and improvements	59,277,191	-	3,097,941	-	62,375,132
Equipment and furniture	5,612,025	-	1,020,036	-	6,632,061
Vehicles	9,489,682	-	438,540	22,200	9,906,022
Computers	<u>958,193</u>	<u>-</u>	<u>53,692</u>	<u>-</u>	<u>1,011,885</u>
Total accumulated depreciation	<u>75,337,091</u>	<u>-</u>	<u>4,610,209</u>	<u>22,200</u>	<u>79,925,100</u>
Total capital assets being depreciated, net	<u>90,956,250</u>				<u>88,196,946</u>
Governmental activity capital assets, net	<u>\$100,641,201</u>				<u>\$132,503,277</u>
Business-type activities:					
School Food Service Fund:					
Capital assets being depreciated:					
Equipment, furniture and vehicles	\$ 2,369,277	-	6,199	-	\$ 2,375,476
Less accumulated depreciation for:					
Equipment, furniture and vehicles	<u>2,358,513</u>	<u>-</u>	<u>7,888</u>	<u>-</u>	<u>2,366,401</u>
School Food Service capital assets, net	<u>\$ 10,764</u>				<u>\$ 9,075</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 4,216,186
Regular instructional programs	53,692
Operational support services	<u>340,331</u>
Total	<u>\$ 4,610,209</u>

(5) Construction Commitments

The Board has active construction projects as of June 30, 2019. The projects consist of the construction of three new elementary schools, a renovation of an elementary school, and certain renovations at a high school. At year-end, the Board's commitments with contractors for construction are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
New elementary schools	\$ 36,810,369	\$ 53,794,393
Elementary school renovations	1,326,052	1,073,948
High school renovation	<u>678,615</u>	<u>301,385</u>
Total	<u>\$ 38,815,036</u>	<u>\$ 55,169,726</u>

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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in 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 \$9,143,585 for the year ended June 30, 2019.

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 \$49,374,237 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, 2019 and at June 30, 2018, the Board's proportion was .50% and .51%, respectively.

For the year ended June 30, 2019, the Board recognized pension expense of \$11,101,083.

At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,603,365	\$ 495,503
Changes of assumptions	9,908,139	-
Net difference between projected and actual earnings on pension plan investments.	4,705,373	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	244,056	852,989
Board contributions subsequent to the measurement date	<u>9,143,585</u>	<u>-</u>
Total	<u>\$ 27,604,518</u>	<u>\$ 1,348,492</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

The Board reported \$9,143,585 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 10,286,496
2021	6,312,283
2022	600,065
2023	<u>(86,403)</u>
	<u>\$ 17,112,441</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables (RP-2014 Total Data Set Mortality Table) that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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%, a decrease of .2% from the discount rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s proportionate share of the net pension liability 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 percent, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	<u>1% Decrease (6%)</u>	<u>Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Board’s proportionate share of the net pension liability	\$ 94,165,037	\$ 49,374,237	\$ 11,790,319

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 Postemployment Healthcare Benefits

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

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

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer 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. Contributions to the RHBF plan from the board were \$4,664,791 for the year ended June 30, 2019.

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

At June 30, 2019, Board reported a liability of \$126,359,923 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 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 liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2019 and 2018, the Board's proportion was 0.44% and 0.46%, respectively.

\$4,664,791 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Year ended
June 30:

2020	\$ (14,325,459)
2021	(14,325,459)
2022	(14,325,459)
2023	(14,311,947)
2024	<u>(6,026,058)</u>
	<u>\$ (63,314,382)</u>

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.0 to 6.50 percent
Healthcare cost trend rate - prescription drug	5.0 to 7.25 percent
Healthcare cost trend rate - Medicare advantage	5.0 percent
Healthcare cost trend rate - administrative	3.0 percent

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, 2018.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	\$149,295,524	\$126,359,923	\$107,974,578

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Medicare Advantage - 4.00%, Administrative - 2.00%)	Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 5.00%, Administrative - 3.00%)	1% Increase (Medical - 6.00-7.50%, Pharmacy - 6.00-8.25%, Medicare Advantage - 6.00%, Administrative - 4.00%)
Net OPEB liability	\$ 104,243,647	\$ 126,359,923	\$ 155,394,261

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

(c) Other Postemployment 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 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 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$104,158 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 Assets, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB

At June 30, 2019, Board reported an asset of \$133,381 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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

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 Board's present value of future salary, actuarially determined. At June 30, 2019 and 2018, the Board's proportion was 0.44% and 0.45%, respectively.

\$104,158 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 87,035
2021	87,023
2022	65,168
2023	50,480
2024	35,533
Thereafter	<u>35,518</u>
	<u>\$ 360,757</u>

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of OPEB plan investment expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the Board'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	\$ 102,201	\$ 133,381	\$ 163,293

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.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2015.

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

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

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB (benefit) expense	\$ (1,355,303)	\$ 6,028	\$ 1,349,275
OPEB liability (asset)	126,359,923	(133,381)	126,226,542
Proportionate share of the net OPEB liability (asset)	0.4436%	0.4391%	
Deferred outflows of resources			
Differences between expected and actual experience	-	232,670	232,670
Changes of assumptions	-	25,187	25,187
Net difference between projected and actual earnings on plan investments	13,589	103,878	117,467
Changes in proportion and differences between Board contributions and proportionate share of contributions	7,183,824	4,379	7,188,203
Board contributions subsequent to the measurement date	4,664,791	104,158	4,768,949
Deferred inflows of resources			
Differences between expected and actual experience	8,641,049	-	8,641,049
Changes of assumptions	54,742,036	-	54,742,036
Changes in proportion and differences between Board contributions and proportionate share of contributions	7,128,710	5,357	7,134,067

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

(2) Payables

Payables as of June 30, 2019 are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 892,721	\$ 442,398	\$ 1,335,119
Other governmental	<u>10,367</u>	<u>1,501,230</u>	<u>1,511,597</u>
Total governmental activities	<u>\$ 903,088</u>	<u>\$ 1,943,628</u>	<u>\$ 2,846,716</u>
Business-type activities:			
School Food Service	<u>\$ 6,417</u>	<u>\$ -</u>	<u>\$ 6,417</u>

In addition, due to other governments totaled \$497,997 in the State Public School Fund for excess appropriations made to the Board by the North Carolina Department of Public Instruction.

(3) Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 69,880</u>

(4) 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>
Differences between expected and actual experience	\$ 3,836,035	\$ 9,136,552
Changes of assumptions	9,933,326	54,742,036
Difference between projected and actual earnings on plan investments	4,822,840	-
Change in proportion and differences between employer contributions and proportionate share of contributions	7,432,259	7,987,056
Board contributions subsequent to the measurement date	<u>13,912,534</u>	<u>-</u>
Totals	<u>\$ 39,936,994</u>	<u>\$ 71,865,644</u>

(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 participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. The Board maintains workers' compensation coverage through Surry Insurance up to the statutory limits for employees to the extent they are paid from federal and local funds. The state of North Carolina provides workers' compensation

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

for employees to the extent they 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 does not carry supplemental flood insurance in case of natural disasters since there are no Board owned properties in flood zones.

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 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 of \$20,000 per employee.

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) Long-Term Obligations

(a) **Installment Purchases**

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 the fiscal years ended June 30, 2017, June 30, 2018 and June 30, 2019, the Board entered into installment purchase contracts to finance the purchase of the school buses. The financing contracts require only principal payments at the beginning of each contract year.

The future minimum payments of the installment purchase as of June 30, 2019 is are follows:

<u>Year Ending</u> <u>June 30</u>	
2020	\$ 631,348
2021	522,562
2022	<u>196,536</u>
	<u>\$ 1,350,446</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

(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:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 7,075,144	\$ 5,298,862	\$ 4,939,088	\$ 7,434,918	\$ 2,967,650
Net pension liability	39,376,903	8,925,413	-	48,302,316	-
Net OPEB liability	148,294,205	-	24,722,426	123,571,779	-
Installment purchases	<u>1,195,653</u>	<u>786,141</u>	<u>631,348</u>	<u>1,350,446</u>	<u>631,348</u>
	<u>\$195,941,905</u>	<u>\$15,010,416</u>	<u>\$30,292,862</u>	<u>\$180,659,459</u>	<u>\$ 3,598,998</u>
Business-type activities:					
Compensated absences	\$ 147,957	\$ 143,992	\$ 136,153	\$ 155,796	\$ 72,657
Net pension liability	880,864	191,057	-	1,071,921	-
Net OPEB liability	<u>3,317,350</u>	<u>-</u>	<u>529,206</u>	<u>2,788,144</u>	<u>-</u>
	<u>\$ 4,346,171</u>	<u>\$ 335,049</u>	<u>\$ 665,359</u>	<u>\$ 4,015,861</u>	<u>\$ 72,657</u>

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

(7) Interfund Balances and Activity

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

From the Child Care Fund to the Individual Schools Fund for co-curricular costs	<u>\$ 276,489</u>
From the State Public School Fund to the School Food Service Fund for child nutrition costs	<u>\$ 45,000</u>
From the Individual Schools Fund to the Restricted Revenues Fund for technology fees collected by the schools	<u>\$ 158,960</u>

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

From the Restricted Revenues Fund to the Individual School Fund for investments in STIF	<u>\$ 651,019</u>
---	-------------------

C. Fund Balance

The Board of Education has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: revenues restricted as to use and secondly general unrestricted revenues.

Restrictions for the stabilization by state statute is required by the North Carolina General Statutes. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". The formula is "appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

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	\$ 2,443,310
Less:	
Inventories	308,041
Stabilization by State Statute	<u>16,253</u>
Remaining Fund Balance	<u>\$ 2,119,016</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Capital Outlay Fund</i>	<i>Non-Major Funds</i>
	\$ 0	\$ 0	\$ 0

3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Litigation and Contingencies

At June 30, 2019, the Board was involved in various items of pending or threatened litigation. In the opinion of management and Board attorney, the estimated costs of settlement are not considered to be material.

Required Supplementary Information

This section contains additional information required by generally accepted accounting principles.

