

Moore County Board of Education
(Carthage, North Carolina)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**For the Fiscal Year Ended
JUNE 30, 2017**



MOORE COUNTY SCHOOLS
Growing to Greatness

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Moore County Board of Education
Carthage, North Carolina

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

PREPARED BY

J. Michael Bundy, Executive Officer for Budget and Finance

Jennie Patnode, Assistant Finance Officer

Moore County Schools Finance Office

MOORE COUNTY BOARD OF EDUCATION

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MOORE COUNTY BOARD OF EDUCATION

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MOORE COUNTY SCHOOLS
Growing to Greatness

Introductory Section



MOORE COUNTY SCHOOLS
Growing to Greatness

Moore County Board of Education

LETTER OF TRANSMITTAL

as of October 24, 2017

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, 2017. 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, 2017, 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 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 regards 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 12,497 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, 2017. 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.

North Carolina General Statutes requires all governmental units in the state to adopt a balanced budget by July 1 of each year. 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; and
- Enhancing school improvement plan format and process.

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 has maintained the County appropriation at prior year levels, and increased the appropriation for the current fiscal year, reflecting continued strong support for our school system. In addition, the Board of Commissioners and Board of Education have made significant progress towards establishing a funding formula for future budgets. Both Boards are also working together to identify funding to begin implementation of the Moore County Schools Master Facilities Plan, as detailed further below.

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:

- Developing a program as well as facility plans for a new “Advanced Career Center,” serving all of Moore County and connecting the curriculum to the needs of our students and the business community; this new facility and program will also help address student capacity concerns at our two largest high schools – Pinecrest and Union Pines;
- Building a new elementary campus to address capacity concerns at Sandhills Farm Life Elementary and Vass-Lakeview Elementary;
- Closing 4 elementary campuses (Aberdeen Primary and Aberdeen Elementary; Southern Pines Primary and Southern Pines Elementary); these campuses are over 50 years old, and we can replace 4 campuses with 2 new campuses, combining the 2 Aberdeen schools and the 2 Southern Pines schools;
- Increasing capacity and address age of facilities at Pinehurst Elementary by building a replacement school;
- Increasing building capacity, as well as security at our three high schools – Pinecrest, North Moore and Union Pines;
- Identifying a site/building plan for a new middle school, to address capacity concerns at West Pine Middle (current concern) and Southern Middle (future concern); and
- Other improvements to campuses as identified.

The local economy continues to recover as evidence of decreasing unemployment at 4.1 % as of June 30, 2017. 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 cash receipts of \$170,681,188 in 2014.

Tourism

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 this destination spent over \$468.9 million dollars in 2016, which generated \$38 million in State and local taxes.

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 23.7% 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.

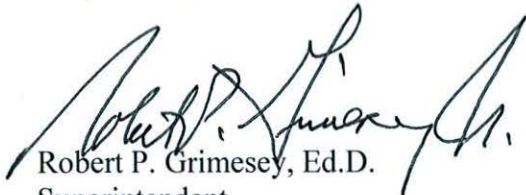
INDEPENDENT AUDIT

Dixon Hughes Goodman LLP has audited the financial records and transactions of the Moore County Board of Education for the year ended June 30, 2017. 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.


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 www.ncmcs.org.

Respectfully submitted,



Robert P. Grimesey, Ed.D.
Superintendent



J. Michael Bundy, MBA, CPA, CFE
Executive Officer for Budget and Finance

MOORE COUNTY BOARD OF EDUCATION

2017 BOARD MEMBERS AND PRINCIPAL OFFICERS

Board Members

Ed Dennison, Chair

Helena Wallin-Miller, Vice-Chair

Stacey Caldwell

Elizabeth Carter

Charles Lambert

Betty Wells Brown, Ph.D.

Bruce Cunningham

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

J. Michael Bundy

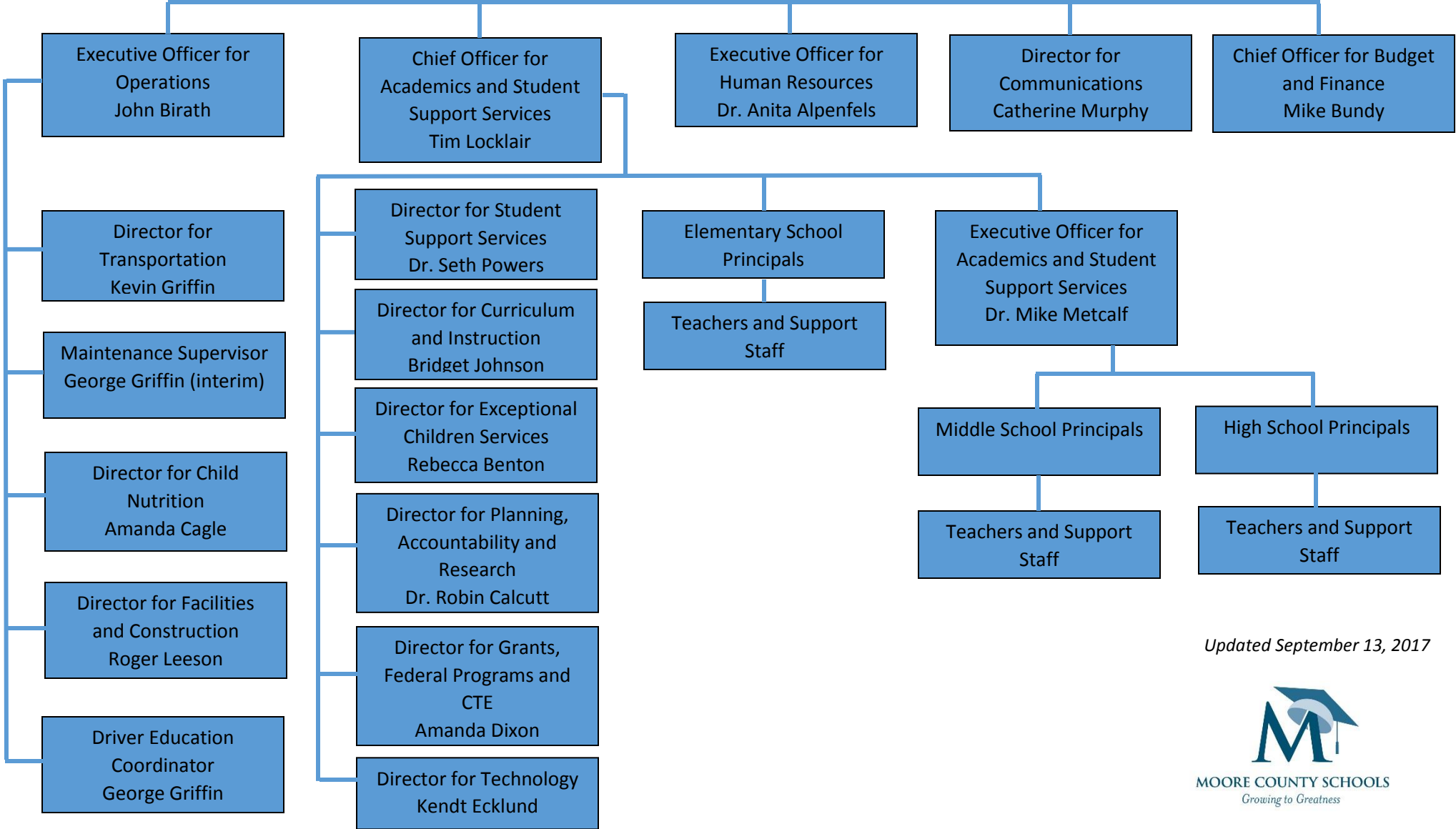
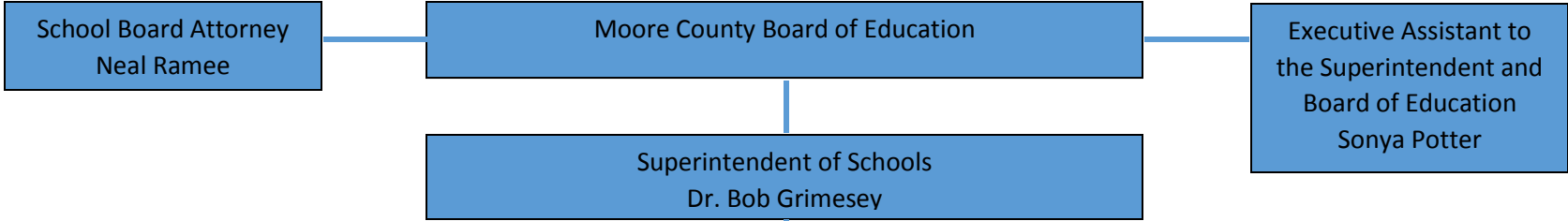
Executive Officer for Budget
and Finance

Catherine Murphy

Director for Communications

Neal Ramee

General Counsel



Updated September 13, 2017



Randolph County

Chatham County

Montgomery County

Lee County

Harnett County

Cumberland County

Richmond County

Hoke County

Scotland County

Area 1

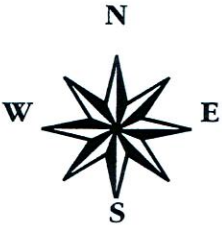
- Union Pines High School (9-12) 19
- New Century Middle School (6-8) 9
- Carthage Elementary School (K-5) 4
- Sandhills Farm Life Elementary School (K-5) 15
- Crain's Creek Middle School (6-8) 6
- Cameron Elementary School (K-5) 3
- Vass-Lakeview Elementary School (K-5) 20
- Pinckney Academy (Alternative) 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 | 17 | 14 | 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 | 17 | 14 | Pinehurst Elementary | | | | | | | | | | | | |
| 29 | 31 | 22 | 12 | 25 | 2 | 9 | 19 | 5 | 12 | 25 | 25 | Pinehurst Elementary | | | | | | | | | | |
| 15 | 17 | 10 | 7 | 10 | 20 | 5 | 21 | 7 | 12 | 10 | 19 | Pinehurst Elementary | | | | | | | | | | |
| 2 | 4 | 29 | 15 | 13 | 29 | 28 | 30 | 28 | 16 | 2 | 5 | 27 | 14 | Robbins Elementary | | | | | | | | |
| 4 | 6 | 16 | 14 | 10 | 27 | 27 | 17 | 27 | 15 | 3 | 5 | 25 | 9 | 2 | Sandhills Farm Life Elementary | | | | | | | |
| 4 | 6 | 16 | 14 | 11 | 27 | 27 | 18 | 28 | 14 | 4 | 6 | 26 | 10 | 3 | 2 | Sandhills Farm Life Elementary | | | | | | |
| 18 | 20 | 6 | 7 | 4 | 20 | 20 | 1 | 20 | 8 | 16 | 15 | 20 | 4 | 17 | 17 | 16 | Southern Pines High | | | | | |
| 11 | 13 | 7 | 12 | 2 | 21 | 28 | 8 | 26 | 13 | 20 | 18 | 24 | 8 | 22 | 10 | 9 | 7 | Union Pines Elementary | | | | |
| 17 | 19 | 26 | 17 | 22 | 17 | 24 | 17 | 20 | 17 | 13 | 10 | 15 | 19 | 15 | 15 | 13 | 18 | 27 | Vass-Lakeview Elementary | | | |
| 13 | 14 | 21 | 22 | 18 | 22 | 29 | 23 | 25 | 22 | 9 | 6 | 20 | 29 | 10 | 12 | 10 | 23 | 22 | 5 | West End 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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**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, 2016.**

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



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

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

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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Moore County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



MOORE COUNTY SCHOOLS
Growing to Greatness

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, 2017, 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, 2017, 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 three through ten and the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 42 and 43, 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 24, 2017 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 24, 2017**

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

Financial Highlights

Assets exceeded liabilities by \$86.3 million as of June 30, 2017. Our revenues were \$124.8 million for the fiscal year ended June 30, 2017.

Previously, the Moore County Board of Commissioners committed to funding the first four projects of the district's Master Facilities Plan by issuing Limited Obligation Bonds for two of the projects, and placing two projects on a General Obligation Bond Referendum in May 2018. Most recently the Commissioners removed the option of Limited Obligation Bonds for the projects unless the Board of Education can demonstrate the project is deemed an emergency need. The Board of Education has approved a resolution declaring the New Area I Elementary as an emergency need to provide capacity relief to two existing schools and flexibility with student attendance areas in the southern portion of the county. The County Commissioners also adopted the resolution so the Area I elementary school will go forward under a limited obligation bond. The remaining projects will be placed on the ballot during the May 2018 primary elections.

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 develop and implement the MTSS framework in order to reinforce and incorporate research-based instructional, grading and assessment practices. A K-5 Literacy Framework is being developed and 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, expands the Digital Learning Initiative to elementary schools. Based on device pilots and a sustainable budget plan, Phase IV will provide Chromebooks to grades 3-5 in a 1:1 ratio. iPads and Chromebooks for grades K-2 will be provided based on school needs and available funding. 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 has completed the first refresh of the Phase II devices. 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.

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.

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

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 and the statement of activities. The statement of net position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and 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 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 and how they have changed. Net position 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.

- Over time, increases or decreases in the Board's net position 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.

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

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.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86.3 million as of June 30, 2017. The largest component of net position is the Board's net investment in capital assets of \$97.6 million, which comprises 113% of the total net position. Restricted and unrestricted net position (deficit) amounted to \$5.1 million and (\$16.4) million, respectively. The primary reason for the unrestricted net deficit in the current year is the presentation of the board's proportionate share of the pension liability in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net pension liability and related components has a \$17.9 million negative effect to the Board's overall net position.

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

Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
as of June 30, 2017 and 2016**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|--------------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current assets | \$ 14,251,979 | \$ 13,092,341 | \$ 2,042,177 | \$ 1,960,154 | \$ 16,294,156 | \$ 15,052,495 |
| Capital assets | <u>97,911,632</u> | <u>95,704,622</u> | <u>52,903</u> | <u>105,563</u> | <u>97,964,535</u> | <u>95,810,185</u> |
| Total assets | <u>112,163,611</u> | <u>108,796,963</u> | <u>2,095,080</u> | <u>2,065,717</u> | <u>114,258,691</u> | <u>110,862,680</u> |
| Deferred outflows of resources | <u>30,306,532</u> | <u>6,161,089</u> | <u>674,085</u> | <u>141,439</u> | <u>30,980,617</u> | <u>6,302,528</u> |
| Current liabilities | 5,830,376 | 5,350,028 | 112,221 | 110,836 | 5,942,597 | 5,460,864 |
| Long-term liabilities | <u>49,612,948</u> | <u>21,238,043</u> | <u>1,083,163</u> | <u>466,678</u> | <u>50,696,111</u> | <u>21,704,721</u> |
| Total liabilities | <u>55,443,324</u> | <u>26,588,071</u> | <u>1,195,384</u> | <u>577,514</u> | <u>56,638,708</u> | <u>27,165,585</u> |
| Deferred inflows of resources | <u>2,263,965</u> | <u>4,067,478</u> | <u>50,356</u> | <u>93,376</u> | <u>2,314,321</u> | <u>4,160,854</u> |
| Net investment in capital assets | 97,564,036 | 95,662,149 | 52,903 | 105,563 | 97,616,939 | 95,767,712 |
| Restricted net position | 5,053,399 | 2,941,350 | - | - | 5,053,399 | 2,941,350 |
| Unrestricted net position | <u>(17,854,581)</u> | <u>(14,300,996)</u> | <u>1,470,522</u> | <u>1,430,703</u> | <u>(16,384,059)</u> | <u>(12,870,293)</u> |
| Total net position | <u>\$ 84,762,854</u> | <u>\$ 84,302,503</u> | <u>\$ 1,523,425</u> | <u>\$ 1,536,266</u> | <u>\$ 86,286,279</u> | <u>\$ 85,838,769</u> |

The net position of the Board's governmental activities increased from \$84.3 million at June 30, 2016 to \$84.8 million at June 30, 2017, an increase of \$460 thousand. The Board's net investment in capital assets increased by \$1.9 million during the year due to significant additions to construction in progress for various school renovation projects. Restricted and unrestricted net position (deficit) decreased by a combined total of \$1.4 million as a result of the changes in the proportionate share of the Teachers' and State Employees' Retirement System plan net pension liability and deferred outflows and inflows of resources. Restrictions to net position are related to stabilization by state statute, reserves for school capital outlay, and reserves for individual schools. 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 position of the Board's business-type activities decreased \$13 thousand for the year to \$1.5 million at June 30, 2017. This slight decrease in net position is attributable to a decrease in operating revenues and a decrease in federal reimbursements which were in excess of the decrease in operating expenses in the current year.