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

Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Six Fiscal Years*

Schedule 1

	<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	0.4959%	0.5074%	0.5069%	0.4871%	0.4846%	0.4889%
Board's proportionate share of the net pension liability	\$49,374,237	\$40,257,767	\$46,587,508	\$17,949,125	\$ 5,681,083	\$29,675,412
Board's covered payroll	\$72,158,189	\$70,335,672	\$69,445,508	\$68,355,417	\$65,727,081	\$67,156,722
Board's proportionate share of the net pension liability as a percentage of its covered payroll	68.42%	57.24%	67.08%	26.26%	8.64%	44.19%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	89.51%	87.32%	94.64%	98.24%	90.60%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.
Ten years of data not available.

**Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years***

Schedule 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 9,143,585	\$ 7,630,852	\$ 6,895,240	\$ 6,215,096	\$ 6,124,235	\$ 5,598,964	\$ 5,491,510	\$ 4,602,547	\$ 3,152,218	\$ 2,285,277
Contributions in relation to the contractually required contribution	<u>9,143,585</u>	<u>7,630,852</u>	<u>6,895,240</u>	<u>6,215,096</u>	<u>6,124,235</u>	<u>5,598,964</u>	<u>5,491,510</u>	<u>4,602,547</u>	<u>3,152,218</u>	<u>2,285,277</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508	\$ 68,355,417	\$ 65,727,081	\$ 67,156,722	\$ 63,070,283	\$ 65,696,769	\$ 64,230,391
Contributions as a percentage of covered payroll	12.05%	10.58%	9.80%	8.95%	8.96%	8.52%	8.18%	7.30%	4.80%	3.56%

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

Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Three Fiscal Years*

Schedule 3

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.4436%	0.4624%	0.4368%
Board's proportionate share of the net OPEB liability	\$ 126,359,923	\$ 151,611,555	\$ 190,023,492
Board's covered payroll	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.12%	215.55%	273.63%
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.
Ten years of data not available.

**Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years***

Schedule 4

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 4,664,791	\$ 4,282,470	\$ 4,114,308	\$ 3,822,094	\$ 3,674,541	\$ 3,479,218	\$ 3,493,998	\$ 3,093,109	\$ 3,171,518	\$ 2,880,601
Contributions in relation to the contractually required contribution	<u>4,664,791</u>	<u>4,282,470</u>	<u>4,114,308</u>	<u>3,822,094</u>	<u>3,674,541</u>	<u>3,479,218</u>	<u>3,493,998</u>	<u>3,093,109</u>	<u>3,171,518</u>	<u>2,880,601</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$75,866,969	\$72,158,189	\$70,335,672	\$69,445,508	\$68,355,417	\$65,727,081	\$67,156,722	\$63,070,283	\$65,696,769	\$64,230,391
Contributions as a percentage of covered payroll	6.15%	5.93%	5.85%	5.50%	5.38%	5.29%	5.20%	4.90%	4.83%	4.48%

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

Board of Education of Moore County Schools
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 Fiscal Years*

Schedule 5

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.4391%	0.4482%	0.4524%
Board's proportionate share of the net OPEB asset	\$ 133,381	\$ 273,946	\$ 280,989
Board's covered payroll	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.18%	0.39%	0.40%
Plan fiduciary net position as a percentage of the net 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.
Ten years of data not available.

**Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years***

Schedule 6

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 104,158	\$ 99,098	\$ 259,707	\$ 279,832	\$ 274,419	\$ 283,492	\$ 290,068	\$ 321,683	\$ 334,521	\$ 332,869
Contributions in relation to the contractually required contribution	<u>104,158</u>	<u>99,098</u>	<u>259,707</u>	<u>279,832</u>	<u>274,419</u>	<u>283,492</u>	<u>290,068</u>	<u>321,683</u>	<u>334,521</u>	<u>332,869</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508	\$ 68,355,417	\$ 65,727,081	\$ 67,156,722	\$ 63,070,283	\$ 65,696,769	\$ 64,230,391
Contributions as a percentage of covered payroll	0.14%	0.14%	0.37%	0.40%	0.40%	0.43%	0.43%	0.51%	0.51%	0.52%

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



Individual Fund Statements and Schedules

Board of Education of Moore County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Outlay Fund
For the Fiscal Year Ended June 30, 2019

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 631,348	\$ 631,348	\$ -
Moore County:			
General county revenues	750,000	750,000	-
Other:			
Interest earned on investments	2,000	-	(2,000)
Total revenues	<u>1,383,348</u>	<u>1,381,348</u>	<u>(2,000)</u>
Expenditures:			
Debt service:			
Principal retirements	631,348	631,348	-
Capital outlay:			
Land, buildings, and site improvements		1,898,801	
Furnishings and equipment		16,350	
Vehicles and other		811,896	
Total capital outlay	<u>3,477,341</u>	<u>2,727,047</u>	<u>750,294</u>
Total expenditures	<u>4,108,689</u>	<u>3,358,395</u>	<u>750,294</u>
Revenues under expenditures	<u>(2,725,341)</u>	<u>(1,977,047)</u>	<u>748,294</u>
Other financing sources:			
Installment purchase obligations issued	786,141	786,141	-
Fund balance appropriated	<u>1,939,200</u>	<u>-</u>	<u>(1,939,200)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,190,906)</u>	<u>\$ (1,190,906)</u>
Fund balance:			
Beginning of year		<u>2,202,571</u>	
End of year		1,011,665	
Amounts reported on the Statement of Revenue, Expenditures and Changes in Fund Balance are different from the Budget and Actual Statement due to capital outlay activity incurred by Moore County on behalf of the Board:			
Capital outlay contributed to the Board		33,541,229	
County expenditures - financed through public school bonds		(32,641,008)	
County expenditures - financed through Public School Building Capital Fund - Lottery Funds		<u>(900,221)</u>	
Fund balance		<u>\$ 1,011,665</u>	

Board of Education of Moore County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Fiscal Year Ended June 30, 2019

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues - food sales	\$ 1,635,000	\$ 1,296,208	\$ (338,792)
Operating expenditures:			
Business support services:			
Purchase of food		1,484,606	
Donated commodities		293,355	
Salaries and benefits		2,522,008	
Materials and supplies		196,965	
Repairs and maintenance		61,094	
Contracted services		26,616	
Non-capitalized equipment		21,909	
Other		14,162	
Total business support services	<u>5,485,000</u>	<u>4,620,715</u>	<u>864,285</u>
Operating loss	<u>(3,850,000)</u>	<u>(3,324,507)</u>	<u>525,493</u>
Nonoperating revenues:			
Federal reimbursements		3,098,058	
Federal commodities		293,355	
State reimbursements		4,567	
Interest earned		30,702	
Total nonoperating revenues	<u>3,805,000</u>	<u>3,426,682</u>	<u>(378,318)</u>
Excess of revenues under expenditures before other financing sources	(45,000)	102,175	147,175
Other financing sources:			
Transfers from other funds	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Excess of expenditures over revenues	<u>\$ -</u>	147,175	<u>\$ 147,175</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(7,888)	
Decrease in net OPEB asset		(2,946)	
Increase in deferred inflows of resources		(367,603)	
Increase in deferred outflows of resources		119,597	
Increase in net pension liability		(191,057)	
Decrease in net OPEB liability		529,206	
Equipment purchases		6,199	
Increase in compensated absences payable		(7,839)	
Increase in inventories		65,769	
Change in net position (full accrual)		<u>\$ 290,613</u>	

Board of Education of Moore County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Child Care Fund
For the Fiscal Year Ended June 30, 2019

Schedule 9

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Operating revenues:			
Child care fees	<u>\$ 750,000</u>	<u>\$ 697,207</u>	<u>\$ (52,793)</u>
Operating expenditures:			
Regular community service:			
Salaries and benefits	<u>420,718</u>	<u>420,718</u>	<u>-</u>
Excess of revenues over expenditures before other financing uses	329,282	276,489	(52,793)
Other financing uses:			
Transfers to other funds	<u>(329,282)</u>	<u>(276,489)</u>	<u>52,793</u>
Revenues over (under) expenditures and other uses	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Board of Education of Moore County Schools
Sandhills Region Education Consortium (SREC) Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2019**

Schedule 10

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
ASSETS				
Cash and cash equivalents	<u>\$ 292,271</u>	<u>\$ 216,291</u>	<u>\$ 195,181</u>	<u>\$ 313,381</u>
LIABILITIES				
Due to Sandhill's Region Education Consortium (SREC)	<u>\$ 292,271</u>	<u>\$ 216,291</u>	<u>\$ 195,181</u>	<u>\$ 313,381</u>



Statistical Section

STATISTICAL SECTION (UNAUDITED)

This section of the Board's Comprehensive Annual Financial Report presents detailed information for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial position has changed over time.

Revenue Capacity

As the Board's revenues are derived primarily from property taxes assessed by Moore County, these schedules contain information to help the reader assess the underlying financial sources of revenues.

Debt Capacity

As the Board's school construction funding is derived from and is principally held by Moore County, these schedules present information to help the reader assess the affordability of Moore County's current levels of outstanding debt and their ability to issue additional debt.

Demographic and Economic Information

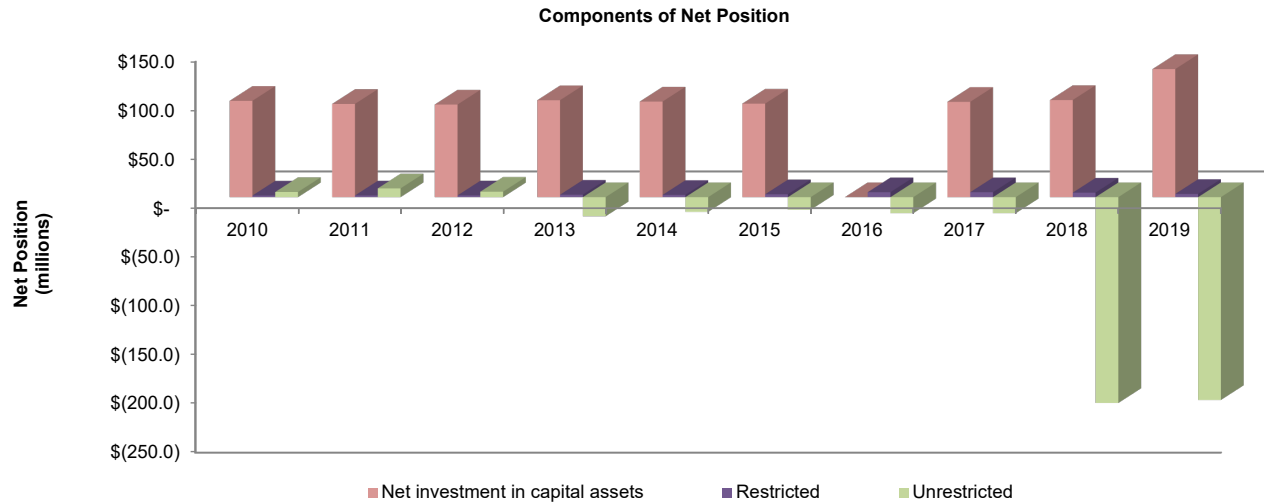
These schedules offer demographic and economic indicators to help the reader understand the environment in which the Board's financial activities are conducted.

Operating Information

These schedules contain staffing, key operating statistics, and capital asset data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

Board of Education of Moore County Schools
Government-Wide - Net Position (Deficit) by Component
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 98,203,221	\$ 98,242,320	\$ 95,096,366	\$ 94,437,917	\$ 98,964,946	\$ 97,717,459	\$ 95,662,149	\$ 97,564,036	\$ 99,445,548	\$ 131,152,831
Restricted	1,564,297	1,660,503	1,721,790	1,764,257	2,520,812	2,303,314	2,941,350	5,053,399	4,622,632	3,305,894
Unrestricted	781,135	3,416,636	7,022,464	3,778,723	(20,881,713)	(16,346,459)	(14,300,996)	(17,854,581)	(207,988,313)	(205,231,514)
Total net position (deficit)	100,548,653	103,319,459	103,840,620	99,980,897	80,604,045	83,674,314	84,302,503	84,762,854	(103,920,133)	(70,772,789)
Business-Type Activities										
Net investment in capital assets	530,681	404,832	378,443	387,002	312,329	190,103	105,563	52,903	10,764	9,075
Restricted	-	-	-	-	-	-	-	-	5,994	3,048
Unrestricted	1,738,900	1,872,977	1,939,712	1,823,464	1,323,778	1,303,933	1,430,703	1,470,522	(2,590,300)	(2,295,052)
Total net position (deficit)	2,269,581	2,277,809	2,318,155	2,210,466	1,636,107	1,494,036	1,536,266	1,523,425	(2,573,542)	(2,282,929)
Total Primary Government										
Net investment in capital assets	98,647,152	95,474,809	94,824,919	99,277,275	97,907,562	95,767,712	-	97,616,939	99,456,312	131,161,906
Restricted	1,660,503	1,721,790	1,764,257	2,520,812	2,303,314	2,941,350	5,053,399	5,053,399	4,628,626	3,308,942
Unrestricted	5,289,613	8,962,176	5,602,187	(19,557,935)	(15,042,526)	(12,870,293)	(16,384,059)	(16,384,059)	(210,578,613)	(207,526,566)
Total net position (deficit)	\$102,818,234	\$105,597,268	\$106,158,775	\$102,191,363	\$82,240,152	\$85,168,350	\$85,838,769	\$86,286,279	\$(106,493,675)	\$(73,055,718)



Certain reclassifications were made to the governmental activities net assets in the periods prior to June 30, 2011 based on the guidance issued under GASB No. 54. The Board implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, as of and for the year ended June 30, 2018.

Board of Education of Moore County Schools
Government-Wide - Expenses, Program Revenues, and Net (Expense) Revenue
Last Ten Fiscal Years

	2010	2011	2012	2013
Expenses				
Governmental activities:				
Instructional programs	\$ 80,793,944	\$ 81,502,355	\$ 81,565,170	\$ 88,415,171
System-wide support services	21,521,433	20,287,570	19,559,225	21,046,565
Ancillary Services	145,474	115,119	70,888	52,346
Non-programmed charges	674,198	733,737	653,689	672,453
Interest on long-term debt	52,722	27,381	11,686	1,816
Unallocated depreciation expense	3,142,595	3,257,366	3,212,969	3,425,084
Total governmental activities expenses	<u>106,330,366</u>	<u>105,923,528</u>	<u>105,073,627</u>	<u>113,613,435</u>
Business-type activities:				
School food service	4,353,008	4,854,111	4,850,298	5,039,864
Child care	445,040	418,368	523,966	463,396
Total business-type activities expense	<u>4,798,048</u>	<u>5,272,479</u>	<u>5,374,264</u>	<u>5,503,260</u>
Total school district expenses	<u>111,128,414</u>	<u>111,196,007</u>	<u>110,447,891</u>	<u>119,116,695</u>
Program revenues				
Governmental activities:				
Charges for services:				
School-based support	3,455,084	3,696,861	3,887,759	3,879,374
Operating grants and contributions	72,019,968	73,988,101	72,656,364	74,707,804
Capital grants and contributions	578,028	985,446	604,379	1,120,038
Total governmental activities program revenue	<u>76,053,080</u>	<u>78,670,408</u>	<u>77,148,502</u>	<u>79,707,216</u>
Business-type activities:				
Charges for services	2,195,463	2,287,165	2,260,682	2,101,236
Operating grants and contributions	2,957,473	3,079,606	3,217,588	3,395,029
Capital grants and contributions	26,651	-	-	-
Total business-type activities program revenue	<u>5,179,587</u>	<u>5,366,771</u>	<u>5,478,270</u>	<u>5,496,265</u>
Total school district program revenues	<u>81,232,667</u>	<u>84,037,179</u>	<u>82,626,772</u>	<u>85,203,481</u>
Net (expense) revenue				
Governmental activities	(30,277,286)	(27,253,120)	(27,925,125)	(33,906,219)
Business-type activities	381,539	94,292	104,006	(6,995)
Total school district net (expense) revenue	<u>\$ (29,895,747)</u>	<u>\$ (27,158,828)</u>	<u>\$ (27,821,119)</u>	<u>\$ (33,913,214)</u>

2014	2015	2016	2017	2018	2019
\$ 85,252,288	\$ 83,732,800	\$ 86,377,847	\$ 92,727,719	\$ 102,176,474	\$ 95,725,444
20,969,775	21,396,449	20,653,772	21,243,718	24,060,722	21,425,426
32,480	-	-	11,722	13,820	88,220
750,630	868,210	1,036,153	1,238,723	1,576,934	1,863,656
-	-	-	-	-	-
2,266,594	3,676,490	3,402,437	3,924,812	4,157,778	4,216,186
<u>109,271,767</u>	<u>109,673,949</u>	<u>111,470,209</u>	<u>119,146,694</u>	<u>131,985,728</u>	<u>123,318,932</u>
4,894,352	4,698,747	4,866,460	4,782,552	4,764,188	4,477,277
420,404	416,058	450,868	447,062	424,531	420,718
<u>5,314,756</u>	<u>5,114,805</u>	<u>5,317,328</u>	<u>5,229,614</u>	<u>5,188,719</u>	<u>4,897,995</u>
<u>114,586,523</u>	<u>114,788,754</u>	<u>116,787,537</u>	<u>124,376,308</u>	<u>137,174,447</u>	<u>128,216,927</u>
4,600,367	4,907,425	5,131,853	4,846,890	5,346,752	5,509,758
74,015,512	76,320,453	77,075,968	78,199,739	80,430,502	84,547,421
690,115	643,267	154,538	246,808	558,092	686,818
<u>79,305,994</u>	<u>81,871,145</u>	<u>82,362,359</u>	<u>83,293,437</u>	<u>86,335,346</u>	<u>90,743,997</u>
2,059,654	1,865,596	2,108,407	2,024,771	2,099,883	1,993,415
3,348,364	3,261,914	3,399,115	3,324,229	3,232,874	3,395,980
-	-	-	-	-	-
<u>5,408,018</u>	<u>5,127,510</u>	<u>5,507,522</u>	<u>5,349,000</u>	<u>5,332,757</u>	<u>5,389,395</u>
<u>84,714,012</u>	<u>86,998,655</u>	<u>87,869,881</u>	<u>88,642,437</u>	<u>91,668,103</u>	<u>96,133,392</u>
(29,965,773)	(27,802,804)	(29,107,850)	(35,853,257)	(45,650,382)	(32,574,935)
93,262	12,705	190,194	119,386	144,038	491,400
<u>\$ (29,872,511)</u>	<u>\$ (27,790,099)</u>	<u>\$ (28,917,656)</u>	<u>\$ (35,733,871)</u>	<u>\$ (45,506,344)</u>	<u>\$ (32,083,535)</u>

Board of Education of Moore County Schools
Government-Wide - General Revenues and Total Change in Net Position (Deficit)
Last Ten Fiscal Years