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

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, 2017 and 2016**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Primary Government</u> | |
|--------------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|---------------------------------|----------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,846,890 | \$ 5,131,853 | \$ 2,024,771 | \$ 2,108,407 | \$ 6,871,661 | \$ 7,240,260 |
| Operating grants and contributions | 78,199,739 | 77,075,968 | 3,324,229 | 3,399,115 | 81,523,968 | 80,475,083 |
| Capital grants and contributions | 246,808 | 154,538 | - | - | 246,808 | 154,538 |
| General revenues: | | | | | | |
| Other revenues | <u>36,166,140</u> | <u>29,577,154</u> | <u>15,241</u> | <u>10,921</u> | <u>36,181,381</u> | <u>29,588,075</u> |
| Total revenues | <u>119,459,577</u> | <u>111,939,513</u> | <u>5,364,241</u> | <u>5,518,443</u> | <u>124,823,818</u> | <u>117,457,956</u> |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services | 92,727,719 | 86,377,847 | - | - | 92,727,719 | 86,377,847 |
| System-wide support services | 21,243,718 | 20,653,772 | - | - | 21,243,718 | 20,653,772 |
| Ancillary services | 11,722 | - | - | - | 11,722 | - |
| Non-programmed charges | 1,238,723 | 1,036,153 | - | - | 1,238,723 | 1,036,153 |
| Unallocated depreciation expense | 3,924,812 | 3,402,437 | - | - | 3,924,812 | 3,402,437 |
| Business-type activities: | | | | | | |
| Food service | - | - | 4,782,552 | 4,866,460 | 4,782,552 | 4,866,460 |
| Child care | - | - | <u>447,062</u> | <u>450,868</u> | <u>447,062</u> | <u>450,868</u> |
| Total expenses | <u>119,146,694</u> | <u>111,470,209</u> | <u>5,229,614</u> | <u>5,317,328</u> | <u>124,376,308</u> | <u>116,787,537</u> |
| Excess of revenues over expenditures | <u>312,883</u> | <u>469,304</u> | <u>134,627</u> | <u>201,115</u> | <u>447,510</u> | <u>670,419</u> |
| Transfers in (out) | <u>147,468</u> | <u>158,885</u> | <u>(147,468)</u> | <u>(158,885)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | <u>460,351</u> | <u>628,189</u> | <u>(12,841)</u> | <u>42,230</u> | <u>447,510</u> | <u>670,419</u> |
| Net position, beginning | <u>84,302,503</u> | <u>83,674,314</u> | <u>1,536,266</u> | <u>1,494,036</u> | <u>85,838,769</u> | <u>85,168,350</u> |
| Net position, ending | <u>\$ 84,762,854</u> | <u>\$ 84,302,503</u> | <u>\$ 1,523,425</u> | <u>\$ 1,536,266</u> | <u>\$ 86,286,279</u> | <u>\$ 85,838,769</u> |

During the year ended June 30, 2017, governmental activities generated revenues of \$119.5 million and incurred expenses totaling \$119.1 million. Transfers in from business-type activities during the year were approximately \$147 thousand, net. Overall, governmental activities recognized an increase in net position totaling \$460 thousand. Primarily, sources of revenue included funding from the State of North Carolina, the County of Moore, and the United States government, which respectively comprised 61.4%, 28%, and 6% of the Board's revenues. As would be expected, the major component of the Board's expenditures was for instructional programs, which accounted for 76% of total expenditures during the most recent fiscal year. Of the remaining 24% of total expenditures, 17.6% was attributable to system-wide support services.

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

Business-type activities generated revenue of \$5.4 million, had expenses of \$5.2 million and transfers to governmental activities of \$147 thousand, resulting in a slight decrease in net position of \$13 thousand. This represents a decrease of \$55 thousand over the prior year increase in net position of \$42 thousand. Operating revenues were down by \$154 thousand and operating expenses also decreased by \$88 thousand. These decreases are primarily related to a slight decrease in participation in both the school food service program and child care program.

The increase in the overall net position during the fiscal year ended June 30, 2017 of \$448 thousand represented a decrease of \$223 thousand in comparison to the \$670 thousand increase experienced during the fiscal year ended June 30, 2016. Total revenues increased \$7.4 million when compared to the fiscal year ended June 30, 2016, while expenses increased \$7.6 million. The increases in revenues were primarily related to increases in county appropriations.

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 \$11.2 million at June 30, 2017, a \$781 thousand increase when compared to the prior year. Total revenues increased by \$7.5 million, or 6.7%, during the year. Total expenditures increased by \$5.5 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 increased \$764 thousand to \$27 million when compared to the prior year and other revenues decreased \$26 thousand due to an decrease in fines and forfeitures revenue. Expenditures during the period increased by \$791 thousand over the prior year due to increases in personnel costs. The Restricted Revenues Fund recognized decreases in total revenues of \$343 thousand for the year ended June 30, 2017 compared to the year ended June 30, 2016. Driving the decrease in revenues for the Restricted Revenues Fund were decreases in Medicaid reimbursements. The Board received \$6 million more in County capital outlay support in the fiscal year ended June 30, 2017 when compared to June 30, 2016 as several major capital projects were initiated in the current year.

Proprietary funds: The Board's business-type funds reported a combined net position of \$1.5 million at June 30, 2017, a \$13 thousand decrease when compared to the prior year. The School Food Service Fund incurred a net loss before transfers of \$58 thousand during the year ended June 30, 2017 compared to a net loss before transfers of \$3 thousand during the prior year. In comparison to the prior year, operating revenues decreased by \$68 thousand and operating expenses decreased by \$84 thousand, primarily related to slight decreases in participation. The Child Care Fund generated \$192 thousand of income before transfers which was a slight decrease of \$12 thousand over the prior year income of \$204 thousand.

General Fund Budgetary Highlights

The Board did not find it necessary to adjust its original budget amounts for revenues in the General Fund in the current year. Total budgeted revenues were consistent with actual. 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 \$3.5 million in fund balance during the year, however, the General Fund only experienced a decrease in fund balance of \$2 million after the decrease in reserve for inventories.

Capital Assets

During the fiscal year ended June 30, 2017, capital assets, net of accumulated depreciation, increased by \$2.2 million or 2.3% for governmental activities and decreased by \$53 thousand or 49.9% for business-type activities, compared to the prior year. During the year, the Board added \$4.6 million to construction in progress primarily related to school renovation projects and transferred \$4 million to other capital asset accounts for projects completed during the year. The board also purchased land for \$1 million in anticipation for new construction projects. Total depreciation charges for the year ended June 30, 2017 were \$4.2 million for governmental activities

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

and \$59 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, 2017 and 2016**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Primary Government</u> | |
|----------------------------|--------------------------------|----------------------|---------------------------------|-------------------|---------------------------------|----------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Land | \$ 2,545,131 | \$ 1,538,198 | \$ - | \$ - | \$ 2,545,131 | \$ 1,538,198 |
| Construction in Progress | 3,616,383 | 2,970,000 | - | - | 3,616,383 | 2,970,000 |
| Buildings and improvements | 87,397,235 | 89,867,288 | - | - | 87,397,235 | 89,867,288 |
| Equipment and furniture | 3,340,529 | 460,249 | 52,903 | 105,563 | 3,393,432 | 565,812 |
| Vehicles | 927,162 | 780,535 | - | - | 927,162 | 780,535 |
| Computers | <u>85,192</u> | <u>88,352</u> | <u>-</u> | <u>-</u> | <u>85,192</u> | <u>88,352</u> |
| Total | <u>\$ 97,911,632</u> | <u>\$ 95,704,622</u> | <u>\$ 52,903</u> | <u>\$ 105,563</u> | <u>\$ 97,964,535</u> | <u>\$ 95,810,185</u> |

Debt Outstanding

During the year, the Board’s outstanding debt increased by \$305 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 consistent enrollment over the next five years. We have completed a 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.

County funding provides over 25% of our annual resources; therefore, the state of the local economy directly impacts our schools. 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 new industry sector of defense and homeland security vendors.

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. Partners in Progress is currently working closely with Moore County Schools on the Advanced Career Center specifically as it relates to meeting Moore County’s workforce development needs.

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

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 was \$29,643. As of June 30, 2017 our unemployment rate was 4.1%.

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
June 30, 2017

Exhibit 1

| | Primary Government | | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 12,576,974 | \$ 1,746,661 | \$ 14,323,635 |
| Due from other governments | 1,398,087 | 103,275 | 1,501,362 |
| Receivables (net) | - | 42,035 | 42,035 |
| Inventories | 231,962 | 150,206 | 382,168 |
| Prepays | 44,956 | - | 44,956 |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 6,161,514 | - | 6,161,514 |
| Other capital assets, net of depreciation | 91,750,118 | 52,903 | 91,803,021 |
| Total capital assets | <u>97,911,632</u> | <u>52,903</u> | <u>97,964,535</u> |
| Total assets | <u>112,163,611</u> | <u>2,095,080</u> | <u>114,258,691</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>30,306,532</u> | <u>674,085</u> | <u>30,980,617</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 722,825 | - | 722,825 |
| Accrued salaries and wages payable | 1,875,278 | - | 1,875,278 |
| Unearned revenue | - | 52,132 | 52,132 |
| Due to other governments | 497,997 | - | 497,997 |
| Long-term liabilities: | | | |
| Due within one year | 2,734,276 | 60,089 | 2,794,365 |
| Net pension liability | 45,573,844 | 1,013,664 | 46,587,508 |
| Due in more than one year | <u>4,039,104</u> | <u>69,499</u> | <u>4,108,603</u> |
| Total liabilities | <u>55,443,324</u> | <u>1,195,384</u> | <u>56,638,708</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>2,263,965</u> | <u>50,356</u> | <u>2,314,321</u> |
| NET POSITION | | | |
| Net investment in capital assets | 97,564,036 | 52,903 | 97,616,939 |
| Restricted for: | | | |
| Stabilization by State Statute | 78,047 | - | 78,047 |
| School Capital Outlay | 3,130,664 | - | 3,130,664 |
| Individual Schools | 1,844,688 | - | 1,844,688 |
| Unrestricted | <u>(17,854,581)</u> | <u>1,470,522</u> | <u>(16,384,059)</u> |
| Total net position | <u>\$ 84,762,854</u> | <u>\$ 1,523,425</u> | <u>\$ 86,286,279</u> |

**Board of Education of Moore County Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2017**

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 | \$ 49,431,465 | \$ - | \$ 38,568,532 | \$ - | \$ (10,862,933) | \$ - | \$ (10,862,933) |
| Special populations | 16,664,410 | - | 14,516,163 | - | (2,148,247) | - | (2,148,247) |
| Alternative programs | 7,593,684 | - | 6,495,338 | - | (1,098,346) | - | (1,098,346) |
| Student leadership | 6,575,300 | - | 3,918,759 | - | (2,656,541) | - | (2,656,541) |
| Co-curricular services | 4,613,207 | - | - | - | (4,613,207) | - | (4,613,207) |
| School-based support | 7,849,653 | 4,846,890 | 5,756,526 | - | 2,753,763 | - | 2,753,763 |
| System-wide support services: | | | | | | | |
| Support and development | 456,263 | - | 184,462 | - | (271,801) | - | (271,801) |
| Special population support and development | 109,423 | - | 36,818 | - | (72,605) | - | (72,605) |
| Alternative programs and services support and development | 44,136 | - | 35,458 | - | (8,678) | - | (8,678) |
| Technology support | 2,108,089 | - | 705,397 | - | (1,402,692) | - | (1,402,692) |
| Operational support | 14,654,415 | - | 5,998,125 | 246,808 | (8,409,482) | - | (8,409,482) |
| Financial and human resources | 1,511,643 | - | 842,059 | - | (669,584) | - | (669,584) |
| Accountability | 428,580 | - | 185,247 | - | (243,333) | - | (243,333) |
| Policy, leadership and public relations | 1,931,169 | - | 769,709 | - | (1,161,460) | - | (1,161,460) |
| Ancillary services | 11,722 | - | 49,056 | - | 37,334 | - | 37,334 |
| Non-programmed charges | 1,238,723 | - | 138,090 | - | (1,100,633) | - | (1,100,633) |
| Unallocated depreciation expense, excluding direct depreciation expense charged to programs | 3,924,812 | - | - | - | (3,924,812) | - | (3,924,812) |
| Total governmental activities | 119,146,694 | 4,846,890 | 78,199,739 | 246,808 | (35,853,257) | - | (35,853,257) |
| Business-type activities: | | | | | | | |
| School food service | 4,782,552 | 1,385,241 | 3,324,229 | - | - | (73,082) | (73,082) |
| Child care | 447,062 | 639,530 | - | - | - | 192,468 | 192,468 |
| Total business-type activities | 5,229,614 | 2,024,771 | 3,324,229 | - | - | 119,386 | 119,386 |
| Total primary government | \$ 124,376,308 | \$ 6,871,661 | \$ 81,523,968 | \$ 246,808 | (35,853,257) | 119,386 | (35,733,871) |
| General revenues: | | | | | | | |
| Unrestricted county appropriations - operating | | | | | 27,029,515 | - | 27,029,515 |
| Unrestricted county appropriations - capital | | | | | 2,921,000 | - | 2,921,000 |
| Unrestricted county appropriations - contributed capital | | | | | 3,529,202 | - | 3,529,202 |
| Unrestricted State and Federal appropriations - operating | | | | | 649,311 | - | 649,311 |
| Unrestricted State appropriation - capital | | | | | 1,533,006 | - | 1,533,006 |
| Investment earnings, unrestricted | | | | | 43,608 | 15,241 | 58,849 |
| Miscellaneous, unrestricted | | | | | 460,498 | - | 460,498 |
| Transfers in (out) | | | | | 147,468 | (147,468) | - |
| Total general revenues and transfers | | | | | 36,313,608 | (132,227) | 36,181,381 |
| Change in net position | | | | | 460,351 | (12,841) | 447,510 |
| Net position, beginning | | | | | 84,302,503 | 1,536,266 | 85,838,769 |
| Net position, ending | | | | | \$ 84,762,854 | \$ 1,523,425 | \$ 86,286,279 |

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

Board of Education of Moore County Schools
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit 3

| | Major Funds | | | | | | Total Governmental Funds |
|--|---------------------|------------------------|------------------|------------------------|---------------------|-----------------------|--------------------------------|
| | General | State Public School | Federal Grants | Restricted Revenues | Capital Outlay | Individual Schools | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 4,012,760 | \$ 497,997 | \$ - | \$ 3,726,153 | \$ 3,130,664 | \$ 1,209,400 | \$ 12,576,974 |
| Due from other governments | 54,047 | 1,250,166 | 69,874 | 24,000 | - | - | 1,398,087 |
| Due from other funds | - | - | - | - | - | 635,288 | 635,288 |
| Inventories | 231,962 | - | - | - | - | - | 231,962 |
| Prepays | 44,956 | - | - | - | - | - | 44,956 |
| Total assets | \$ 4,343,725 | \$ 1,748,163 | \$ 69,874 | \$ 3,750,153 | \$ 3,130,664 | \$ 1,844,688 | \$ 14,887,267 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued expenditures | 722,825 | - | - | - | - | - | 722,825 |
| Accrued salaries and wages payable | 555,238 | 1,250,166 | 69,874 | - | - | - | 1,875,278 |
| Due to other funds | - | - | - | 635,288 | - | - | 635,288 |
| Due to other governments | - | 497,997 | - | - | - | - | 497,997 |
| Total liabilities | 1,278,063 | 1,748,163 | 69,874 | 635,288 | - | - | 3,731,388 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories | 231,962 | - | - | - | - | - | 231,962 |
| Prepays | 44,956 | - | - | - | - | - | 44,956 |
| Restricted: | | | | | | | |
| Stabilization by State Statute | 54,047 | - | - | 24,000 | - | - | 78,047 |
| School Capital Outlay | - | - | - | - | 3,130,664 | - | 3,130,664 |
| Individual Schools | - | - | - | - | - | 1,844,688 | 1,844,688 |
| Assigned: | | | | | | | |
| Subsequent year's expenditures | 700,000 | - | - | - | - | - | 700,000 |
| Other special programs | - | - | - | 3,090,865 | - | - | 3,090,865 |
| Unassigned: | 2,034,697 | - | - | - | - | - | 2,034,697 |
| Total fund balances | 3,065,662 | - | - | 3,114,865 | 3,130,664 | 1,844,688 | 11,155,879 |
| Total liabilities and fund balances | \$ 4,343,725 | \$ 1,748,163 | \$ 69,874 | \$ 3,750,153 | \$ 3,130,664 | \$ 1,844,688 | |

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 97,911,632 |
| Deferred outflows of resources related to pensions | 30,306,532 |
| 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. | (6,773,380) |
| Net pension liability | (45,573,844) |
| Deferred inflows of resources related to pensions | (2,263,965) |
| Net position of governmental activities | \$ 84,762,854 |

**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, 2017**

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 | \$ - | \$ 71,395,122 | \$ - | \$ 329,347 | \$ 1,663,028 | \$ - | \$ 73,387,497 |
| Moore County | 27,029,515 | - | - | - | 6,450,202 | - | 33,479,717 |
| U.S. Government | - | - | 6,804,617 | 319,964 | - | - | 7,124,581 |
| Other | 501,202 | - | - | 1,347,472 | 2,904 | 3,754,294 | 5,605,872 |
| Total revenues | <u>27,530,717</u> | <u>71,395,122</u> | <u>6,804,617</u> | <u>1,996,783</u> | <u>8,116,134</u> | <u>3,754,294</u> | <u>119,597,667</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Instructional services: | | | | | | | |
| Regular instructional | 9,440,432 | 37,900,652 | 667,880 | 285,186 | - | - | 48,294,150 |
| Special populations | 1,185,847 | 12,756,124 | 1,760,039 | 607,219 | - | - | 16,309,229 |
| Alternative programs | 608,766 | 2,799,643 | 3,695,695 | 337,393 | - | - | 7,441,497 |
| School leadership | 2,506,233 | 3,918,759 | - | - | - | - | 6,424,992 |
| Co-curricular services | 741,094 | - | - | - | - | 3,850,965 | 4,592,059 |
| School-based support | 1,811,355 | 5,480,967 | 275,559 | 108,111 | - | - | 7,675,992 |
| System-wide support services: | | | | | | | |
| Support and development | 262,947 | 176,481 | 7,981 | - | - | - | 447,409 |
| Special population support and development | 2,473 | 36,818 | - | 67,482 | - | - | 106,773 |
| Alternative programs and services support and development | 7,770 | 30,647 | 4,811 | - | - | - | 43,228 |
| Technology support | 1,374,206 | 458,789 | 246,608 | - | - | - | 2,079,603 |
| Operational support | 8,527,223 | 5,997,227 | 898 | 3,244 | - | - | 14,528,592 |
| Financial and human resources | 452,768 | 835,155 | 6,904 | 191,474 | - | - | 1,486,301 |
| Accountability | 234,760 | 185,247 | - | - | - | - | 420,007 |
| Policy, leadership, and public relations | 1,128,872 | 769,557 | 152 | - | - | - | 1,898,581 |
| Ancillary services | - | 4,056 | - | 7,666 | - | - | 11,722 |
| Non-programmed charges | 1,238,723 | - | 138,090 | - | - | - | 1,376,813 |
| Debt service: | | | | | | | |
| Principal retirements | - | - | - | - | 130,022 | - | 130,022 |
| Capital outlay: | | | | | | | |
| Land, buildings, and site improvements | - | - | - | - | 5,609,141 | - | 5,609,141 |
| Furnishings and equipment | - | - | - | - | 20,000 | - | 20,000 |
| Vehicles and other | - | - | - | - | 492,994 | - | 492,994 |
| Total expenditures | <u>29,523,469</u> | <u>71,350,122</u> | <u>6,804,617</u> | <u>1,607,775</u> | <u>6,252,157</u> | <u>3,850,965</u> | <u>119,389,105</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,992,752)</u> | <u>45,000</u> | <u>-</u> | <u>389,008</u> | <u>1,863,977</u> | <u>(96,671)</u> | <u>208,562</u> |
| Other financing sources (uses): | | | | | | | |
| Installment purchase obligations issued | - | - | - | - | 435,145 | - | 435,145 |
| Transfers (to) from other funds | - | (45,000) | - | 258,940 | - | (66,472) | 147,468 |
| Net change in fund balances | (1,992,752) | - | - | 647,948 | 2,299,122 | (163,143) | 791,175 |
| Fund balances: | | | | | | | |
| Beginning of year | 5,069,029 | - | - | 2,466,917 | 831,542 | 2,007,831 | 10,375,319 |
| Decrease in reserve for inventories | (10,615) | - | - | - | - | - | (10,615) |
| End of year | <u>\$ 3,065,662</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,114,865</u> | <u>\$ 3,130,664</u> | <u>\$ 1,844,688</u> | <u>\$ 11,155,879</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, 2017

Exhibit 5

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

| | |
|--|-------------------|
| Net changes in fund balances - total governmental funds | \$ 791,175 |
| Adjustment due to the use of consumption method of recording inventories in the government-wide statements. | (10,615) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 6,745,211 |
| 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. | 2,207,010 |
| 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. | (305,123) |
| 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 | (143,526) |
| Pension expense | (8,823,781) |
| | <hr/> |
| Total changes in net position of governmental activities | <u>\$ 460,351</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, 2017

| | <u>General Fund</u> | | | Variance with final budget positive (negative) |
|-------------------------------------|----------------------------|-------------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| State of North Carolina | \$ - | \$ - | \$ - | \$ - |
| Moore County | 27,029,515 | 27,029,515 | 27,029,515 | - |
| U.S. Government | - | - | - | - |
| Other | <u>470,860</u> | <u>470,860</u> | <u>501,202</u> | <u>30,342</u> |
| Total revenues | <u>27,500,375</u> | <u>27,500,375</u> | <u>27,530,717</u> | <u>30,342</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 18,077,375 | 17,682,636 | 16,293,727 | 1,388,909 |
| System-wide support services | 11,723,000 | 12,078,989 | 11,991,019 | 87,970 |
| Ancillary services | - | - | - | - |
| Nonprogrammed charges | <u>1,200,000</u> | <u>1,238,750</u> | <u>1,238,723</u> | <u>27</u> |
| Total expenditures | <u>31,000,375</u> | <u>31,000,375</u> | <u>29,523,469</u> | <u>1,476,906</u> |
| Revenues over (under) expenditures | <u>(3,500,000)</u> | <u>(3,500,000)</u> | <u>(1,992,752)</u> | <u>1,507,248</u> |
| Other financing uses: | | | | |
| Transfers to other funds | - | - | - | - |
| Fund balance appropriated | <u>3,500,000</u> | <u>3,500,000</u> | - | <u>(3,500,000)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (1,992,752) | <u>\$ (1,992,752)</u> |
| Fund balances: | | | | |
| Beginning of year | | | 5,069,029 | |
| Decrease in reserve for inventories | | | <u>(10,615)</u> | |
| End of year | | | <u>\$ 3,065,662</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, 2017

| | <u>State Public School Fund</u> | | | Variance with final budget positive (negative) |
|-------------------------------------|---------------------------------|-------------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| State of North Carolina | \$ 71,294,442 | \$ 72,746,731 | \$ 71,395,122 | \$ (1,351,609) |
| Moore County | - | - | - | - |
| U.S. Government | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>71,294,442</u> | <u>72,746,731</u> | <u>71,395,122</u> | <u>(1,351,609)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 63,505,857 | 64,175,881 | 62,856,145 | 1,319,736 |
| System-wide support services | 7,788,585 | 8,521,625 | 8,489,921 | 31,704 |
| Ancillary services | - | 4,225 | 4,056 | 169 |
| Nonprogrammed charges | - | - | - | - |
| Total expenditures | <u>71,294,442</u> | <u>72,701,731</u> | <u>71,350,122</u> | <u>1,351,609</u> |
| Revenues over (under) expenditures | - | 45,000 | 45,000 | - |
| Other financing uses: | | | | |
| Transfers to other funds | - | (45,000) | (45,000) | - |
| Fund balance appropriated | - | - | - | - |
| 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, 2017**

| | <u>Restricted Revenues Fund</u> | | | Variance with final budget positive (negative) |
|-------------------------------------|---------------------------------|-------------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| State of North Carolina | \$ 329,584 | \$ 329,584 | \$ 329,347 | \$ (237) |
| Moore County | - | - | - | - |
| U.S. Government | 372,000 | 372,000 | 319,964 | (52,036) |
| Other | <u>655,676</u> | <u>1,140,631</u> | <u>1,347,472</u> | <u>206,841</u> |
| Total revenues | <u>1,357,260</u> | <u>1,842,215</u> | <u>1,996,783</u> | <u>154,568</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 1,151,480 | 1,562,915 | 1,337,909 | 225,006 |
| System-wide support services | 199,880 | 271,300 | 262,200 | 9,100 |
| Ancillary services | 5,900 | 8,000 | 7,666 | 334 |
| Nonprogrammed charges | - | - | - | - |
| Total expenditures | <u>1,357,260</u> | <u>1,842,215</u> | <u>1,607,775</u> | <u>234,440</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>389,008</u> | <u>389,008</u> |
| Other financing uses: | | | | |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>258,940</u> | <u>258,940</u> |
| Fund balance appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>647,948</u> | <u>\$ 647,948</u> |
| Fund balances: | | | | |
| Beginning of year | | | 2,466,917 | |
| Decrease in reserve for inventories | | | <u>-</u> | |
| End of year | | | <u>\$ 3,114,865</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, 2017**

| | 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 | 8,865,938 | 9,727,721 | 6,804,617 | (2,923,104) |
| Other | - | - | - | - |
| Total revenues | <u>8,865,938</u> | <u>9,727,721</u> | <u>6,804,617</u> | <u>(2,923,104)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services | 7,525,581 | 7,936,743 | 6,399,173 | 1,537,570 |
| System-wide support services | 407,600 | 339,571 | 267,354 | 72,217 |
| Ancillary services | - | - | - | - |
| Nonprogrammed charges | <u>932,757</u> | <u>1,451,407</u> | <u>138,090</u> | <u>1,313,317</u> |
| Total expenditures | <u>8,865,938</u> | <u>9,727,721</u> | <u>6,804,617</u> | <u>2,923,104</u> |
| Revenues over (under) expenditures | - | - | - | - |
| Other financing uses: | | | | |
| Transfers 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
Proprietary Fund Types
June 30, 2017

Exhibit 7

| | Enterprise | | Total |
|--|---|--|---------------------|
| | Major Fund School Food Service | Non-major Fund Child Care | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,746,661 | \$ - | \$ 1,746,661 |
| Receivables (net) | 42,035 | - | 42,035 |
| Due from other governments | 103,275 | - | 103,275 |
| Inventories | 150,206 | - | 150,206 |
| Total current assets | <u>2,042,177</u> | <u>-</u> | <u>2,042,177</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Equipment, furniture and vehicles, net | 52,903 | - | 52,903 |
| Total assets | <u>2,095,080</u> | <u>-</u> | <u>2,095,080</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>674,085</u> | <u>-</u> | <u>674,085</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Unearned revenue | 52,132 | - | 52,132 |
| Compensated absences | 60,089 | - | 60,089 |
| Total current liabilities | <u>112,221</u> | <u>-</u> | <u>112,221</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 1,013,664 | - | 1,013,664 |
| Compensated absences | 69,499 | - | 69,499 |
| Total noncurrent liabilities | <u>1,083,163</u> | <u>-</u> | <u>1,083,163</u> |
| Total liabilities | <u>1,195,384</u> | <u>-</u> | <u>1,195,384</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>50,356</u> | <u>-</u> | <u>50,356</u> |
| NET POSITION | | | |
| Investment in capital assets | 52,903 | - | 52,903 |
| Unrestricted | 1,470,522 | - | 1,470,522 |
| Total net position | <u>\$ 1,523,425</u> | <u>\$ -</u> | <u>\$ 1,523,425</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
Proprietary Fund Types
For the Fiscal Year Ended June 30, 2017