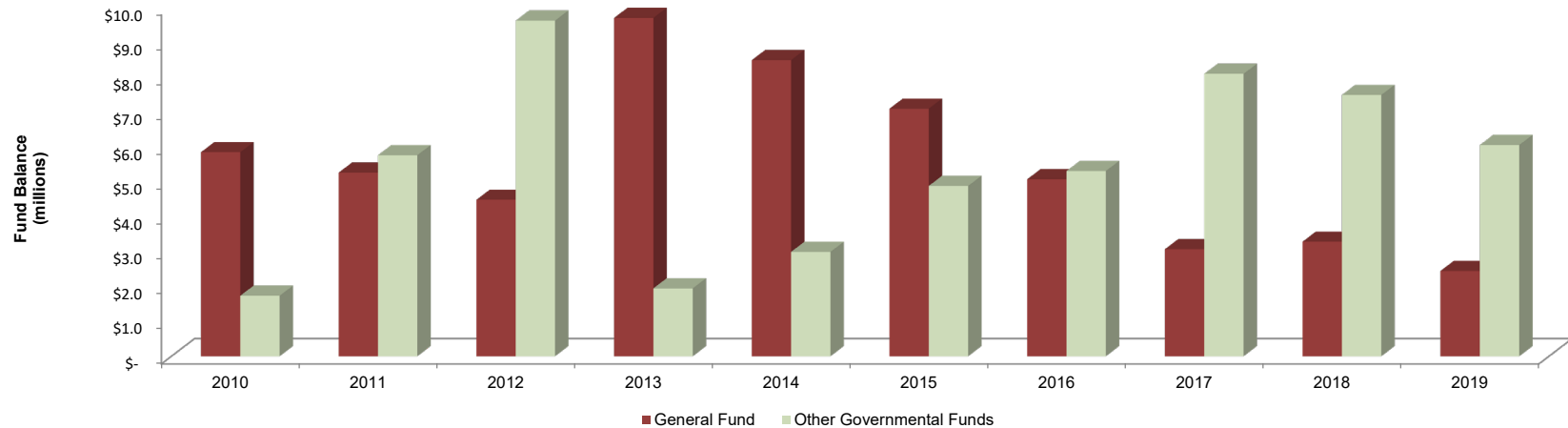
	2010	2011	2012	2013
Net (expense) revenue				
Governmental activities	\$ (30,277,286)	\$ (27,253,120)	\$ (27,925,125)	\$ (33,906,219)
Business-type activities	381,539	94,292	104,006	(6,995)
Total school district net (expense) revenue	<u>(29,895,747)</u>	<u>(27,158,828)</u>	<u>(27,821,119)</u>	<u>(33,913,214)</u>
General revenues and other changes in net position				
Governmental activities:				
Unrestricted county appropriations - operating	24,935,195	25,540,140	25,540,140	25,540,140
Unrestricted county appropriations - capital	733,950	711,932	711,932	711,932
Unrestricted county appropriations - contributed capital	22,775,576	2,934,174	-	2,295,633
Unrestricted State and Federal appropriations - operating	-	633,304	589,602	772,137
Unrestricted State and Federal appropriations - capital	-	-	-	-
Investment earnings, unrestricted	130,401	4,000	4,068	53,051
Miscellaneous, unrestricted	1,093,981	883,993	739,665	565,348
Extraordinary item	-	-	-	-
Transfers	113,568	101,624	75,637	108,255
Total governmental activities	<u>49,782,671</u>	<u>30,809,167</u>	<u>27,661,044</u>	<u>30,046,496</u>
Business-type activities:				
Investment earnings, unrestricted	17,304	15,560	11,977	7,561
Transfers	(113,568)	(101,624)	(75,637)	(108,255)
Total business-type activities	<u>(96,264)</u>	<u>(86,064)</u>	<u>(63,660)</u>	<u>(100,694)</u>
Change in net position (deficit)				
Governmental activities	19,505,385	3,556,047	(264,081)	(3,859,723)
Business-type activities	285,275	8,228	40,346	(107,689)
Total school district change in net position (deficit)	<u>\$ 19,790,660</u>	<u>\$ 3,564,275</u>	<u>\$ (223,735)</u>	<u>\$ (3,967,412)</u>

2014	2015	2016	2017	2018	2019
\$ (29,965,773)	\$ (27,802,804)	\$ (29,107,850)	\$ (35,853,257)	\$ (45,650,382)	\$ (32,574,935)
93,262	12,705	190,194	119,386	144,038	491,400
<u>(29,872,511)</u>	<u>(27,790,099)</u>	<u>(28,917,656)</u>	<u>(35,733,871)</u>	<u>(45,506,344)</u>	<u>(32,083,535)</u>
25,165,140	25,315,140	26,265,140	27,029,515	30,341,352	29,500,000
711,932	1,200,000	750,000	2,921,000	750,000	750,000
4,528,109	1,854,627	611,273	3,529,202	4,649,014	32,641,008
749,191	858,527	717,135	649,311	859,922	984,130
2,306,406	528,692	704,670	1,533,006	1,002,796	900,221
41,504	44,432	58,988	43,608	56,745	100,817
498,143	909,559	469,948	460,498	501,087	614,614
(17,204)					
115,927	162,096	158,885	147,468	204,126	231,489
<u>34,099,148</u>	<u>30,873,073</u>	<u>29,736,039</u>	<u>36,313,608</u>	<u>38,365,042</u>	<u>65,722,279</u>
7,036	7,320	10,921	15,241	20,996	30,702
(115,927)	(162,096)	(158,885)	(147,468)	(204,126)	(231,489)
<u>(108,891)</u>	<u>(154,776)</u>	<u>(147,964)</u>	<u>(132,227)</u>	<u>(183,130)</u>	<u>(200,787)</u>
4,133,375	3,070,269	628,189	460,351	(7,285,340)	33,147,344
(15,629)	(142,071)	42,230	(12,841)	(39,092)	290,613
<u>\$ 4,117,746</u>	<u>\$ 2,928,198</u>	<u>\$ 670,419</u>	<u>\$ 447,510</u>	<u>\$ (7,324,432)</u>	<u>\$ 33,437,957</u>

Board of Education of Moore County Schools
Governmental Funds - Fund Balances
Last Ten Fiscal Years

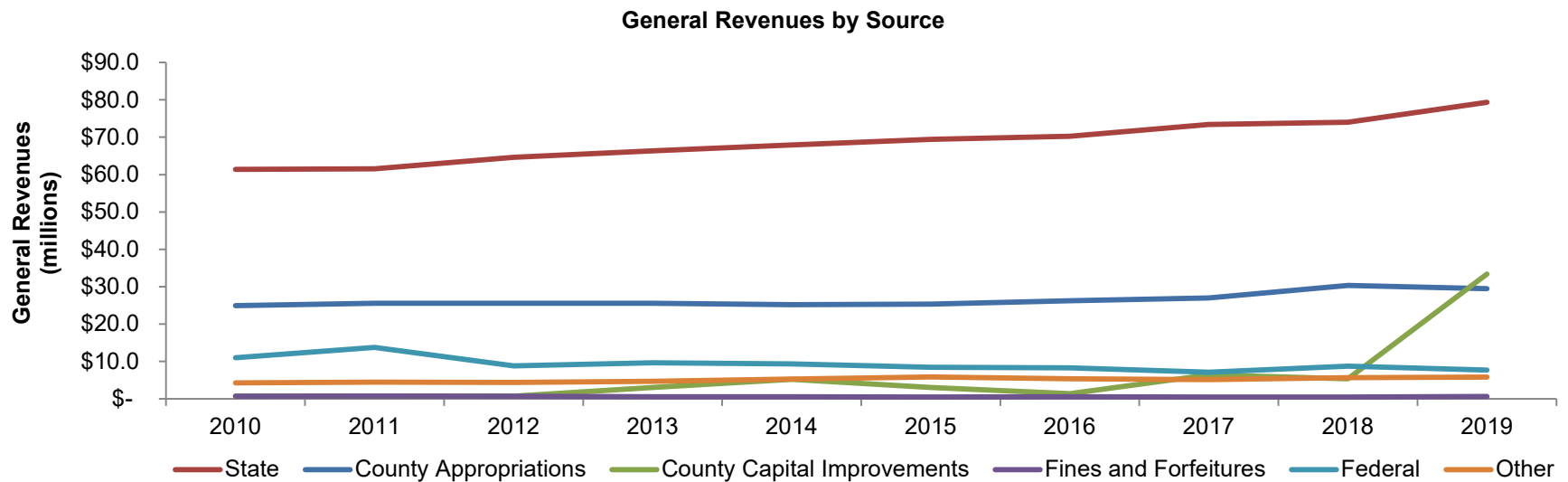
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable										
Inventories	\$ 404,161	\$ 531,953	\$ 500,029	\$ 479,519	\$ 481,082	\$ 325,147	\$ 242,577	\$ 231,962	\$ 374,044	\$ 308,041
Prepays	5,000	-	68,156	-	22,449	44,956	44,956	44,956	22,507	-
Restricted										
Stabilization by state statute	65,495	60,450	39,240	37,963	423,556	313,143	85,400	54,047	45,077	16,253
Assigned										
Subsequent year's expenditures	3,995,860	2,000,000	2,000,000	4,000,000	2,800,000	2,800,000	3,500,000	700,000	613,500	-
Unassigned	1,372,834	2,666,743	1,872,459	5,175,158	4,756,526	3,608,604	1,196,096	2,034,697	2,226,781	2,119,016
Total general fund	\$ 5,843,350	\$ 5,259,146	\$ 4,479,884	\$ 9,692,640	\$ 8,483,613	\$ 7,091,850	\$ 5,069,029	\$ 3,065,662	\$ 3,281,909	\$ 2,443,310
All other governmental funds										
Nonspendable										
Prepays	\$ -	\$ -	\$ 90,320.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Stabilization by state statute	837,748	951,231	798,467	723,168	1,001,635	812,221	16,577	24,000	179,808	45,705
School capital outlay	15,351	12,290	163,518	292,092	276,815	818,299	831,542	3,130,664	2,202,571	1,011,665
Individual schools	645,703	636,532	721,842	711,034	818,806	1,143,362	2,007,831	1,844,688	1,927,224	2,101,938
Assigned										
Subsequent year's expenditures	235,068	-	-	-	-	-	-	-	-	-
Other special programs	-	4,158,643	7,843,149	219,387	892,599	2,105,237	2,450,340	3,090,865	3,176,199	2,891,400
Total all other governmental funds	\$ 1,733,870	\$ 5,758,696	\$ 9,616,019	\$ 1,945,681	\$ 2,989,855	\$ 4,879,119	\$ 5,306,290	\$ 8,090,217	\$ 7,485,802	\$ 6,050,708