Exhibit 8

| | Enterprise | | Total |
|---------------------------------|----------------------------|-----------------------|---------------------|
| | Major Fund | Non-major Fund | |
| | School Food Service | Child Care | |
| Operating revenues: | | | |
| Food sales | \$ 1,385,241 | \$ - | \$ 1,385,241 |
| Child care fees | - | 639,530 | 639,530 |
| Total operating revenues | <u>1,385,241</u> | <u>639,530</u> | <u>2,024,771</u> |
| Operating expenses: | | | |
| Food cost: | | | |
| Purchase of food | 1,494,511 | - | 1,494,511 |
| Donated commodities | 354,548 | - | 354,548 |
| Salaries and benefits | 2,479,832 | 447,062 | 2,926,894 |
| Materials and supplies | 203,018 | - | 203,018 |
| Repairs and maintenance | 53,842 | - | 53,842 |
| Contracted services | 53,472 | - | 53,472 |
| Depreciation | 58,503 | - | 58,503 |
| Non-capitalized equipment | 75,930 | - | 75,930 |
| Other | 8,896 | - | 8,896 |
| Total operating expenses | <u>4,782,552</u> | <u>447,062</u> | <u>5,229,614</u> |
| Operating income (loss) | <u>(3,397,311)</u> | <u>192,468</u> | <u>(3,204,843)</u> |
| Nonoperating revenues: | | | |
| Federal reimbursements | 2,962,275 | - | 2,962,275 |
| Federal commodities | 354,548 | - | 354,548 |
| State reimbursements | 7,406 | - | 7,406 |
| Interest earned | 15,241 | - | 15,241 |
| Total nonoperating revenues | <u>3,339,470</u> | <u>-</u> | <u>3,339,470</u> |
| Income (loss) before transfers | (57,841) | 192,468 | 134,627 |
| Transfers from (to) other funds | <u>45,000</u> | <u>(192,468)</u> | <u>(147,468)</u> |
| Change in net position | (12,841) | - | (12,841) |
| Total net position, beginning | <u>1,536,266</u> | <u>-</u> | <u>1,536,266</u> |
| Total net position, ending | <u>\$ 1,523,425</u> | <u>\$ -</u> | <u>\$ 1,523,425</u> |

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

Board of Education of Moore County Schools
Statement of Cash Flows
Proprietary Fund Types
For the Fiscal Year Ended June 30, 2017

Exhibit 9

| | Enterprise | | Total |
|---|----------------------------|-----------------------|-----------------------|
| | Major Fund | Non-major Fund | |
| | School Food Service | Child Care | |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 1,386,276 | \$ 639,530 | \$ 2,025,806 |
| Cash paid for goods and services | (1,801,525) | - | (1,801,525) |
| Cash paid to employees for services | (2,438,152) | (447,062) | (2,885,214) |
| Net cash provided (used) by operating activities | <u>(2,853,401)</u> | <u>192,468</u> | <u>(2,660,933)</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers from (to) other funds | 45,000 | (192,468) | (147,468) |
| Federal and state reimbursements | 2,967,641 | - | 2,967,641 |
| Net cash provided (used) by noncapital activities | <u>3,012,641</u> | <u>(192,468)</u> | <u>2,820,173</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition of capital assets | (5,843) | - | (5,843) |
| Cash flows from investing activities: | | | |
| Interest earned on investments | 15,241 | - | 15,241 |
| Net increase in cash and cash equivalents | 168,638 | - | 168,638 |
| Cash and cash equivalents, beginning of year | <u>1,578,023</u> | <u>-</u> | <u>1,578,023</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,746,661</u> | <u>\$ -</u> | <u>\$ 1,746,661</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ (3,397,311) | \$ 192,468 | \$ (3,204,843) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 58,503 | - | 58,503 |
| Donated commodities | 354,548 | - | 354,548 |
| Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities: | | | |
| Decrease in accounts receivable | 511 | - | 511 |
| Decrease in inventories | 88,144 | - | 88,144 |
| Decrease in deferred inflows of resources | (43,020) | - | (43,020) |
| Increase in deferred outflows of resources | (532,646) | - | (532,646) |
| Increase in net pension liability | 610,857 | - | 610,857 |
| Increase in unearned revenue | 524 | - | 524 |
| Increase in compensated absences payable | 6,489 | - | 6,489 |
| Total adjustments | <u>543,910</u> | <u>-</u> | <u>543,910</u> |
| Net cash provided (used) by operating activities | <u>\$ (2,853,401)</u> | <u>\$ 192,468</u> | <u>\$ (2,660,933)</u> |

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$354,548 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, 2017**

Exhibit 10

| | <u>Agency Fund</u> |
|---|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 270,290 |
| LIABILITIES | |
| Due to Sandhills Region Education Consortium (SREC) | \$ 270,290 |

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.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the Board. These statements include the financial activities of 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, 2017

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, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary 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, 2017

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 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 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. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

(2) Cash and Cash Equivalents

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

(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 will sometimes report a separate section for deferred outflow 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 two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The Statement of Net Position also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion - pension related deferrals.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

(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, 2017 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

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position 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.

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

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

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

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

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

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

The governmental fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. The net adjustment of \$73,606,975 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) | \$ 168,743,240 |
| Less accumulated depreciation | <u>(70,831,608)</u> |
| Net capital assets | 97,911,632 |
| Pension related deferred outflows of resources: | |
| Change of assumptions | 6,721,034 |
| Differences between projected and actual earnings on plan investments | 16,253,093 |
| Differences between employers contributions and proportionate share of contributions and changes in proportion | 587,194 |
| Contributions made to the pension plan in the current fiscal year | 6,745,211 |
| 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 | (6,425,784) |
| Installment financing | (347,596) |
| Net pension liability | (45,573,844) |
| Deferred inflows of resources related to pensions: | |
| Differences between contributions and proportional share of contributions and changes in proportion | (110,082) |
| Differences between expected and actual experience | <u>(2,153,883)</u> |
| Total adjustment | <u>\$ 73,606,975</u> |

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

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 (\$330,824) 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 | \$ 6,426,450 |
| 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 | (4,219,440) |
| 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 | (435,145) |
| Principal payments on installment financing are recorded as a use of funds on the fund statements but affect only the Statement of Net Position in the government-wide statements | 130,022 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 6,745,211 |
| 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 | (8,823,781) |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (143,526) |
| Adjustment due to the use of the consumption method of recording inventories in the government-wide statements | <u>(10,615)</u> |
| Total adjustment | <u>\$ (330,824)</u> |

G. Defined Benefit Pension Plans

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

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 Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2017, the Board had deposits with banks with a carrying amount of \$9,461,483 and with the State Treasurer of \$753,839. The bank balances with the financial institutions and the State Treasurer were \$9,558,478 and \$3,038,526, respectively. Of these balances, \$250,000 was covered by federal depository insurance and \$12,347,004 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. At June 30, 2017, the Board's petty cash totaled \$90.

(2) Investments

At June 30 2017, the Board had \$4,378,513 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 1.6 years as of June 30, 2017.

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, 2017, were as follows:

| | Due from other governments | Other | Total |
|-------------------------------|---|------------------|---------------------|
| Governmental activities: | | | |
| General Fund | \$ 54,047 | \$ - | \$ 54,047 |
| Other governmental activities | <u>1,344,040</u> | <u>-</u> | <u>1,344,040</u> |
| Total | <u>\$ 1,398,087</u> | <u>\$ -</u> | <u>\$ 1,398,087</u> |
| Business-type activities: | | | |
| School Food Service | <u>\$ 103,275</u> | <u>\$ 42,035</u> | <u>\$ 145,310</u> |

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2017

Due from other governments consists of the following:

| | | | |
|---------------------------|----|------------------|--|
| Governmental activities: | | | |
| General Fund | \$ | 54,047 | Local government fines and forfeitures |
| State Public School Fund | | 1,250,166 | Operating funds from DPI |
| Federal Grants Fund | | 69,874 | Federal grant funds |
| Restricted Revenues Fund | | <u>24,000</u> | Various fees and restricted grants |
| Total | \$ | <u>1,398,087</u> | |
| Business-type activities: | | | |
| School Food Service | \$ | <u>103,275</u> | Federal funds |

(4) Capital Assets

Capital asset activity for the year ended June 30, 2017 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 | \$ 1,538,198 | \$ - | \$ 1,006,933 | \$ - | \$ 2,545,131 |
| Construction in progress | <u>2,970,000</u> | <u>(3,955,825)</u> | <u>4,602,208</u> | - | <u>3,616,383</u> |
| Total capital assets not being depreciated | <u>4,508,198</u> | <u>(3,955,825)</u> | <u>5,609,141</u> | - | <u>6,161,514</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 142,979,061 | 603,271 | 20,000 | - | 143,602,332 |
| Equipment and furniture | 4,371,938 | 3,352,554 | 254,060 | - | 7,978,552 |
| Vehicles | 9,531,889 | - | 495,895 | - | 10,027,784 |
| Computers | <u>925,704</u> | - | <u>47,354</u> | - | <u>973,058</u> |
| Total capital assets being depreciated | <u>157,808,592</u> | <u>3,955,825</u> | <u>817,309</u> | - | <u>162,581,726</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 53,111,773 | - | 3,093,324 | - | 56,205,097 |
| Equipment and furniture | 3,911,689 | - | 726,334 | - | 4,638,023 |
| Vehicles | 8,751,354 | - | 349,268 | - | 9,100,622 |
| Computers | <u>837,352</u> | - | <u>50,514</u> | - | <u>887,866</u> |
| Total accumulated depreciation | <u>66,612,168</u> | - | <u>4,219,440</u> | - | <u>70,831,608</u> |
| Total capital assets being depreciated, net | <u>91,196,424</u> | | | | <u>91,750,118</u> |
| Governmental activity capital assets, net | <u>\$ 95,704,622</u> | | | | <u>\$ 97,911,632</u> |
| Business-type activities: | | | | | |
| School Food Service Fund: | | | | | |
| Capital assets being depreciated: | | | | | |
| Equipment, furniture and vehicles | \$ 2,363,434 | - | \$ 5,843 | \$ - | \$ 2,369,277 |
| Less accumulated depreciation for: | | | | | |
| Equipment, furniture and vehicles | <u>2,257,871</u> | - | <u>58,503</u> | - | <u>2,316,374</u> |
| School Food Service capital assets, net | <u>\$ 105,563</u> | | | | <u>\$ 52,903</u> |

Board of Education of Moore County Schools
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Depreciation was charged to governmental functions as follows:

| | |
|--------------------------------|---------------------|
| Unallocated depreciation | \$ 3,924,812 |
| Regular instructional programs | 50,514 |
| Operational support services | <u>244,114</u> |
| Total | <u>\$ 4,219,440</u> |

(5) Construction Commitments

The Board has active construction projects as of June 30, 2017. The projects include construction of a new elementary school, construction of an advanced career center, and repairs and renovations to the union pines track. At year-end, the Board's commitments with contractors for construction are as follows:

| | |
|------------------------|---------------------|
| New elementary school | \$ 583,711 |
| Advanced career center | 647,789 |
| Union pines track | <u>213,363</u> |
| Total | <u>\$ 1,444,863</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 (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2017, was 9.98% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$6,895,240 for the year ended June 30, 2017.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the Board reported a liability of \$46,587,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2017 and at June 30, 2016, the Board's proportion was .51% and .49%, respectively.

For the year ended June 30, 2017, the Board recognized pension expense of \$9,009,007. At June 30, 2017, 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 | \$ - | \$ 2,201,790 |
| Changes of assumptions | 6,870,525 | |
| Net difference between projected and actual earnings on pension plan investments. | 16,614,598 | - |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 600,254 | 112,531 |
| Board contributions subsequent to the measurement date | <u>6,895,240</u> | <u>-</u> |
| Total | <u>\$ 30,980,617</u> | <u>\$ 2,314,321</u> |

Board of Education of Moore County Schools
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The Board reported \$6,895,240 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, 2018. 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> | |
|--------------------------------|----------------------|
| 2018 | \$ 3,656,357 |
| 2019 | 3,746,313 |
| 2020 | 9,214,167 |
| 2021 | <u>5,154,219</u> |
| | <u>\$ 21,771,056</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.5 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The discount rate used is consistent with 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 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

| | <u>1% Decrease (6.25%)</u> | <u>Discount Rate (7.25%)</u> | <u>1% Increase (8.25%)</u> |
|--|------------------------------------|--------------------------------------|------------------------------------|
| Board's proportionate share of the net pension liability (asset) | \$ 87,622,100 | \$ 46,587,508 | \$ 12,083,041 |

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 post-employment healthcare benefits are provided through a cost sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriate act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statutes, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage

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on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, person who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2017, 2016, and 2015, the Board paid all annual required contributions to the Plan for postretirement healthcare benefits of \$4,114,308, \$3,822,094, and \$3,674,541 respectively. The contributions represented 6.02%, 5.60%, and 5.49% of covered payroll, respectively.

(c) Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other post-employment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The Plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

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

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of

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membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which one might be entitled should one become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by General Assembly, Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other post-employment 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 post-employment benefit. For the fiscal years ended June 30, 2017, 2016, and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$259,707, \$279,832, and \$274,419, respectively. These contributions represented .38%, .41%, and .41% of covered payroll for each year, respectively.

(2) Payables

Payables as of June 30, 2017 are as follows:

| | <u>Vendors</u> | <u>Salaries and benefits</u> | <u>Total</u> |
|-------------------------------|-------------------|----------------------------------|---------------------|
| Governmental activities: | | | |
| General | \$ 722,825 | \$ 555,238 | \$ 1,278,063 |
| Other governmental | <u>-</u> | <u>1,320,040</u> | <u>1,320,040</u> |
| Total governmental activities | <u>\$ 722,825</u> | <u>\$ 1,875,278</u> | <u>\$ 2,598,103</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>\$ 52,132</u> |

(4) 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 \$3,150,000 and an annual aggregate limit of \$3,150,000 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 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

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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.

(5) Long-Term Obligations

(a) **Installment Purchases**

The Board is authorized by State law [G.S. 115C-528] to enter into installment purchase contracts to finance the purchase or improvement of personal property and to secure its obligations under such contracts by security interest in all or a portion of the property purchased or improved.

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. During the fiscal years ended June 30, 2015 and June 30, 2017, 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, 2017 is are follows:

| <u>Year Ending June 30</u> | |
|--------------------------------|-------------------|
| 2018 | \$ 130,023 |
| 2019 | 108,786 |
| 2020 | <u>108,787</u> |
| | <u>\$ 347,596</u> |

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(6) Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2017:

| | <u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2017</u> | <u>Current Portion</u> |
|---------------------------|----------------------|---------------------|---------------------|----------------------|----------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 6,282,258 | \$ 4,522,496 | \$ 4,378,970 | \$ 6,425,784 | \$ 2,604,253 |
| Net pension liability | 17,546,318 | 28,027,526 | - | 45,573,844 | - |
| Installment purchases | <u>42,473</u> | <u>435,145</u> | <u>130,022</u> | <u>347,596</u> | <u>130,023</u> |
| | <u>\$ 23,871,049</u> | <u>\$32,985,167</u> | <u>\$ 4,508,992</u> | <u>\$ 52,347,224</u> | <u>\$ 2,734,276</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 123,099 | \$ 118,531 | \$ 112,042 | \$ 129,588 | \$ 60,089 |
| Net pension liability | <u>402,807</u> | <u>610,857</u> | <u>-</u> | <u>1,013,664</u> | <u>-</u> |
| | <u>\$ 525,906</u> | <u>\$ 729,388</u> | <u>\$ 112,042</u> | <u>\$ 1,143,252</u> | <u>\$ 60,089</u> |

Compensated absences 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, 2017 consist of the following:

| | |
|---|-------------------|
| From the Child Care Fund to the Individual Schools Fund for co-curricular costs | <u>\$ 192,468</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>\$ 258,940</u> |

Balances due to/from other funds at June 30, 2017 consist of the following:

| | |
|---|-------------------|
| From the Restricted Revenues Fund to the Individual School Fund for investments in STIF | <u>\$ 635,288</u> |
|---|-------------------|

Board of Education of Moore County Schools
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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.

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 | \$ 3,065,662 |
| Less: | |
| Inventories | 231,962 |
| Prepays | 44,956 |
| Stabilization by State Statute | 54,047 |
| Appropriated Fund Balance in 2017-2018 Budget | <u>700,000</u> |
| Remaining Fund Balance | <u>\$ 2,034,697</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, 2017, 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.

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

Schedule 1

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|
| Board's proportion of the net pension liability | 0.5069% | 0.4871% | 0.4846% | 0.4889% |
| Board's proportionate share of the net pension liability | \$ 46,587,508 | \$ 17,949,125 | \$ 5,681,083 | \$ 29,675,412 |
| Board's covered-employee payroll | \$ 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-employee payroll | 67.08% | 26.26% | 8.64% | 44.19% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.32% | 94.64% | 98.24% | 90.60% |

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

Schedule 2

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 6,895,240 | \$ 6,215,096 | \$ 6,124,235 | \$ 5,598,964 |
| Contributions in relation to the contractually required contribution | <u>6,895,240</u> | <u>6,215,096</u> | <u>6,124,235</u> | <u>5,598,964</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered-employee payroll | \$ 70,335,672 | \$ 69,445,508 | \$ 68,355,417 | \$ 65,727,081 |
| Contributions as a percentage of covered-employee payroll | 9.80% | 8.95% | 8.96% | 8.52% |

* Ten years of data not available.

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, 2017

Schedule 3

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|------------------|---------------------|---|
| Revenues: | | | |
| State of North Carolina: | | | |
| State appropriations - buses | \$ 130,022 | \$ 130,022 | \$ - |
| Moore County: | | | |
| General county revenues | 750,000 | 2,921,000 | 2,171,000 |
| Other: | | | |
| Interest earned on investments | 2,000 | 2,000 | - |
| Miscellaneous | 1,000 | 904 | (96) |
| | <u>3,000</u> | <u>2,904</u> | <u>(96)</u> |
| Total revenues | <u>883,022</u> | <u>3,053,926</u> | <u>2,170,904</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirements | 130,022 | 130,022 | - |
| Capital outlay: | | | |
| Land, buildings, and site improvements | | 546,933 | |
| Furnishings and equipment | | 20,000 | |
| Vehicles and other | | 492,994 | |
| Total capital outlay | <u>1,733,145</u> | <u>1,059,927</u> | <u>673,218</u> |
| Total expenditures | <u>1,863,167</u> | <u>1,189,949</u> | <u>673,218</u> |
| Revenues under expenditures | <u>(980,145)</u> | <u>1,863,977</u> | <u>2,844,122</u> |
| Other financing sources: | | | |
| Installment purchase obligations issued | 435,145 | 435,145 | - |
| Fund balance appropriated | 545,000 | - | (545,000) |
| Net change in fund balance | <u>\$ -</u> | 2,299,122 | <u>\$ 2,299,122</u> |
| Fund balance: | | | |
| Beginning of year | | 831,542 | |
| End of year | | 3,130,664 | |
| 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 | | 5,062,208 | |
| County expenditures - financed through public school bonds | | (3,529,202) | |
| County expenditures - financed through Public School Building Capital Fund - Lottery Funds | | <u>(1,533,006)</u> | |
| Fund balance | | <u>\$ 3,130,664</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, 2017

Schedule 4

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|--------------------|--------------------|---|
| Operating revenues - food sales | \$ 1,635,000 | \$ 1,385,241 | \$ (249,759) |
| Operating expenditures: | | | |
| Business support services: | | | |
| Purchase of food | | 1,406,367 | |
| Donated commodities | | 354,548 | |
| Salaries and benefits | | 2,438,152 | |
| Materials and supplies | | 203,018 | |
| Repairs and maintenance | | 53,842 | |
| Contracted services | | 53,472 | |
| Non-capitalized equipment | | 75,930 | |
| Other | | 8,896 | |
| Total business support services | <u>5,485,000</u> | <u>4,600,068</u> | <u>884,932</u> |
| Operating loss | <u>(3,850,000)</u> | <u>(3,214,827)</u> | <u>635,173</u> |
| Nonoperating revenues: | | | |
| Federal reimbursements | | 2,962,275 | |
| Federal commodities | | 354,548 | |
| State reimbursements | | 7,406 | |
| Interest earned | | 15,241 | |
| Total nonoperating revenues | <u>3,805,000</u> | <u>3,339,470</u> | <u>(465,530)</u> |
| Excess of revenues under expenditures before other financing sources | (45,000) | 124,643 | 169,643 |
| Other financing sources: | | | |
| Transfers from other funds | <u>45,000</u> | <u>45,000</u> | <u>-</u> |
| Excess of expenditures over revenues | <u>\$ -</u> | 169,643 | <u>\$ 169,643</u> |
| Reconciliation of modified accrual to full accrual basis: | | | |
| Reconciling items: | | | |
| Depreciation | | (58,503) | |
| Decrease in deferred inflows of resources - pension | | 43,020 | |
| Increase in deferred outflows of resources - pension | | 532,646 | |
| Increase in net pension liability | | (610,857) | |
| Equipment purchases | | 5,843 | |
| Increase in compensated absences payable | | (6,489) | |
| Decrease in inventories | | <u>(88,144)</u> | |
| Change in net position (full accrual) | | <u>\$ (12,841)</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, 2017

Schedule 5

| | <u>Budget</u> | <u>Actual</u> | <u>Variance positive (negative)</u> |
|---|--------------------|--------------------|---|
| Operating revenues: | | | |
| Child care fees | <u>\$ 750,000</u> | <u>\$ 639,530</u> | <u>\$ (110,470)</u> |
| Operating expenditures: | | | |
| Regular community service: | | | |
| Salaries and benefits | <u>447,062</u> | <u>447,062</u> | <u>-</u> |
| Excess of revenues over expenditures before other financing uses | 302,938 | 192,468 | (110,470) |
| Other financing uses: | | | |
| Transfers to other funds | <u>(302,938)</u> | <u>(192,468)</u> | <u>110,470</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, 2017**

Schedule 6

| | <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2017</u> |
|---|-------------------------------------|------------------|-------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | <u>\$ 356,821</u> | <u>\$ 96,010</u> | <u>\$ 182,541</u> | <u>\$ 270,290</u> |
| LIABILITIES | | | | |
| Due to Sandhills Region Education Consortium (SREC) | <u>\$ 356,821</u> | <u>\$ 96,010</u> | <u>\$ 182,541</u> | <u>\$ 270,290</u> |



MOORE COUNTY SCHOOLS
Growing to Greatness

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

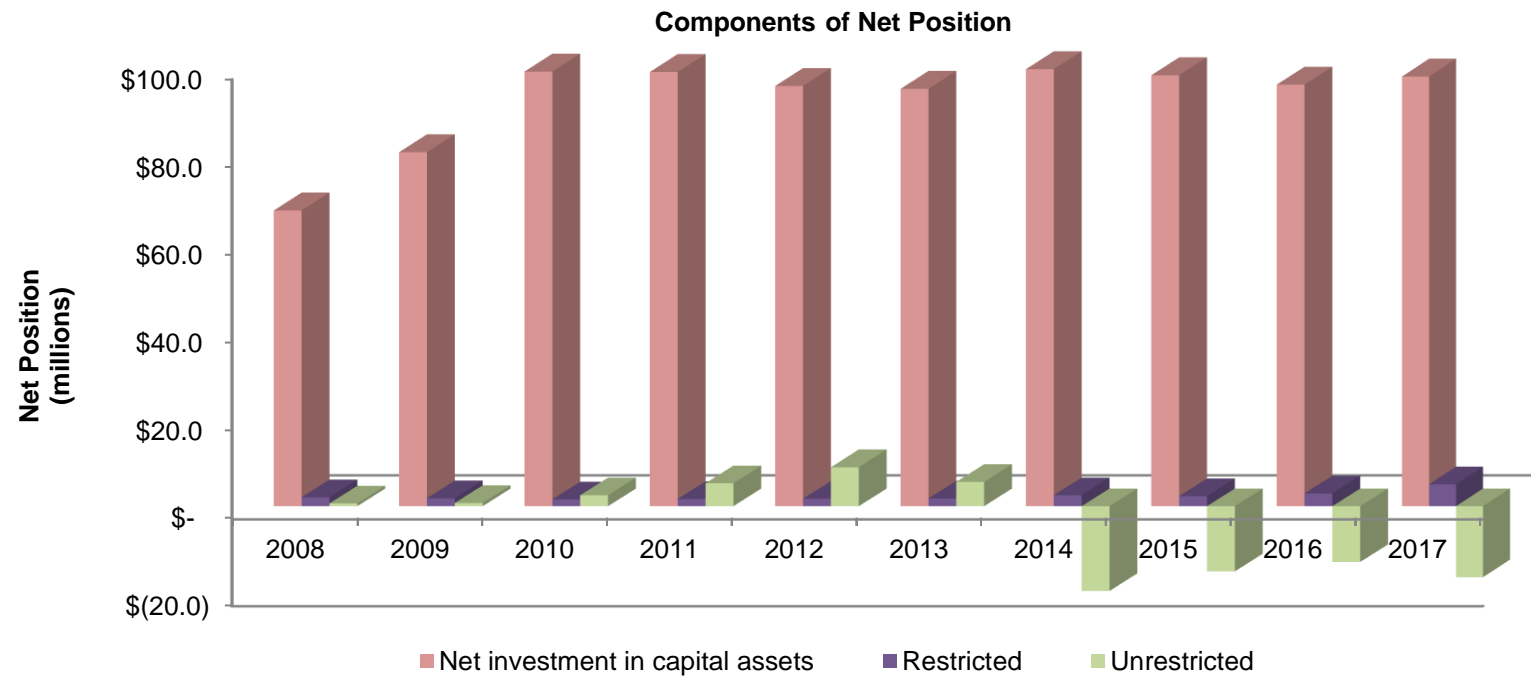
These schedules offer demographic and economic indicators to help the reader understand the environment in which the Board's financial activities are conducted.

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.

MOORE COUNTY BOARD OF EDUCATION
GOVERNMENT-WIDE - NET POSITION BY COMPONENT
Last Ten Fiscal Years

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 66,581,007 | \$ 79,916,082 | \$ 98,203,221 | \$ 98,242,320 | \$ 95,096,366 | \$ 94,437,917 | \$ 98,964,946 | \$ 97,717,459 | \$ 95,662,149 | \$ 97,564,036 |
| Restricted | 2,068,914 | 1,839,993 | 1,564,297 | 1,660,503 | 1,721,790 | 1,764,257 | 2,520,812 | 2,303,314 | 2,941,350 | 5,053,399 |
| Unrestricted | (952,091) | (712,807) | 781,135 | 3,416,636 | 7,022,464 | 3,778,723 | (20,881,713) | (16,346,459) | (14,300,996) | (17,854,581) |
| Total net position | 67,697,830 | 81,043,268 | 100,548,653 | 103,319,459 | 103,840,620 | 99,980,897 | 80,604,045 | 83,674,314 | 84,302,503 | 84,762,854 |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | 645,125 | 532,222 | 530,681 | 404,832 | 378,443 | 387,002 | 312,329 | 190,103 | 105,563 | 52,903 |
| Unrestricted | 1,587,331 | 1,452,084 | 1,738,900 | 1,872,977 | 1,939,712 | 1,823,464 | 1,323,778 | 1,303,933 | 1,430,703 | 1,470,522 |
| Total net position | 2,232,456 | 1,984,306 | 2,269,581 | 2,277,809 | 2,318,155 | 2,210,466 | 1,636,107 | 1,494,036 | 1,536,266 | 1,523,425 |
| Total Primary Government | | | | | | | | | | |
| Net investment in capital assets | 67,226,132 | 80,448,304 | 98,733,902 | 98,647,152 | 95,474,809 | 94,824,919 | 99,277,275 | 97,907,562 | 95,767,712 | 97,616,939 |
| Restricted | 2,068,914 | 1,839,993 | 1,564,297 | 1,660,503 | 1,721,790 | 1,764,257 | 2,520,812 | 2,303,314 | 2,941,350 | 5,053,399 |
| Unrestricted | 635,240 | 739,277 | 2,520,035 | 5,289,613 | 8,962,176 | 5,602,187 | (19,557,935) | (15,042,526) | (12,870,293) | (16,384,059) |
| Total net position | \$ 69,930,286 | \$ 83,027,574 | \$ 102,818,234 | \$ 105,597,268 | \$ 106,158,775 | \$ 102,191,363 | \$ 82,240,152 | \$ 85,168,350 | \$ 85,838,769 | \$ 86,286,279 |



Certain reclassifications were made to the governmental activities net assets in periods prior to June 30, 2011 based on the guidance issued under GASB No. 54.