Governmental Fund Balances



**Board of Education of Moore County Schools
Governmental Funds - Revenues by Sources
Last Ten Fiscal Years**

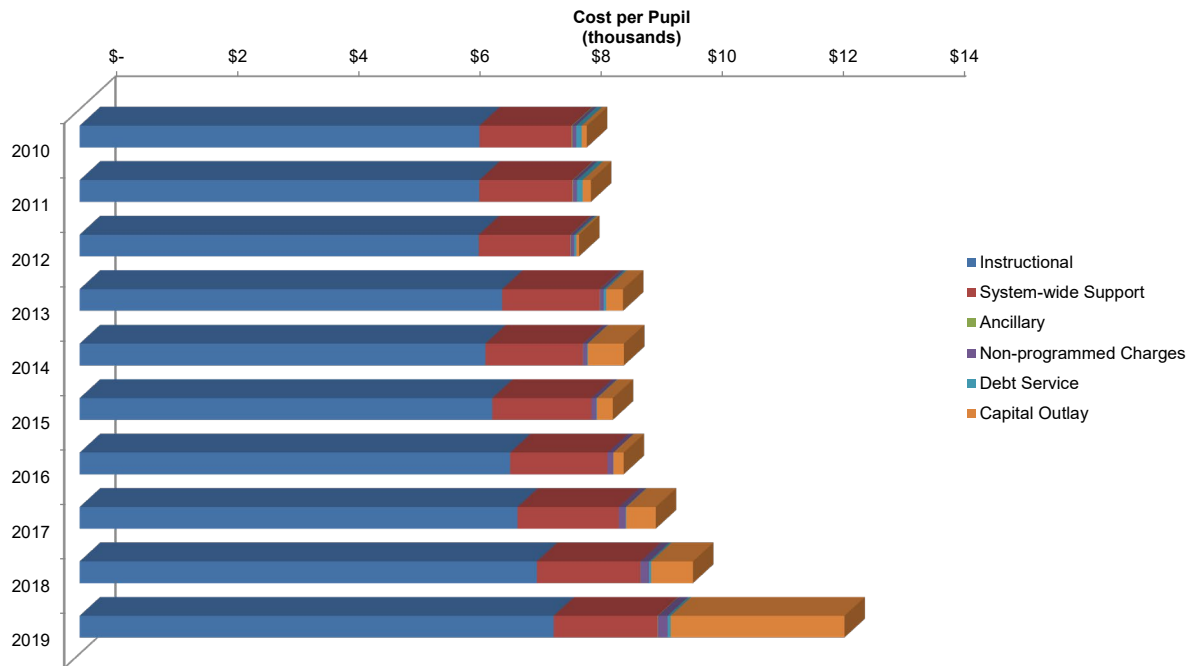
<u>Fiscal Year</u>	<u>State</u>	<u>County Appropriations</u>	<u>County Capital Improvements</u>	<u>Fines and Forfeitures</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
2010	\$ 61,392,402	\$24,935,195	\$ 733,950	\$ 733,970	\$10,983,596	\$ 4,273,888	\$ 103,053,001
2011	61,526,177	25,540,140	711,932	743,036	13,760,999	4,478,493	106,760,777
2012	64,612,523	25,540,140	711,932	739,665	8,813,256	4,407,393	104,824,909
2013	66,309,681	25,540,140	3,007,565	565,348	9,630,298	4,708,425	109,761,457
2014	67,900,980	25,165,140	5,240,041	537,579	9,310,244	5,284,435	113,438,419
2015	69,426,151	25,315,140	3,054,627	489,317	8,421,639	5,856,143	112,563,017
2016	70,273,960	26,265,140	1,361,273	526,936	8,266,285	5,404,123	112,097,717
2017	73,387,497	27,029,515	6,450,202	501,202	7,124,581	5,104,670	119,597,667
2018	74,032,180	30,341,352	5,399,014	501,087	8,717,088	5,699,294	124,690,015
2019	79,334,781	29,500,000	33,391,008	614,614	7,728,339	5,829,908	156,398,650



Board of Education of Moore County Schools
Governmental Funds - Expenditures by Function Per Pupil and in Total
Last Ten Fiscal Years

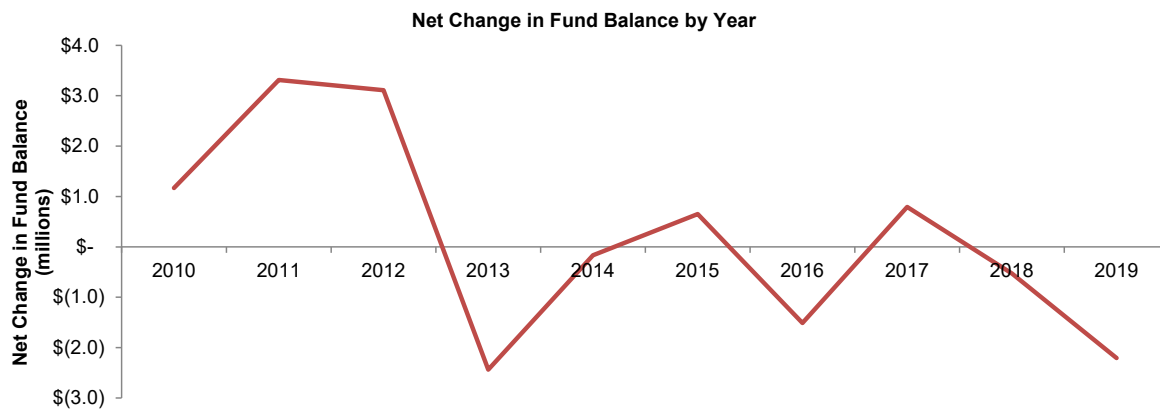
Fiscal Year	Average Daily Membership	Instructional Services	System-wide Support Services	Ancillary Services	Non-programmed Charges	Debt Service		Capital Outlay	Total
						Principal	Interest		
2010	12,236	\$ 6,587 80,597,646	\$ 1,518 18,576,604	\$ 12 145,474	\$ 64 780,592	\$ 88 1,076,326	\$ 4 52,722	\$ 83 1,011,538	\$ 8,356 102,240,902
2011	12,378	6,585 81,505,757	1,531 18,955,216	9 115,119	69 850,737	90 1,117,926	2 27,381	137 1,690,217	8,423 104,262,353
2012	12,371	6,575 81,343,140	1,508 18,657,842	6 70,888	60 744,689	33 406,655	1 11,686	45 555,661	8,228 101,790,561
2013	12,609	6,961 87,769,382	1,607 20,265,186	4 52,346	63 788,453	41 520,828	- -	275 3,471,048	8,951 112,867,243
2014	12,723	6,685 85,054,153	1,605 20,418,224	3 32,480	69 882,630	11 140,115	- -	594 7,563,792	8,967 114,091,394
2015	12,802	6,799 87,040,395	1,634 20,918,471	- -	79 1,017,210	11 140,118	- -	261 3,338,404	8,784 112,454,598
2016	12,703	7,093 90,100,524	1,604 20,377,629	- -	94 1,194,357	3 42,472	- -	168 2,139,645	8,963 113,854,627
2017	12,578	7,214 90,737,919	1,670 21,010,494	1 11,722	109 1,376,813	10 130,022	- -	487 6,122,135	9,492 119,389,105
2018	12,541	7,533 94,474,274	1,705 21,377,659	1 13,820	141 1,770,687	36 456,048	- -	689 8,636,008	10,105 126,728,496
2019	12,668	7,811 98,945,264	1,710 21,663,343	7 88,220	160 2,027,519	50 631,348	- -	2,863 36,268,276	12,601 159,623,970

Cost per Pupil by Function



Board of Education of Moore County Schools
Governmental Funds - Other Financing Sources (Uses) and Net Change in Fund Balances
Last Ten Fiscal Years

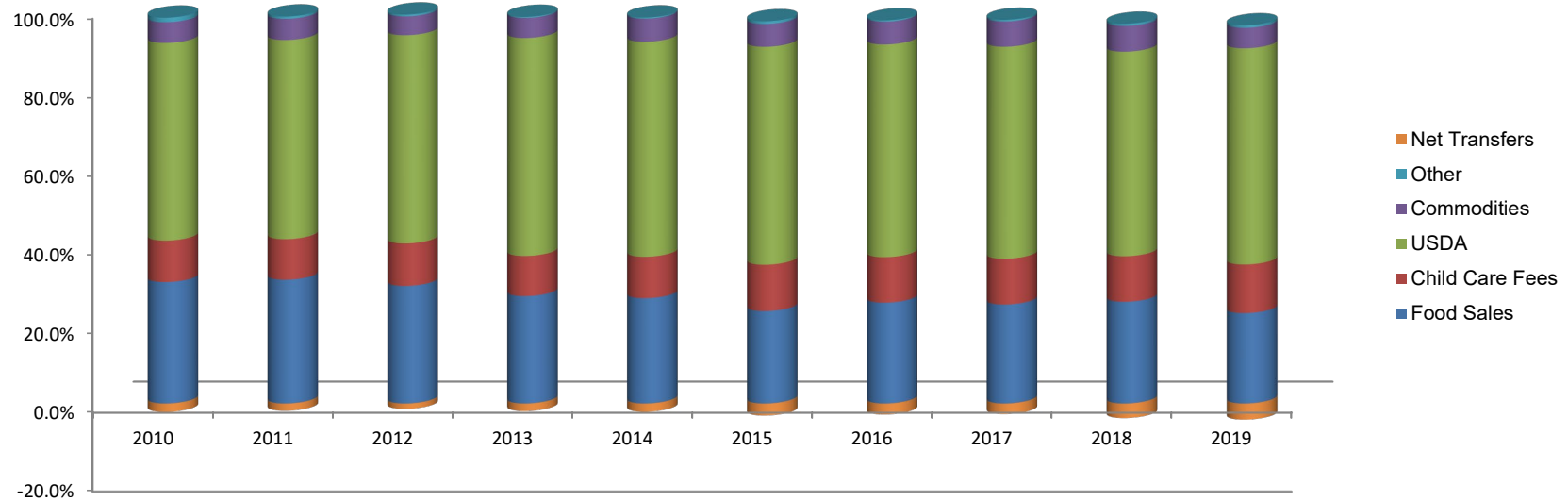
Fiscal Year	Excess of Revenues over (under) Expenditures	Transfers In	Transfers Out	Installment Purchases and Capitalized Leases	Insurance Proceeds	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Debt Service As a Percentage of Noncapital Expenditures
2010	\$ 812,099	\$ 113,568	\$ -	\$ 242,523	\$ -	\$ 356,091	\$1,168,190	1.32%
2011	2,498,424	146,624	(45,000)	712,782	-	814,406	3,312,830	1.38%
2012	3,034,348	75,637	-	-	-	75,637	3,109,985	0.43%
2013	(3,105,786)	108,255	-	560,459	-	668,714	(2,437,072)	0.46%
2014	(652,975)	160,927	(45,000)	-	370,632	486,559	(166,416)	0.13%
2015	108,419	207,096	(45,000)	-	382,921	545,017	653,436	0.13%
2016	(1,756,910)	203,885	(45,000)	84,945	-	243,830	(1,513,080)	0.04%
2017	208,562	192,468	(45,000)	435,145	-	582,613	791,175	0.11%
2018	(2,038,481)	249,126	(45,000)	1,304,105	-	1,508,231	(530,250)	0.38%
2019	(3,225,320)	276,489	(45,000)	786,141	-	1,017,630	(2,207,690)	0.51%



Board of Education of Moore County Schools
Proprietary Funds - Revenues by Source and Net Transfers
Last Ten Fiscal Years