MOORE COUNTY BOARD OF EDUCATION
GOVERNMENT-WIDE - EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
Last Ten Fiscal Years

| | 2008 | 2009 | 2010 | 2011 |
|--|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| Instructional programs | \$ 81,838,850 | \$ 82,970,247 | \$ 80,793,944 | \$ 81,502,355 |
| System-wide support services | 20,582,014 | 21,273,208 | 21,521,433 | 20,287,570 |
| Ancillary Services | 68,498 | 100,286 | 145,474 | 115,119 |
| Non-programmed charges | 659,885 | 662,209 | 674,198 | 733,737 |
| Interest on long-term debt | 34,381 | 52,519 | 52,722 | 27,381 |
| Unallocated depreciation expense | 1,889,254 | 2,080,250 | 3,142,595 | 3,257,366 |
| Total governmental activities expenses | <u>105,072,882</u> | <u>107,138,719</u> | <u>106,330,366</u> | <u>105,923,528</u> |
| Business-type activities: | | | | |
| School food service | 4,850,626 | 4,997,689 | 4,353,008 | 4,854,111 |
| Child care | 295,993 | 361,379 | 445,040 | 418,368 |
| Total business-type activities expense | <u>5,146,619</u> | <u>5,359,068</u> | <u>4,798,048</u> | <u>5,272,479</u> |
| Total school district expenses | <u>110,219,501</u> | <u>112,497,787</u> | <u>111,128,414</u> | <u>111,196,007</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| School-based support | 3,922,508 | 3,841,718 | 3,455,084 | 3,696,861 |
| Operating grants and contributions | 73,030,092 | 73,254,214 | 72,019,968 | 73,988,101 |
| Capital grants and contributions | 438,097 | 1,117,691 | 578,028 | 985,446 |
| Total governmental activities program revenue | <u>77,390,697</u> | <u>78,213,623</u> | <u>76,053,080</u> | <u>78,670,408</u> |
| Business-type activities: | | | | |
| Charges for services | 2,510,173 | 2,378,512 | 2,195,463 | 2,287,165 |
| Operating grants and contributions | 2,607,062 | 2,832,391 | 2,957,473 | 3,079,606 |
| Capital grants and contributions | - | - | 26,651 | - |
| Total business-type activities program revenue | <u>5,117,235</u> | <u>5,210,903</u> | <u>5,179,587</u> | <u>5,366,771</u> |
| Total school district program revenues | <u>82,507,932</u> | <u>83,424,526</u> | <u>81,232,667</u> | <u>84,037,179</u> |
| Net (expense) revenue | | | | |
| Governmental activities | (27,682,185) | (28,925,096) | (30,277,286) | (27,253,120) |
| Business-type activities | <u>(29,384)</u> | <u>(148,165)</u> | <u>381,539</u> | <u>94,292</u> |
| Total school district net (expense) revenue | <u>\$ (27,711,569)</u> | <u>\$ (29,073,261)</u> | <u>\$ (29,895,747)</u> | <u>\$ (27,158,828)</u> |

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 81,565,170 | \$ 88,415,171 | \$ 85,252,288 | \$ 83,732,800 | \$ 86,377,847 | \$ 92,727,719 |
| 19,559,225 | 21,046,565 | 20,969,775 | 21,396,449 | 20,653,772 | 21,243,718 |
| 70,888 | 52,346 | 32,480 | - | - | 11,722 |
| 653,689 | 672,453 | 750,630 | 868,210 | 1,036,153 | 1,238,723 |
| 11,686 | 1,816 | - | - | - | - |
| 3,212,969 | 3,425,084 | 2,266,594 | 3,676,490 | 3,402,437 | 3,924,812 |
| <u>105,073,627</u> | <u>113,613,435</u> | <u>109,271,767</u> | <u>109,673,949</u> | <u>111,470,209</u> | <u>119,146,694</u> |
| 4,850,298 | 5,039,864 | 4,894,352 | 4,698,747 | 4,866,460 | 4,782,552 |
| 523,966 | 463,396 | 420,404 | 416,058 | 450,868 | 447,062 |
| <u>5,374,264</u> | <u>5,503,260</u> | <u>5,314,756</u> | <u>5,114,805</u> | <u>5,317,328</u> | <u>5,229,614</u> |
| <u>110,447,891</u> | <u>119,116,695</u> | <u>114,586,523</u> | <u>114,788,754</u> | <u>116,787,537</u> | <u>124,376,308</u> |
| 3,887,759 | 3,879,374 | 4,600,367 | 4,907,425 | 5,131,853 | 4,846,890 |
| 72,656,364 | 74,707,804 | 74,015,512 | 76,320,453 | 77,075,968 | 78,199,739 |
| 604,379 | 1,120,038 | 690,115 | 643,267 | 154,538 | 246,808 |
| <u>77,148,502</u> | <u>79,707,216</u> | <u>79,305,994</u> | <u>81,871,145</u> | <u>82,362,359</u> | <u>83,293,437</u> |
| 2,260,682 | 2,101,236 | 2,059,654 | 1,865,596 | 2,108,407 | 2,024,771 |
| 3,217,588 | 3,395,029 | 3,348,364 | 3,261,914 | 3,399,115 | 3,324,229 |
| - | - | - | - | - | - |
| <u>5,478,270</u> | <u>5,496,265</u> | <u>5,408,018</u> | <u>5,127,510</u> | <u>5,507,522</u> | <u>5,349,000</u> |
| <u>82,626,772</u> | <u>85,203,481</u> | <u>84,714,012</u> | <u>86,998,655</u> | <u>87,869,881</u> | <u>88,642,437</u> |
| (27,925,125) | (33,906,219) | (29,965,773) | (27,802,804) | (29,107,850) | (35,853,257) |
| 104,006 | (6,995) | 93,262 | 12,705 | 190,194 | 119,386 |
| <u>\$ (27,821,119)</u> | <u>\$ (33,913,214)</u> | <u>\$ (29,872,511)</u> | <u>\$ (27,790,099)</u> | <u>\$ (28,917,656)</u> | <u>\$ (35,733,871)</u> |

MOORE COUNTY BOARD OF EDUCATION
GOVERNMENT-WIDE - GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
Last Ten Fiscal Years

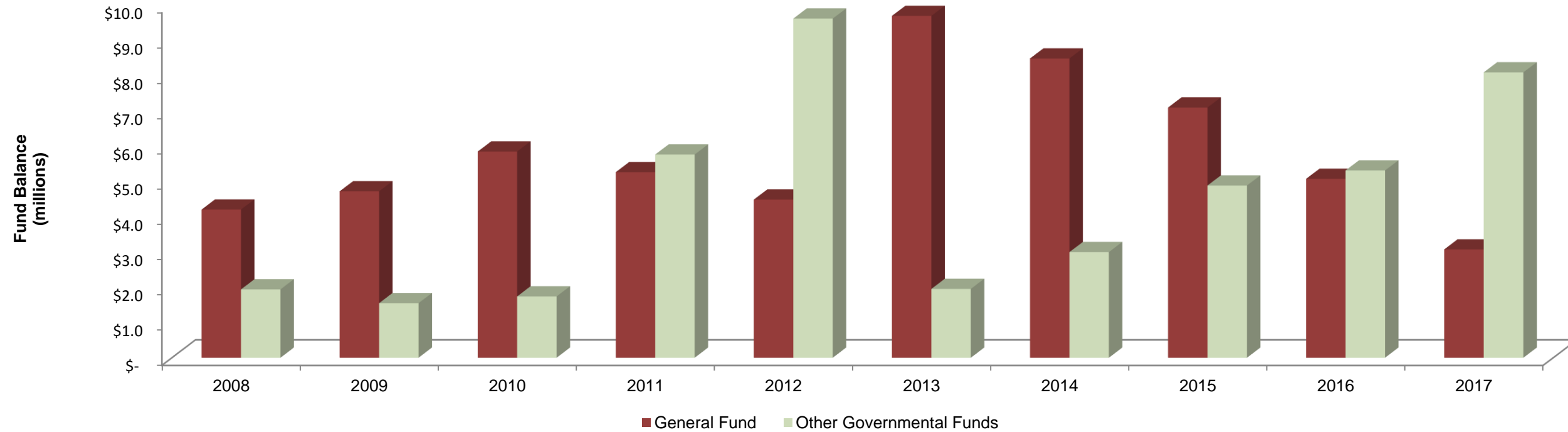
| | 2008 | 2009 | 2010 | 2011 |
|---|---------------------|----------------------|----------------------|---------------------|
| Net (expense) revenue | | | | |
| Governmental activities | \$ (27,682,185) | \$ (28,925,096) | \$ (30,277,286) | \$ (27,253,120) |
| Business-type activities | (29,384) | (148,165) | 381,539 | 94,292 |
| Total school district net (expense) revenue | <u>(27,711,569)</u> | <u>(29,073,261)</u> | <u>(29,895,747)</u> | <u>(27,158,828)</u> |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Unrestricted county appropriations - operating | 23,694,245 | 24,935,195 | 24,935,195 | 25,540,140 |
| Unrestricted county appropriations - capital | 1,880,057 | 933,950 | 733,950 | 711,932 |
| Unrestricted county appropriations - contributed capital | 1,658,814 | 14,726,851 | 22,775,576 | 2,934,174 |
| Unrestricted State and Federal appropriations - operating | - | - | - | 633,304 |
| Unrestricted State and Federal appropriations - capital | - | - | - | - |
| Investment earnings, unrestricted | 250,602 | 210,229 | 130,401 | 4,000 |
| Miscellaneous, unrestricted | 1,377,995 | 1,344,808 | 1,093,981 | 883,993 |
| Extraordinary item | - | - | - | - |
| Transfers | 151,444 | 119,501 | 113,568 | 101,624 |
| Total governmental activities | <u>29,013,157</u> | <u>42,270,534</u> | <u>49,782,671</u> | <u>30,809,167</u> |
| Business-type activities: | | | | |
| Investment earnings, unrestricted | 41,135 | 19,516 | 17,304 | 15,560 |
| Transfers | (151,444) | (119,501) | (113,568) | (101,624) |
| Total business-type activities | <u>(110,309)</u> | <u>(99,985)</u> | <u>(96,264)</u> | <u>(86,064)</u> |
| Change in net position | | | | |
| Governmental activities | 1,330,972 | 13,345,438 | 19,505,385 | 3,556,047 |
| Business-type activities | (139,693) | (248,150) | 285,275 | 8,228 |
| Total school district change in net position | <u>\$ 1,191,279</u> | <u>\$ 13,097,288</u> | <u>\$ 19,790,660</u> | <u>\$ 3,564,275</u> |

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ (27,925,125) | \$ (33,906,219) | \$ (29,965,773) | \$ (27,802,804) | \$ (29,107,850) | \$ (35,853,257) |
| 104,006 | (6,995) | 93,262 | 12,705 | 190,194 | 119,386 |
| <u>(27,821,119)</u> | <u>(33,913,214)</u> | <u>(29,872,511)</u> | <u>(27,790,099)</u> | <u>(28,917,656)</u> | <u>(35,733,871)</u> |
| 25,540,140 | 25,540,140 | 25,165,140 | 25,315,140 | 26,265,140 | 27,029,515 |
| 711,932 | 711,932 | 711,932 | 1,200,000 | 750,000 | 2,921,000 |
| - | 2,295,633 | 4,528,109 | 1,854,627 | 611,273 | 3,529,202 |
| 589,602 | 772,137 | 749,191 | 858,527 | 717,135 | 649,311 |
| - | - | 2,306,406 | 528,692 | 704,670 | 1,533,006 |
| 4,068 | 53,051 | 41,504 | 44,432 | 58,988 | 43,608 |
| 739,665 | 565,348 | 498,143 | 909,559 | 469,948 | 460,498 |
| - | - | (17,204) | - | - | - |
| 75,637 | 108,255 | 115,927 | 162,096 | 158,885 | 147,468 |
| <u>27,661,044</u> | <u>30,046,496</u> | <u>34,099,148</u> | <u>30,873,073</u> | <u>29,736,039</u> | <u>36,313,608</u> |
| 11,977 | 7,561 | 7,036 | 7,320 | 10,921 | 15,241 |
| (75,637) | (108,255) | (115,927) | (162,096) | (158,885) | (147,468) |
| <u>(63,660)</u> | <u>(100,694)</u> | <u>(108,891)</u> | <u>(154,776)</u> | <u>(147,964)</u> | <u>(132,227)</u> |
| (264,081) | (3,859,723) | 4,133,375 | 3,070,269 | 628,189 | 460,351 |
| 40,346 | (107,689) | (15,629) | (142,071) | 42,230 | (12,841) |
| <u>\$ (223,735)</u> | <u>\$ (3,967,412)</u> | <u>\$ 4,117,746</u> | <u>\$ 2,928,198</u> | <u>\$ 670,419</u> | <u>\$ 447,510</u> |

**MOORE COUNTY BOARD OF EDUCATION
GOVERNMENTAL FUNDS - FUND BALANCES
Last Ten Fiscal Years**

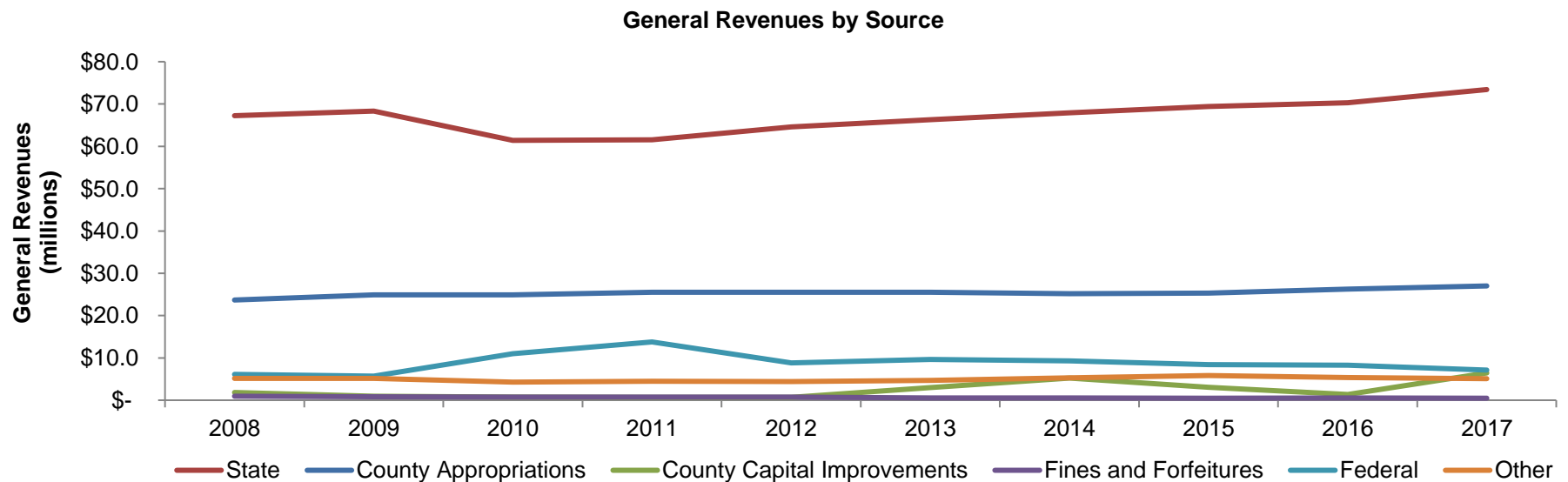
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Inventories | \$ 517,115 | \$ 252,287 | \$ 404,161 | \$ 531,953 | \$ 500,029 | \$ 479,519 | \$ 481,082 | \$ 325,147 | \$ 242,577 | \$ 231,962 |
| Prepays | 3,133 | - | 5,000 | - | 68,156 | - | 22,449 | 44,956 | 44,956 | 44,956 |
| Restricted | | | | | | | | | | |
| Stabilization by state statute | 136,255 | 297,284 | 65,495 | 60,450 | 39,240 | 37,963 | 423,556 | 313,143 | 85,400 | 54,047 |
| Assigned | | | | | | | | | | |
| Subsequent year's expenditures | 522,985 | 1,819,805 | 3,995,860 | 2,000,000 | 2,000,000 | 4,000,000 | 2,800,000 | 2,800,000 | 3,500,000 | 700,000 |
| Unassigned | 3,017,254 | 2,345,071 | 1,372,834 | 2,666,743 | 1,872,459 | 5,175,158 | 4,756,526 | 3,608,604 | 1,196,096 | 2,034,697 |
| Total general fund | \$ 4,196,742 | \$ 4,714,447 | \$ 5,843,350 | \$ 5,259,146 | \$ 4,479,884 | \$ 9,692,640 | \$ 8,483,613 | \$ 7,091,850 | \$ 5,069,029 | \$ 3,065,662 |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Prepays | \$ - | \$ - | \$ - | \$ - | \$ 90,320 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | | | | | | | | | | |
| Stabilization by state statute | 144,454 | 611,044 | 837,748 | 951,231 | 797,190 | 723,168 | 1,001,635 | 812,221 | 16,577 | 24,000 |
| School capital outlay | 621,516 | 97,325 | 15,351 | 12,290 | 163,518 | 292,092 | 276,815 | 818,299 | 831,542 | 3,130,664 |
| Individual schools | 1,166,689 | 834,340 | 645,703 | 636,532 | 721,842 | 711,034 | 818,806 | 1,143,362 | 2,007,831 | 1,844,688 |
| 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 |
| Total all other governmental funds | \$ 1,932,659 | \$ 1,542,709 | \$ 1,733,870 | \$ 5,758,696 | \$ 9,616,019 | \$ 1,945,681 | \$ 2,989,855 | \$ 4,879,119 | \$ 5,306,290 | \$ 8,090,217 |