Fiscal Year	Food Sales	Child Care Fees	USDA Reimbursements	Donated Commodities	Other	Net Transfers	Total
2010	\$ 1,636,855	\$ 558,608	\$ 2,661,153	\$ 279,737	\$ 60,538	\$ (113,568)	\$ 5,083,323
2011	1,722,173	564,992	2,769,553	294,343	31,270	(101,624)	5,280,707
2012	1,661,079	599,603	2,938,508	266,243	24,814	(75,637)	5,414,610
2013	1,529,585	571,651	3,102,079	285,802	14,709	(108,255)	5,395,571
2014	1,478,323	581,331	3,015,593	324,474	15,333	(115,927)	5,299,127
2015	1,242,442	623,154	2,926,469	307,852	34,913	(162,096)	4,972,734
2016	1,453,654	654,753	3,061,168	330,040	18,828	(158,885)	5,359,558
2017	1,385,241	639,530	2,962,275	354,548	22,647	(147,468)	5,216,773
2018	1,426,226	637,657	2,863,580	361,426	28,864	(204,126)	5,113,627
2019	1,296,208	697,207	3,098,058	293,355	35,269	(231,489)	5,188,608

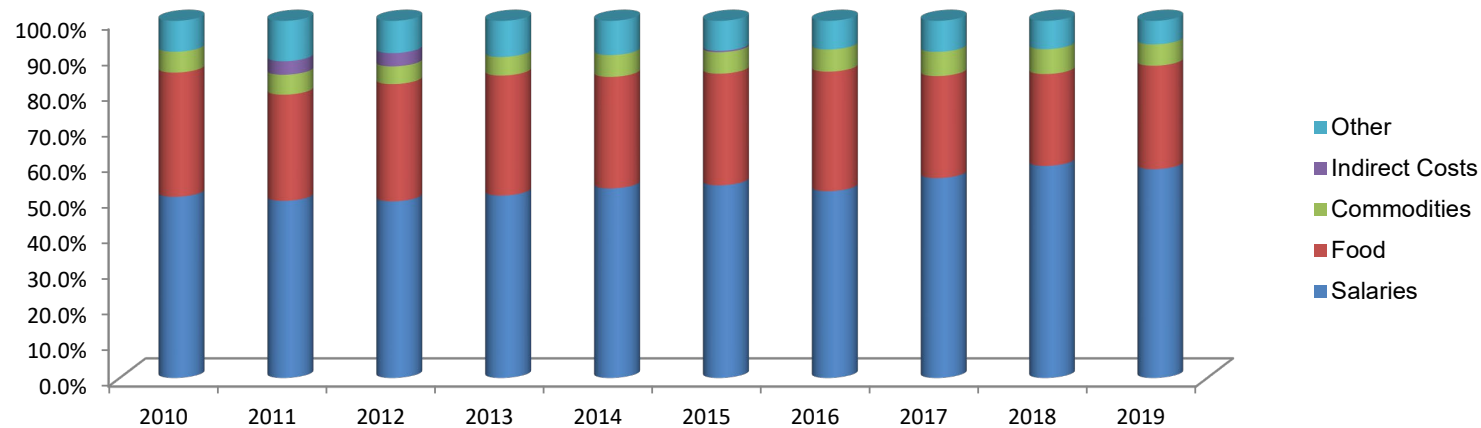
Proprietary Fund Revenues as a Percentage of Total



Board of Education of Moore County Schools
Proprietary Funds - Expenses by Category
Last Ten Fiscal Years

Fiscal Year	Salaries and Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
2010	\$ 2,434,301	\$ 1,668,877	\$ 279,737	\$ -	\$ 415,133	\$ 4,798,048
2011	2,615,109	1,567,677	294,343	200,000	595,350	5,272,479
2012	2,658,654	1,764,136	266,243	200,000	485,231	5,374,264
2013	2,811,198	1,849,727	285,802	-	556,533	5,503,260
2014	2,820,989	1,659,804	324,474	-	509,489	5,314,756
2015	2,759,701	1,598,655	307,852	19,854	428,743	5,114,805
2016	2,781,832	1,779,451	330,040	-	426,005	5,317,328
2017	2,926,894	1,494,511	354,548	-	453,661	5,229,614
2018	3,081,259	1,334,666	361,426	-	411,368	5,188,719
2019	2,863,368	1,418,837	293,355	-	322,435	4,897,995

Proprietary Expenses as a Percentage of Total



Board of Education of Moore County Schools
Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities Installment Purchases	Business- type Activities Installment Purchases	Total Primary Government
2010	1,050,584	-	1,050,584
2011	645,440	-	645,440
2012	238,786	-	238,786
2013	280,233	-	280,233
2014	140,115	-	140,115
2015	140,118	-	140,118
2016	42,473	-	42,473
2017	347,596	-	347,596
2018	1,195,653	-	1,195,653
2019	1,350,446	-	1,350,446

Board of Education of Moore County Schools
Assessed Value and Actual Value of Taxable Property for Moore County, NC
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Less: Abatements	Actual Taxable Assessed Value (1)	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (2)	Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Utilities and Other						
2010	354,442	11,837,049	716,379	156,442	1,329,137	49,819	11,685,356	0.465	11,640,000	100%
2011	321,037	11,898,339	726,928	154,515	1,306,623	40,151	11,754,045	0.465	11,640,000	101%
2012	335,301	12,028,871	765,752	159,780	1,341,543	45,997	11,902,164	0.465	11,852,093	100%
2013	332,786	12,269,515	810,645	161,752	1,435,350	80,421	12,058,927	0.465	11,984,766	101%
2014	324,616	12,362,197	1,088,687	161,475	1,470,691	50,551	12,415,733	0.465	12,120,800	102%
2015	327,018	12,533,473	859,941	156,354	1,478,800	31,683	12,366,303	0.465	12,325,600	100%
2016	334,158	12,170,136	897,122	179,536	1,602,825	13,122	11,965,005	0.465	12,006,812	100%
2017	380,414	12,377,743	950,352	185,741	1,652,895	(417)	12,241,772	0.465	12,213,976	100%
2018	513,948	12,591,779	964,137	195,626	1,670,345	97,458	12,497,687	0.465	12,213,976	102%
2019	477,431	12,784,249	1,042,386	201,007	1,675,803	26,894	12,802,376	0.465	12,544,513	102%

Notes: (1) Per \$100 of value.

(2) Property in the county is reassessed every four years. The County assesses property at 100 percent of market value based on a revaluation date of 1/1/2015 and assesses personal property at 100 percent based on original cost with Department of Revenue trend factors applied each year.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Direct and Overlapping Property Tax Rates for Moore County, NC
Last Ten Fiscal Years

	Year Taxes are Payable									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Direct Rates</u>										
County General	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650
Advanced Life Support (ALS)	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0300	0.0300	0.0400
<u>Municipality Rates</u>										
Aberdeen	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4700	0.4700	0.4700
Cameron	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750
Carthage	0.4000	0.4000	0.4000	0.4000	0.4000	0.4300	0.4950	0.4950	0.4950	0.4950
Carthage Tag Fee	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Foxfire	0.3200	0.3200	0.0320	0.3500	0.3500	0.3500	0.3800	0.3800	0.3800	0.3800
Pinebluff	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3800	0.3900	0.3900	0.3900
Pinehurst	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2900	0.2950	0.2950	0.2950
Robbins	0.6600	0.6600	0.6600	0.6400	0.6400	0.6400	0.6400	0.6200	0.6200	0.6400
Robbins Tag Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.00
Southern Pines	0.3500	0.3500	0.3500	0.3500	0.3500	0.3700	0.3800	0.3800	0.4000	0.4000
Taylortown	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Vass	0.4800	0.4800	0.4800	0.4800	0.4800	0.4900	0.4900	0.4900	0.5000	0.5150
Whispering Pines	0.3200	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700
<u>Fire Districts</u>										
Southern Pines	0.0890	0.0890	0.0890	0.0890	0.0890	0.0890	0.0800	0.0850	0.0900	0.0950
Crestline	0.0830	0.0830	0.0850	0.0830	0.0830	0.0830	0.0800	0.0850	N/A	N/A
Pinebluff	0.0840	0.0840	0.0890	0.0860	0.0860	0.0860	0.0800	0.0850	0.0900	0.0950
Pinehurst	0.0840	0.0840	0.0840	0.0840	0.0840	0.0840	0.0800	0.0850	0.0900	0.0950
Seven Lakes	0.0380	0.0380	0.0400	0.0400	0.0400	0.0400	0.0800	0.0850	0.0900	0.0950
West End	0.0600	0.0600	0.0590	0.0590	0.0590	0.0690	0.0800	0.0850	0.0900	0.0950
Eastwood	0.0690	0.0690	0.0700	0.0700	0.0700	0.0700	0.0800	0.0850	0.0900	0.0950
Circle V	0.0630	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robbins	0.0630	0.0630	0.0610	0.0630	0.0630	0.0630	0.0800	0.0850	0.0900	0.0950
Carthage	0.0620	0.0620	0.0670	0.0640	0.0640	0.0640	0.0800	0.0850	0.0900	0.0950
Cameron	0.1030	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highfalls	0.0490	0.0490	0.0660	0.0660	0.0660	0.0660	0.0800	0.0850	0.0900	0.0950
Eagle Springs	0.0710	0.0710	0.0780	0.0750	0.0750	0.0750	0.0800	0.0850	0.0900	0.0950
Aberdeen	0.0900	0.0900	0.0930	0.0920	0.0920	0.0920	0.0800	0.0850	0.0900	0.0950
Crains Creek	0.1150	0.1080	0.1110	0.1110	0.1110	0.1110	0.0800	0.0850	0.0900	0.0950
PH Munic Service	0.0600	0.0500	0.0500	0.0500	N/A	N/A	N/A	N/A	N/A	N/A
Whispering Pines	0.0550	0.0550	0.0580	0.0580	0.0580	0.0580	0.0800	0.0850	0.0900	0.0950
V Cypress Point	N/A	0.0800	0.0790	0.0810	0.0810	0.0810	0.0800	0.0850	0.0900	0.0950
Westmoore	0.0570	0.5700	0.0710	0.0700	0.0700	0.0700	0.0800	0.0850	0.0900	0.0950

N/A - not applicable

Note: (1) Tax rates per \$100 of property value.

(2) Moore County does not display any components of the total direct rate as the County appropriate fund balance and capital reserve funds to pay for debt payments and major capital projects.

(3) Beginning in fiscal year 2011, Circle V and Cameron Fire Districts were combined into V Cypress Point Fire District.

(4) Starting FY 2016, All Fire Districts are assessed the same rate.

(5) Starting FY 2018, Crestline Fire District was combined with Aberdeen Fire District.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Principal Property Tax Payers for Moore County, NC
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	Utilities	\$ 100,513,054	1	0.78%	\$ -		
Resorts of Pinehurst	Golf Resort	91,959,330	2	0.72%	176,486,397	1	1.51%
Pinehurst, Inc	Golf Resort	47,783,920	3	0.37%			
Morganton Park, LLC	Apartments	27,952,500	4	0.22%			
Pinehurst Medical Group, LLC	Medical	26,298,910	5	0.21%			
Pinehurst Surgical Clinic	Medical	25,473,350	6	0.20%	27,084,800	6	0.23%
Randolph Electric Memb Corp	Apartment Homes	25,217,430	7	0.20%			
Hawthorne Pinecrest, LLC	Real Estate	25,007,100	8	0.19%			
Hendricks Southern Pines, LLC	Real Estate	23,801,040	9	0.19%			
Lee Electrical Construction Inc	Utilities	23,043,053	10	0.18%			
Progress Energy	Utilities				70,293,242	2	0.60%
Forest Creek Holding Co., LLC	Golf Resort/Real Estate				50,427,754	3	0.43%
Kirkpatrick, James R - Aberdeen Commons	Retail Sales				27,378,929	5	0.24%
Country Club of North Carolina	Golf Resort				23,571,106	9	0.20%
WRI Pinecrest Plaza	Real Estate				24,344,970	7	0.21%
Carolina Telephone & Telegraph	Utilities				27,813,650	4	0.24%
Pine Needles	Golf Resort/Real Estate				24,251,655	8	0.21%
The National Golf Club, Inc. & PNGC	Golf Resort				19,149,091	10	0.16%
Total		<u>\$ 417,049,687</u>		<u>3.26%</u>	<u>\$ 470,801,594</u>		<u>4.03%</u>

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Property Tax Levies and Collections for Moore County, NC
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year (net)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	54,434	53,939	99%	461	54,400	100%
2011	54,684	54,236	99%	423	54,659	100%
2012	55,370	54,870	99%	472	55,342	100%
2013	56,115	55,771	99%	316	56,087	100%
2014	57,793	57,539	100%	223	57,762	100%
2015	57,654	57,316	99%	234	57,550	100%
2016	55,773	55,524	100%	221	55,745	100%
2017	57,064	56,753	99%	243	56,996	100%
2018	58,326	57,993	99%	236	58,229	100%
2019	59,693	59,404	100%	-	59,404	100%

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Ratios of Outstanding Debt by Type for Moore County, NC
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Limited Obligation Bonds	Notes Payable	Unamortized Premium	USDA Bonds	Federal/State Revolving Loan	Notes Payable	Limited Obligation Bonds	Unamortized Premium			
2010	88,275	-	76	-	4,525	844	9,329	-	2,000	-	-	105,049	3.10%	1,204
2011	84,650	-	25	29,830	244	3,057	9,219	1,218	1,486	8,590	633	138,952	4.04%	1,576
2012	79,945	-	-	27,980	198	2,864	12,513	14,909	1,014	8,305	601	148,329	4.04%	1,651
2013	69,444	-	381	26,080	150	2,671	12,394	21,387	513	8,010	570	141,600	3.79%	1,541
2014	64,805	-	352	24,085	101	2,479	12,218	20,452	219	7,705	538	132,954	3.43%	1,433
2015	60,230	-	235	22,040	51	2,286	12,035	20,951	149	7,385	506	125,868	3.05%	1,339
2016	51,260	-	449	19,955	-	10,123	11,845	19,769	561	7,050	475	121,487	2.81%	1,288
2017	46,535	-	278	19,374	-	7,732	11,592	18,806	413	15,811	309	120,850	2.52%	1,262
2018	43,350	-	205	17,080	31,000	7,058	11,368	17,624	341	15,193	298	143,517	*	1,476
2019	105,200	-	361	15,251	45,262	12,221	11,143	16,441	267	14,563	287	220,996	*	2,186

* Information not available

Note: See the "Demographic and Economic Statistics for Moore County" schedule for personal income and population data.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

Board of Education of Moore County Schools
Ratios of Net General Bonded Debt Outstanding for Moore County, NC
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Property Value (1)</u>	<u>Per Capita (2)</u>
2010	88,275	0.76%	1,012
2011	84,650	0.73%	960
2012	79,945	0.67%	890
2013	70,053	0.58%	762
2014	64,805	0.53%	699
2015	60,230	0.49%	641
2016	51,260	0.43%	543
2017	46,535	0.38%	486
2018	43,350	0.35%	446
2019	105,200	0.82%	1,041

Note: (1) See the schedule of "Assessed Value and Estimated Actual Value of Taxable Property for Moore County" for property value data.

(2) Population data can be found in the schedule of "Demographic and Economic Statistics for Moore County".

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Legal Debt Margin for Moore County, NC
Last Ten Fiscal Years

	Year Taxes are Payable									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 934,828,459	\$ 940,323,608	\$ 952,173,124	\$ 964,714,170	\$ 993,258,652	\$ 989,304,259	\$ 957,200,393	\$ 979,341,759	\$ 999,814,982	\$ 1,024,190,107
Total net debt applicable to limit	92,875,444	114,749,183	108,122,596	96,054,408	89,342,769	82,555,861	71,664,012	66,186,977	214,635,261	224,074,310
Legal Debt Margin	\$ 841,953,015	\$ 825,574,425	\$ 844,050,528	\$ 868,659,762	\$ 903,915,883	\$ 906,748,398	\$ 885,536,381	\$ 913,154,782	\$ 785,179,721	\$ 800,115,797
Total net debt applicable to the limit as a percentage of debt	9.9%	12.2%	11.4%	10.0%	9.0%	8.3%	7.5%	6.8%	21.5%	21.9%
Legal Debt Margin Calculation for Fiscal Year 2018										
Appraised valuation - June 30, 2019	<u>\$ 12,802,376,334</u>									
Debt limit - eight percent (8%) of appraised value	<u>1,024,190,107</u>									
Gross Debt										
Total bonded debt	116,343,378									
Limited obligation bonds	29,814,000									
Authorized and unissued bonds	58,000,000									
Federal/State revolving loan	16,441,411									
Notes payable	45,528,889									
Capital lease	<u>361,311</u>									
Gross debt	<u>266,488,989</u>									
Statutory Deductions	(42,414,679)									
Net debt	<u>224,074,310</u>									
Legal debt margin	<u>800,115,797</u>									

Note: NC Statute G.S. 159-55 limits the County's outstanding debt to 8% of the appraised property value subject to taxation. The legal debt margin is the difference between the debt limit and the County's net debt outstanding to the limit and represents the County's legal borrowing authority.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

**Board of Education of Moore County Schools
Principal Employers for Moore County, NC
Current Year and Nine Years Ago**

Employer	2019			2010		
	Employees (Note)	Rank	Percentage of Total County Employment	Employees (Note)	Rank	Percentage of Total County Employment
Moore Regional Hospital	1,000 & over	1	*	1000 & over	1	*
Moore County Schools	1,000 & over	2	*	1000 & over	2	*
Pinehurst, LLC	1,000 & over	3	*	500 - 999	3	*
County of Moore	500 - 999	4	*	500 - 999	4	*
Sandhills Community College	500 - 999	5	*	500 - 999	5	*
Trinity Health Senior Communities	500 - 999	6	*			
Pinehurst Medical Clinic, Inc.	250 - 499	7	*	250 - 499	7	*
Lee Electrical Construction, Inc.	250 - 499	8	*	100 - 249	10	*
Burfords TreeM LLC	250 - 499	9	*			
Harris Teeter	250 - 499	10	*			
Wal-Mart Associates				250 - 499	6	*
St. Joseph of the Pines Hospital, Inc				250 - 499	8	*
Pinehurst Surgical Clinic, PA				250 - 499	9	*

* Information not available

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Note: Per the North Carolina Employment Security Commission, Labor Market Division. Employee figures were compiled for statistical purposes on a range basis only.

Board of Education of Moore County Schools
Demographic and Economic Statistics for Moore County, NC
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
2010	87,217	3,384,698	38,216	12,477	10.8%
2011	88,177	3,438,011	38,477	12,491	9.0%
2012	89,802	3,669,496	40,636	12,477	9.2%
2013	91,912	3,732,881	40,758	12,707	8.8%
2014	92,763	3,873,244	41,613	13,009	6.7%
2015	93,984	4,125,534	43,725	13,130	5.7%
2016	94,352	4,327,275	45,181	12,993	5.4%
2017	95,776	4,793,730	49,286	12,792	4.9%
2018	97,264	*	*	12,856	4.0%
2019	101,088	*	*	12,759	3.9%

* Information not available

Note: Personal income is expressed in thousands of dollars.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2019.

Board of Education of Moore County Schools
Employees by Function
Last Ten Fiscal Years