Governmental Fund Balances



MOORE COUNTY BOARD OF EDUCATION
GOVERNMENTAL FUNDS - REVENUES BY SOURCE
Last Ten Fiscal Years

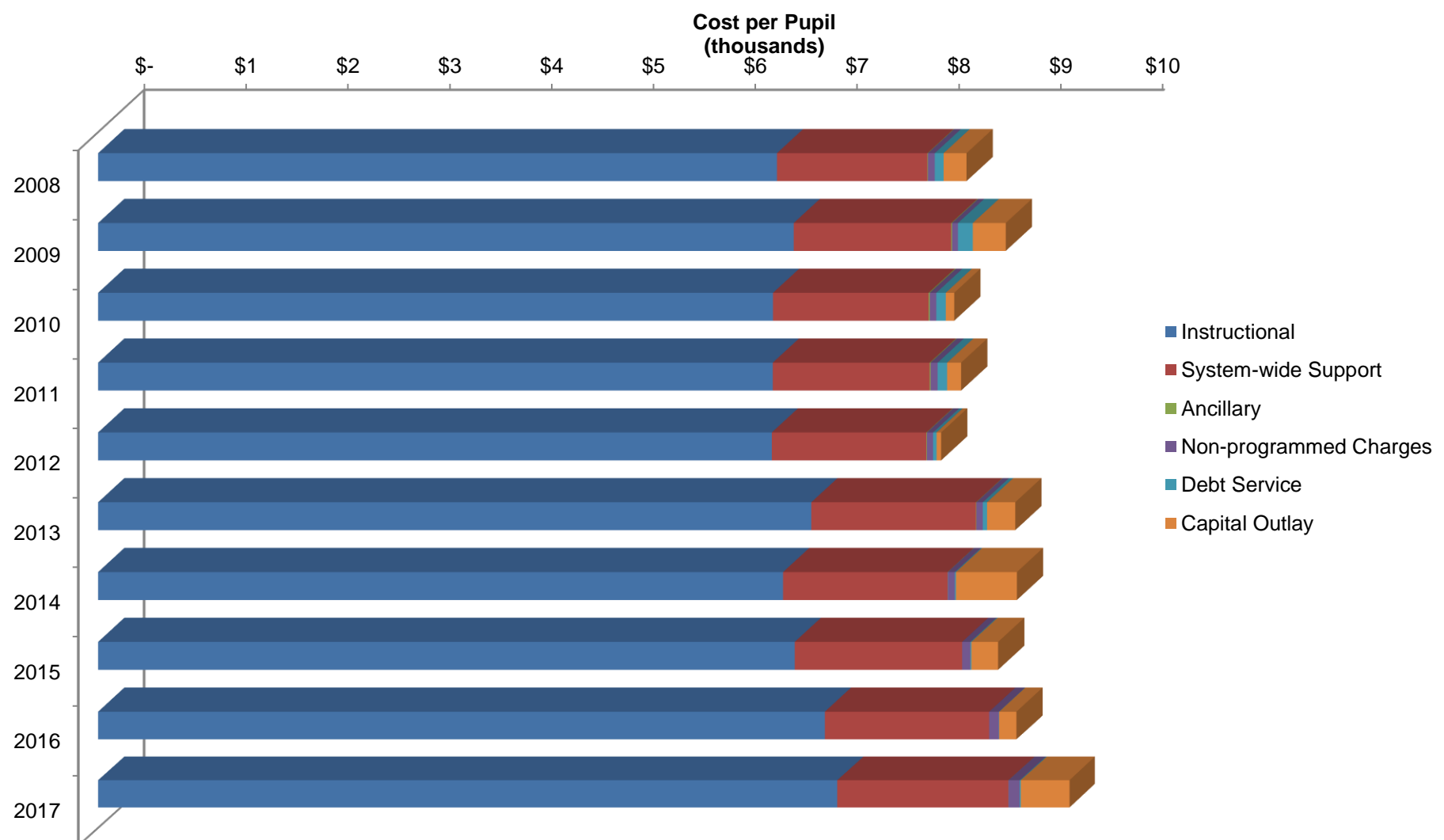
| Fiscal Year | State | County Appropriations | County Capital Improvements | Fines and Forfeitures | Federal | Other | Total |
|-------------|---------------|-----------------------|-----------------------------|-----------------------|--------------|--------------|----------------|
| 2008 | \$ 67,210,038 | \$23,694,245 | \$ 1,880,057 | \$ 950,831 | \$ 6,135,035 | \$ 5,174,583 | \$ 105,044,789 |
| 2009 | 68,298,623 | 24,935,195 | 933,950 | 848,042 | 5,692,506 | 5,156,307 | 105,864,623 |
| 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 |



MOORE COUNTY BOARD OF EDUCATION
GOVERNMENTAL FUNDS - EXPENDITURES BY FUNCTION PER PUPIL AND IN TOTAL
Last Ten Fiscal Years

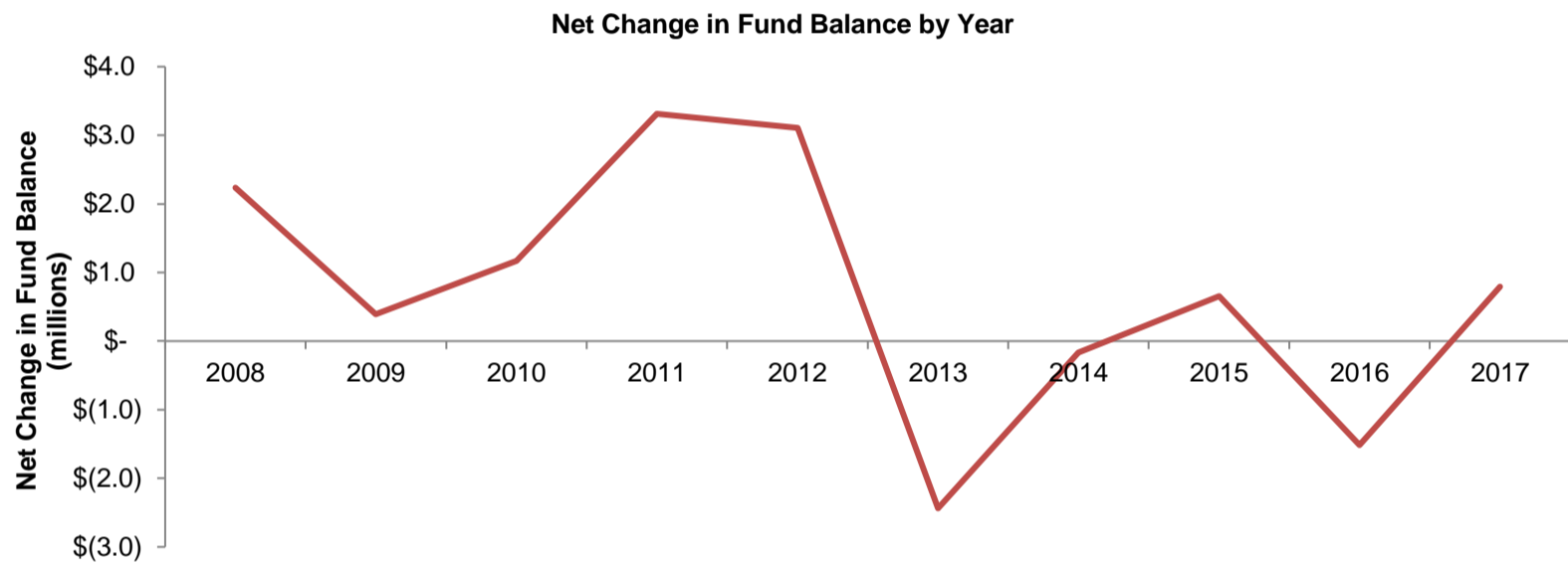
| Fiscal Year | Average Daily Membership | Instructional Services | System-wide Support Services | Ancillary Services | Non-programmed Charges | Debt Service | | Capital Outlay | Total |
|-------------|--------------------------|------------------------|------------------------------|--------------------|------------------------|--------------------|----------------|---------------------|-------------------------|
| | | | | | | Principal | Interest | | |
| 2008 | 12,294 | \$ 6,625 81,449,932 | \$ 1,469 18,054,086 | \$ 6 68,498 | \$ 67 821,155 | \$ 83 1,022,005 | \$ 3 34,381 | \$ 224 2,753,048 | \$ 8,476 104,203,105 |
| 2009 | 12,190 | 6,789 82,759,976 | 1,537 18,736,539 | 8 100,286 | 58 709,027 | 140 1,703,938 | 4 52,519 | 322 3,924,541 | 8,859 107,986,826 |
| 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 | 41 519,012 | 0 1,816 | 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 |

Cost per Pupil by Function



MOORE COUNTY BOARD OF EDUCATION
GOVERNMENTAL FUNDS - OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
Last Ten Fiscal Years

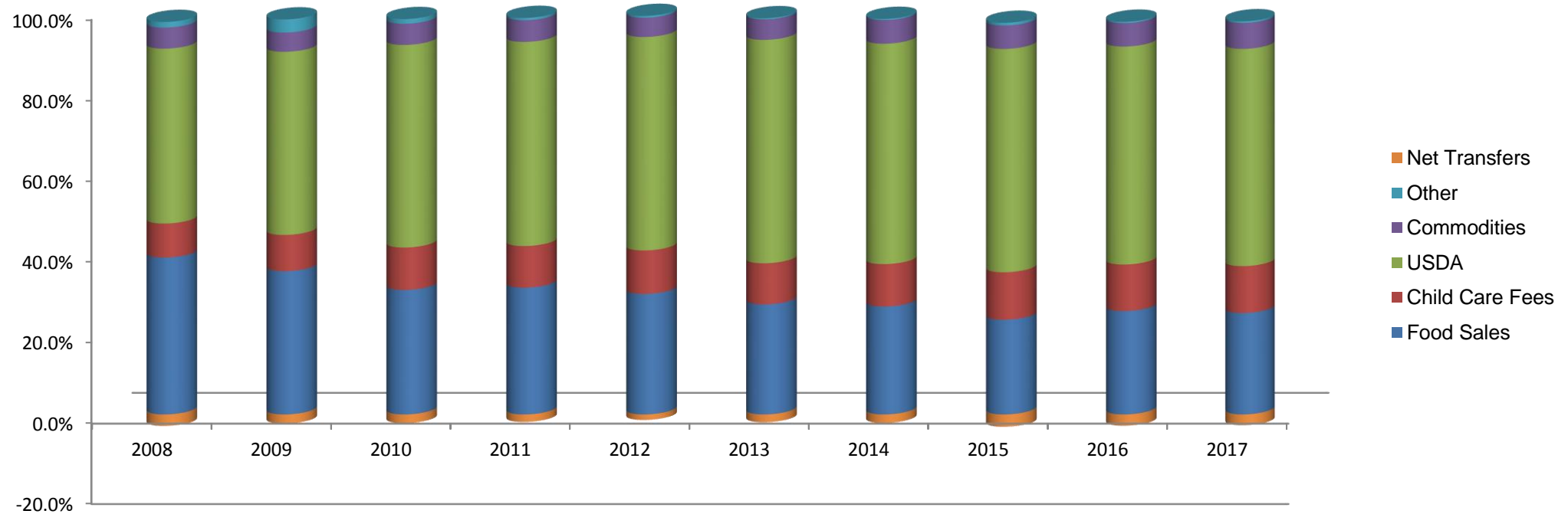
| Fiscal Year | Excess of Revenues over (under) Expenditures | Transfers In | Transfers Out | Installment Purchases and Capitalized Leases | Insurance Proceeds | Total Other Financing Sources (Uses) | Net Change in Fund Balance | Debt Service As a Percentage of Noncapital Expenditures |
|-------------|--|--------------|---------------|--|--------------------|--------------------------------------|----------------------------|---|
| 2008 | \$ 841,684 | \$ 151,444 | \$ - | \$ 1,244,607 | \$ - | \$ 1,396,051 | \$2,237,735 | 1.03% |
| 2009 | (2,122,203) | 119,501 | - | 2,395,285 | - | 2,514,786 | 392,583 | 1.93% |
| 2010 | 812,099 | 113,568 | - | 242,523 | - | 356,091 | 1,168,190 | 1.40% |
| 2011 | 2,498,424 | 146,624 | (45,000) | 712,782 | - | 814,406 | 3,312,830 | 1.14% |
| 2012 | 3,034,348 | 75,637 | - | - | - | 75,637 | 3,109,985 | 0.41% |
| 2013 | (3,105,786) | 108,255 | - | 560,459 | - | 668,714 | (2,437,072) | 0.48% |
| 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 | 0.12% |



MOORE COUNTY BOARD OF EDUCATION
PROPRIETARY FUND - 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 |
|-------------|--------------|-----------------|---------------------|---------------------|-----------|---------------|--------------|
| 2008 | \$ 2,062,736 | \$ 447,437 | \$ 2,297,191 | \$ 277,730 | \$ 73,276 | \$ (151,444) | \$ 5,006,926 |
| 2009 | 1,897,632 | 480,880 | 2,423,304 | 255,366 | 173,237 | (119,501) | 5,110,918 |
| 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 |

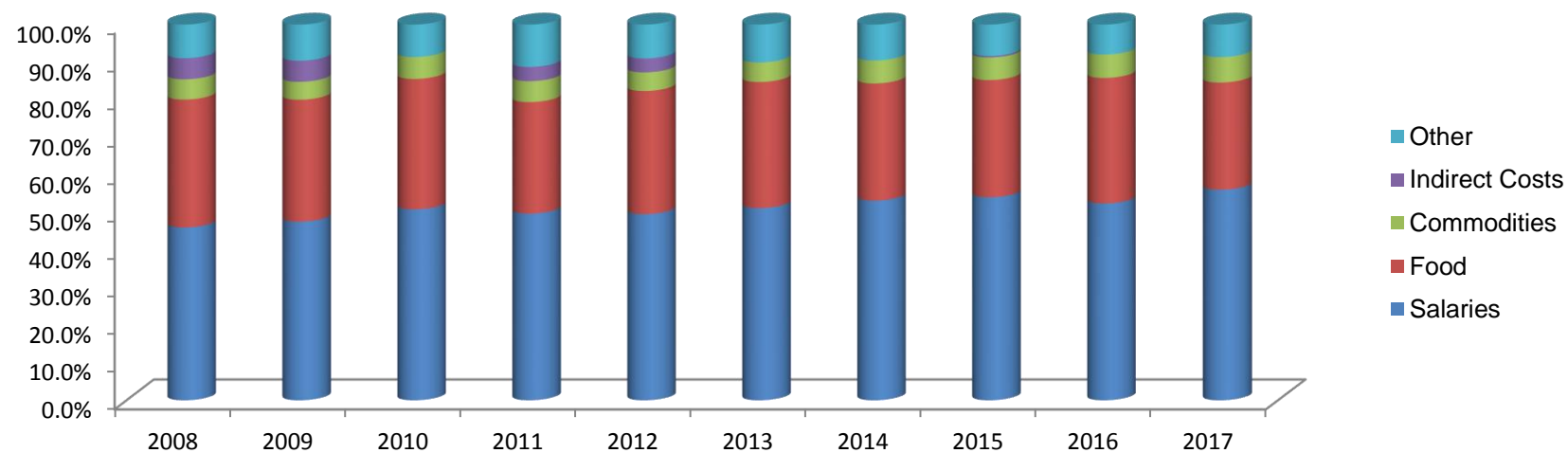
Proprietary Fund Revenues as a Percentage of Total