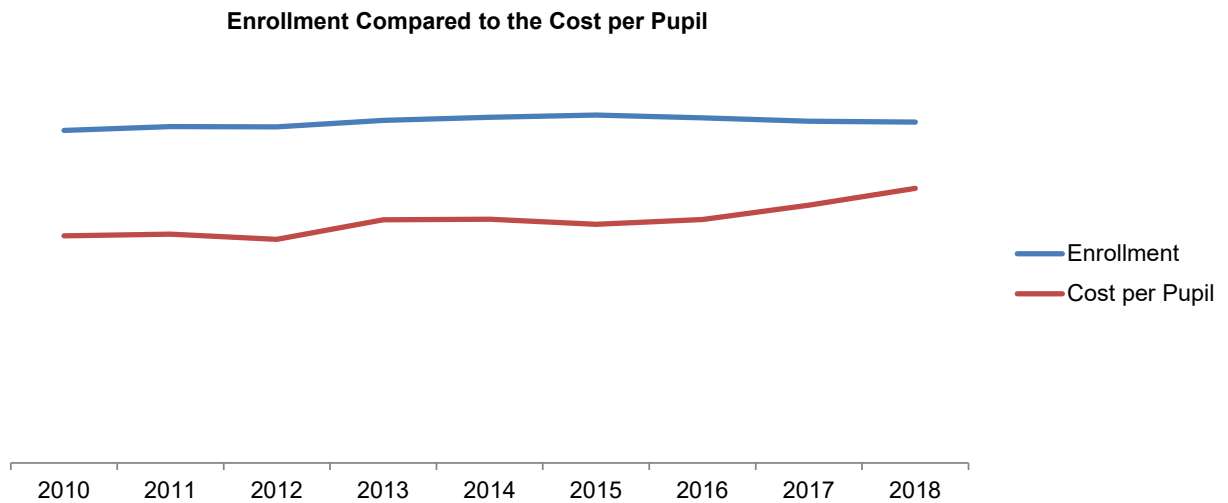
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>School and School Based Support</u>										
Principals	22	24	23	23	23	23	23	23	23	23
Assistant Principals	27	26	23	27	28	27	28	29	28	28
Elementary Teachers	377	389	375	400	390	379	595	604	596	597
Secondary Teachers	114	118	117	117	112	107	113	104	105	105
Teacher Assistants	268	268	230	241	222	220	198	186	186	188
Other Teachers	316	320	294	328	331	332	114	119	117	112
Guidance Counselors	25	28	30	34	34	33	34	39	40	42
Psychological	10	10	11	11	11	10	9	9	11	11
Librarian / Audiovisual	20	23	22	22	22	22	20	22	22	21
Consultants	12	13	13	14	14	13	11	6	7	7
Other	64	65	58	63	69	70	72	91	94	101
Total School and School Based Support	<u>1,255</u>	<u>1,284</u>	<u>1,196</u>	<u>1,280</u>	<u>1,256</u>	<u>1,236</u>	<u>1,217</u>	<u>1,232</u>	<u>1,229</u>	<u>1,235</u>
<u>Central Services</u>										
Administration and Management	7	8	7	9	9	11	9	8	7	7
Technicians	14	14	14	13	15	17	17	16	16	16
Clerical	79	81	76	76	77	78	85	91	89	90
Service Workers	174	188	176	183	179	163	165	169	180	173
Other	61	63	61	63	62	62	63	61	65	63
Total Central Services	<u>335</u>	<u>354</u>	<u>334</u>	<u>344</u>	<u>342</u>	<u>331</u>	<u>339</u>	<u>345</u>	<u>357</u>	<u>349</u>
Total Employees	<u>1,590</u>	<u>1,638</u>	<u>1,530</u>	<u>1,624</u>	<u>1,598</u>	<u>1,567</u>	<u>1,556</u>	<u>1,577</u>	<u>1,586</u>	<u>1,584</u>

Source: North Carolina Public Schools Statistical Profile

Board of Education of Moore County Schools
Operating Indicators
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Percentage Change</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Number of Schools</u>	<u>Graduating Class</u>
2010	12,236	0.38%	102,240,902	8,356	-5.68%	24	841
2011	12,378	1.16%	104,262,353	8,423	0.81%	24	829
2012	12,371	-0.06%	101,790,561	8,228	-2.32%	23	877
2013	12,609	1.92%	112,867,243	8,951	8.79%	23	826
2014	12,723	0.90%	114,091,394	8,967	0.18%	23	900
2015	12,802	0.62%	112,454,598	8,784	-2.04%	23	875
2016	12,703	-0.77%	113,854,627	8,963	2.03%	23	1,016
2017	12,578	-0.98%	119,389,105	9,492	5.90%	23	994
2018	12,541	-0.29%	126,728,496	10,105	6.46%	23	987
2019	12,668	1.01%	159,623,970	12,601	24.69%	23	1,008

Source: North Carolina Public Schools Statistical Profile



Board of Education of Moore County Schools
Capital Assets
For the Year Ended June 30, 2019

Schools	Site Size (Acres)	Square Footage	Year First Built	Building Classrooms (1)	Mobile Unit Classrooms (2)	Capacity (3)	Enrollment
<u>Elementary Schools</u>							
Aberdeen Primary	7.790	53,681	1949	12	3	285	293
Aberdeen Elementary	18.940	76,217	1949	18	0	440	298
Cameron Elementary	26.400	79,962	1951	12	0	284	259
Carthage Elementary	16.810	77,397	1950	18	0	440	371
Highfalls (K-8)	22.000	68,362	1949	14	3	350	251
Pinehurst Elementary	11.060	78,759	1940	15	10	367	618
Robbins Elementary	28.910	50,372	1977	24	0	600	393
Sandhills Farm Life Elementary	14.000	73,442	1953	22	8	550	742
Southern Pines Elementary	11.500	88,054	1936	24	0	590	325
Southern Pines Primary	17.100	58,744	1950	16	2	400	333
Vass-Lakeview Elementary	30.420	99,274	1958	24	4	600	614
Westmoore (K-8)	32.300	63,734	1952	16	0	400	290
West End Elementary	38.590	56,039	1952	20	2	500	508
West Pine Elementary	25.420	70,500	2011	24	0	600	587
<u>Middle Schools</u>							
Crain's Creek Middle	49.000	89,456	2011	20	0	478	423
Elise Middle	27.600	53,376	1951	11	1	270	240
New Century Middle	40.000	98,731	1997	28	0	700	636
Southern Middle	67.140	99,331	1999	28	0	700	697
West Pine Middle	35.000	104,869	1997	28	6	700	840
<u>High Schools</u>							
North Moore High	51.000	118,130	1965	23	10	559	539
Pinecrest High	121.000	282,170	1969	66	17	1,650	2,135
Union Pines High	110.880	184,914	1963	43	18	1,068	1,363
<u>Alternative School</u>							
Community Learning Center @ Pinckney	20.5	16,303	1947	0	6	0	33

Source: Moore County Schools Facilities and Transportation Department

Notes:

- (1) Building classrooms are based off permanent capacity divided by 25.
- (2) Mobile unit classrooms includes modular units at high schools. Each room in a modular unit counts as one mobile unit classroom.
- (3) Capacity includes mobile and modular units.
- (4) This is an accurate representation of Moore County Schools Capital Assets based on actual accounting documents for each school site. Any differences are corrections to the values in prior years.



Compliance Section

Independent Auditors' 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*

Board of Education
Moore County Schools
Carthage, 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 Board of Education of Moore County Schools, North Carolina ("Board"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 reporting 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 to be 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 Board's financial statements are free of material misstatement, we performed tests 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 8, 2019**

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Board of Education
Moore County Schools
Carthage, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of Moore County Schools, North Carolina ("Board") 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 Board's major federal programs for the year ended June 30, 2019. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board'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 in 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 Board'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 Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board 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 Board 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 Board'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 Board's internal control over compliance.

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

Our consideration of the 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.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 8, 2019**

Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Board of Education
Moore County Schools
Carthage, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 on the Board's compliance.

Opinion on Each Major State Program

In our opinion, the Board 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 Board 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 Board'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 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 Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 8, 2019**

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP:
Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified yes none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified yes none reported

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

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

Identification of major federal program:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A
and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major state programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses yes none reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Identification of major state programs:

Program Name

N. C. Department of Public Instruction:
 State Public School Fund
 School Buses Appropriation

2. Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

3. Federal Award Findings and Questioned Costs

No findings and questioned cost related to the audit of federal awards aggregating \$25,000 or more were noted.

4. State Award Findings and Questioned Costs

No findings and questioned cost related to the audit of state awards aggregating \$25,000 or more were noted.

There were no findings or questioned costs related to our audit of federal and state awards for the fiscal year ended June 30, 2018.

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2019**

Schedule 13

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 293,355
Total Non-Cash Assistance			<u>293,355</u>
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	609,097
National School Lunch Program	10.555	PRC 035	2,488,961
Total Cash Assistance			<u>3,098,058</u>
Total Child Nutrition Cluster			<u>3,391,413</u>
Total School Nutrition Program (Note 3)			<u>3,391,413</u>
<u>Total U.S. Department of Agriculture</u>			<u>3,391,413</u>
<u>U.S. Department of Education</u>			
Cash Assistance			
Direct Program:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		277,179
Passed-through the N.C. Department of Public Instruction			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	3,112,414
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	36,249
Total Title I Grants to Local Educational Agencies (Title I)			<u>3,148,663</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	2,371,196
Targeted Assistance	84.027	PRC 070	380,084
Special Needs Targeted Assistance	84.027	PRC 118	12,217
Special Education - Preschool Grants (IDEA Preschool) -			
Risk Pool Program	84.173	PRC 114	219,681
Preschool Handicapped	84.173	PRC 049	143,872
Targeted Assistance	84.173	PRC 119	15,766
Total Special Education Cluster			<u>3,142,816</u>
Career and Technical Education - Capacity Building Grants	84.048	PRC 017	176,989
Education for Homeless Children and Youth	84.196	PRC 026	65,744
English Language Acquisition Grant	84.365	PRC 104	37,484
Supporting Effective Instruction State Grants	84.367	PRC 103	364,008
Special Education - State Personnel Development	84.323	PRC 082	38,508
Twenty-First Century Community Learning Centers	84.287	PRC 110	14,460
Student Support and Academic Enrichment Program	84.424	PRC 108	162,358
<u>Total U.S. Department of Education</u>			<u>7,428,209</u>

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2019**

**Schedule 13
(Continued)**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Army Youth Programs in Your Neighborhood	NONE		103,513
ROTC	NONE	PRC 031	<u>132,230</u>
<u>Total U.S. Department of Defense</u>			<u>235,743</u>
Total Federal Assistance			<u>11,055,365</u>
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 72,113,740
Driver Training - SPSF		PRC 012	225,505
School Technology Fund - SPSF		PRC 015	371,637
Career and Technical Education			
- State Months of Employment		PRC 013	4,042,572
- State Program Support Funds		PRC 014	242,657
Passed-through Moore County			
Public School Building Capital Fund - Lottery Funds		PRC 074	<u>900,221</u>
<u>Total N.C. Department of Public Instruction</u>			<u>77,896,332</u>
<u>N.C. Department of Agriculture</u>			
State Kindergarten Breakfast Funds			4,567
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			356,821
State School Nurse Initiative			50,000
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		PRC 120	631,348
Textbooks		PRC 130, 131	<u>400,280</u>
Total State Assistance			<u>79,339,348</u>
Total Federal and State Assistance			<u>\$ 90,394,713</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Board of Education of Moore County Schools (the "Board") 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 the Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2: Summary of Significant Account 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. The Board 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 requirement purposes: School Nutrition Program

Note 4: Non-cash Assistance

Included in the amounts reported on the Schedule of Expenditures of Federal and State Awards, the Board received non-cash assistance in the form of food commodities, school buses, and text books. Non-cash items with a fair value of \$1,324,983 were received during the year ended June 30, 2019. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30, 2019.