MOORE COUNTY BOARD OF EDUCATION
PROPRIETARY FUND - EXPENSES BY CATEGORY
Last Ten Fiscal Years

| Fiscal Year | Salaries and Benefits | Food | Donated Commodities | Indirect Costs | Other | Total |
|-------------|-----------------------|--------------|---------------------|----------------|------------|--------------|
| 2008 | \$ 2,363,533 | \$ 1,754,449 | \$ 277,730 | \$ 289,923 | \$ 460,984 | \$ 5,146,619 |
| 2009 | 2,543,819 | 1,742,088 | 255,366 | 302,098 | 515,697 | 5,359,068 |
| 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 |

Proprietary Expenses as a Percentage of Total



MOORE COUNTY BOARD OF EDUCATION
DEBT BY TYPE
Last Ten Fiscal Years

| Fiscal Year | Government al Activities Installment Purchases | Business- type Activities Installment Purchases | Total Primary Government |
|-------------|---|---|--------------------------------|
| 2008 | 1,193,040 | - | 1,193,040 |
| 2009 | 1,884,387 | - | 1,884,387 |
| 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 |

MOORE COUNTY BOARD OF EDUCATION
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY FOR MOORE COUNTY
Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year | Real Property | | Personal Property | | Less: Tax Exempt Real Property and Abatements | Taxable Assessed Value | Total Direct Tax Rate (1) | Actual Taxable Value (2) | Estimated Actual Taxable Value (2) | Value as a Percentage of Actual Value |
|-------------|-------------------------|------------------------|-------------------|------------------------|---|------------------------------|---------------------------------|--------------------------------|---|---|
| | Residential Property | Commercial Property | Motor Vehicles | Utilities and Other | | | | | | |
| 2008 | 310,730 | 11,208,853 | 787,060 | 149,868 | 1,203,177 | 48,045 | 11,205,289 | 0.445 | 11,205,289 | 100% |
| 2009 | 328,461 | 11,602,205 | 762,112 | 157,388 | 1,320,035 | 43,705 | 11,486,426 | 0.479 | 11,228,000 | 102% |
| 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% |

Notes: (1) Per \$100 of value.
(2) Property in the county is reassessed every eight 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, 2017.

MOORE COUNTY BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR MOORE COUNTY
Last Ten Fiscal Years

| | Year Taxes are Payable | | | | | | | | | |
|-----------------------------|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| <u>Direct Rates</u> | | | | | | | | | | |
| County General | 0.4450 | 0.4790 | 0.4650 | 0.4650 | 0.4650 | 0.4650 | 0.4650 | 0.4650 | 0.4650 | 0.4650 |
| Advanced Life Support (ALS) | 0.0300 | 0.0250 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0200 | 0.0300 |
| <u>Municipality Rates</u> | | | | | | | | | | |
| Aberdeen | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4300 | 0.4700 |
| Cameron | 0.5600 | 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 | 0.4000 | 0.4000 | 0.4300 | 0.4950 | 0.4950 |
| Foxfire | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 | 5.0000 |
| Pinebluff | 0.3200 | 0.3200 | 0.3200 | 0.3200 | 0.3500 | 0.3500 | 0.3500 | 0.3500 | 0.3800 | 0.3800 |
| Pinehurst | 0.4000 | 0.3800 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3800 | 0.3900 |
| Robbins | 0.2800 | 0.2800 | 0.2800 | 0.2800 | 0.2800 | 0.2800 | 0.2800 | 0.2800 | 0.2900 | 0.2950 |
| Southern Pines | 0.6600 | 0.6600 | 0.6600 | 0.6600 | 0.6400 | 0.6400 | 0.6400 | 0.6400 | 0.6400 | 0.6200 |
| Taylorstown | 0.3400 | 0.3500 | 0.3500 | 0.3500 | 0.3500 | 0.3500 | 0.3500 | 0.3700 | 0.3800 | 0.3800 |
| Vass | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 | 0.4000 |
| Whispering Pines | 0.4800 | 0.4800 | 0.4800 | 0.4800 | 0.4800 | 0.4800 | 0.4800 | 0.4900 | 0.4900 | 0.4900 |
| | 0.3100 | 0.3200 | 0.3200 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3700 | 0.3700 |
| <u>Fire Districts</u> | | | | | | | | | | |
| Southern Pines | 0.0900 | 0.0900 | 0.0890 | 0.0890 | 0.0890 | 0.0890 | 0.0890 | 0.0890 | 0.0800 | 0.8500 |
| Crestline | 0.0830 | 0.0830 | 0.0830 | 0.0850 | 0.0830 | 0.0830 | 0.0830 | 0.0830 | 0.0800 | 0.8500 |
| Pinebluff | 0.0850 | 0.0850 | 0.0840 | 0.0890 | 0.0860 | 0.0860 | 0.0860 | 0.0860 | 0.0800 | 0.8500 |
| Pinehurst | 0.8600 | 0.0860 | 0.0840 | 0.0840 | 0.0840 | 0.0840 | 0.0840 | 0.0840 | 0.0800 | 0.8500 |
| Seven Lakes | 0.0420 | 0.0420 | 0.0380 | 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0800 | 0.8500 |
| West End | 0.0600 | 0.0600 | 0.0600 | 0.0590 | 0.0590 | 0.0590 | 0.0590 | 0.0690 | 0.0800 | 0.8500 |
| Eastwood | 0.0700 | 0.0700 | 0.0690 | 0.0700 | 0.0700 | 0.0700 | 0.0700 | 0.0700 | 0.0800 | 0.8500 |
| Circle V | 0.0650 | 0.0650 | * | * | * | * | * | * | * | * |
| Robbins | 0.0630 | 0.0630 | 0.0630 | 0.0610 | 0.0630 | 0.0630 | 0.0630 | 0.0630 | 0.0800 | 0.8500 |
| Carthage | 0.0650 | 0.0650 | 0.0620 | 0.0670 | 0.0640 | 0.0640 | 0.0640 | 0.0640 | 0.0800 | 0.8500 |
| Cameron | 0.0088 | 0.1050 | * | * | * | * | * | * | * | * |
| Highfalls | 0.0490 | 0.0490 | 0.0490 | 0.0660 | 0.0660 | 0.0660 | 0.0660 | 0.0660 | 0.0800 | 0.8500 |
| Eagle Springs | 0.0730 | 0.0730 | 0.0710 | 0.0780 | 0.0750 | 0.0750 | 0.0750 | 0.0750 | 0.0800 | 0.8500 |
| Aberdeen | 0.0970 | 0.0970 | 0.0900 | 0.0930 | 0.0920 | 0.0920 | 0.0920 | 0.0920 | 0.0800 | 0.8500 |
| Crains Creek | 0.1150 | 0.1150 | 0.1080 | 0.1110 | 0.1110 | 0.1110 | 0.1110 | 0.1110 | 0.0800 | 0.8500 |
| PH Munic Service (4) | 0.0800 | 0.0600 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | * | * | * | * |
| Whispering Pines | 0.0460 | 0.0550 | 0.0550 | 0.0580 | 0.0580 | 0.0580 | 0.0580 | 0.0580 | 0.0800 | 0.8500 |
| V Cypress Point | * | * | 0.0800 | 0.0790 | 0.0810 | 0.0810 | 0.0810 | 0.0810 | 0.0800 | 0.8500 |
| Westmoore | 0.0570 | 0.0570 | 0.0570 | 0.0710 | 0.0700 | 0.0700 | 0.0700 | 0.0700 | 0.0800 | 0.8500 |

* Information not available

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 of .08

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

MOORE COUNTY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS FOR MOORE COUNTY
Current Year and Nine Years Ago

| Taxpayer | Type of Business | Fiscal Year 2017 | | | Fiscal Year 2008 | | |
|---|-------------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Resorts of Pinehurst (Note 1) | Golf Resort | \$ 90,848,160 | 1 | 0.75% | \$ 161,594,460 | 1 | 1.44% |
| Duke Energy Progress, Inc | Utilities | 86,584,243 | 2 | 0.71% | | | |
| Pinehurst, Inc. | Golf Resort | 47,766,440 | 3 | 0.39% | | | |
| Pinehurst Medical Group, LLC | Medical | 25,997,610 | 4 | 0.21% | | | |
| Pinehurst Surgical Clinic | Medical | 25,473,350 | 5 | 0.21% | 26,537,062 | 6 | 0.24% |
| Hawthorne Pinecrest, LLC | Apartment Homes | 24,757,900 | 6 | 0.20% | | | |
| Randolph Electric Member Corp | Utilities | 24,383,076 | 7 | 0.20% | | | |
| Hendricks Southern Pines, LLC | Real Estate | 23,801,040 | 8 | 0.19% | | | |
| Park at Clearwater, LLC | Apartments | 21,486,110 | 9 | 0.18% | | | |
| Morganton Park, LLC | Apartments | 18,967,690 | 10 | 0.15% | | | |
| Progress Energy | Utilities | | | | 69,453,851 | 2 | 0.62% |
| Forest Creek Holding Co., LLC | Golf Resort/Real Estate | | | | 35,639,497 | 3 | 0.32% |
| James R. Kirkpatrick - Aberdeen Commons | Retail Sales | | | | 28,090,480 | 4 | 0.25% |
| Country Club of NC (Note 2) | Golf Resort | | | | 26,938,010 | 5 | 0.24% |
| WRI Pinecrest Plaza | Real Estate | | | | 25,373,480 | 7 | 0.23% |
| Carolina Telephone & Telegraph d/b/a Century Link | Utilities | | | | 25,265,261 | 8 | 0.23% |
| Pine Needles (Note 3) | Golf Resort/Real Estate | | | | 23,704,321 | 9 | 0.21% |
| Pinewild | Golf Resort | | | | 19,787,545 | 10 | 0.18% |
| Total | | <u>\$ 390,065,619</u> | | <u>3.19%</u> | <u>\$ 442,383,967</u> | | <u>3.96%</u> |

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

Notes related to Fiscal Year 2008:

- 1 Includes Pinehurst Hotel, Inc., Resorts of Pinehurst, Resorts of Pinehurst Inc., Pinehurst Acquisition Corp.; PCC Realty Corp, Pinehurst Enterprises, Inc., Yadco of Pinehurst, Pinehurst, Inc., Pinehurst Resorts Co.
- 2 Includes Country Club of NC, Inc. and the Country Club of NC
- 3 Includes Mid-Pines Inn & Golf Club, Mid-Pines Development Group, Pineneedles Co Club Inc., Pine Needles Properties, Pine Needles Country Club

MOORE COUNTY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS FOR MOORE COUNTY
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 |
| 2008 | 49,934 | 49,574 | 99% | 269 | 49,843 | 100% |
| 2009 | 54,958 | 54,564 | 99% | 316 | 54,880 | 100% |
| 2010 | 54,434 | 53,939 | 99% | 329 | 54,268 | 100% |
| 2011 | 54,684 | 54,236 | 99% | 403 | 54,639 | 100% |
| 2012 | 55,370 | 54,870 | 99% | 486 | 55,356 | 100% |
| 2013 | 56,115 | 55,771 | 99% | 428 | 56,199 | 100% |
| 2014 | 57,793 | 57,539 | 100% | 427 | 57,966 | 100% |
| 2015 | 57,654 | 57,316 | 99% | 283 | 57,599 | 100% |
| 2016 | 55,773 | 55,524 | 100% | 183 | 55,707 | 100% |
| 2017 | 57,064 | 56,753 | 99% | 229 | 56,982 | 100% |

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

MOORE COUNTY BOARD OF EDUCATION
RATIO OF OUTSTANDING DEBT BY TYPE FOR MOORE COUNTY
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 | USDA Bonds | Federal/State Revolving Loan | Notes Payable | Limited Obligation Bonds | | | |
| 2008 | 65,200 | 830 | 63 | - | 8,737 | 9,376 | - | 3,243 | - | 87,449 | 2.61% | 1,036 |
| 2009 | 91,900 | 425 | 135 | - | 6,680 | 9,353 | - | 2,619 | - | 111,112 | 3.30% | 1,281 |
| 2010 | 88,275 | - | 76 | - | 4,525 | 9,329 | - | 2,000 | - | 104,205 | 3.10% | 1,204 |
| 2011 | 84,650 | - | 25 | 29,830 | 244 | 9,219 | 1,218 | 1,486 | 8,590 | 135,262 | 4.04% | 1,576 |
| 2012 | 79,945 | - | - | 27,980 | 198 | 12,513 | 14,909 | 1,014 | 8,305 | 144,864 | 4.04% | 1,651 |
| 2013 | 69,444 | - | 381 | 26,080 | 150 | 12,394 | 21,387 | 513 | 8,010 | 138,359 | 3.79% | 1,541 |
| 2014 | 64,805 | - | 352 | 24,085 | 101 | 12,218 | 20,452 | 219 | 7,705 | 129,937 | 3.43% | 1,433 |
| 2015 | 60,230 | - | 235 | 22,040 | 51 | 12,035 | 20,951 | 149 | 7,385 | 123,076 | 3.05% | 1,339 |
| 2016 | 51,260 | - | 449 | 19,955 | - | 11,845 | 19,769 | 561 | 7,050 | 110,889 | * | 1,288 |
| 2017 | 46,535 | - | 278 | 19,374 | - | 11,592 | 18,806 | 413 | 15,811 | 112,809 | * | 1,262 |

* 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, 2017.

MOORE COUNTY BOARD OF EDUCATION
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING FOR MOORE COUNTY
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> |
|--------------------|---|--|---------------------------|
| 2008 | 65,200 | 0.58% | 772 |
| 2009 | 91,900 | 0.82% | 1,059 |
| 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 |

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, 2017.

**MOORE COUNTY BOARD OF EDUCATION
LEGAL DEBT MARGIN FOR MOORE COUNTY
Last Ten Fiscal Years**

| | Year Taxes are Payable | | | | | | | | | |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt Limit | \$ 896,423,127 | \$ 918,914,078 | \$ 934,828,459 | \$ 940,323,608 | \$ 952,173,124 | \$ 964,714,170 | \$ 993,258,652 | \$ 989,304,259 | \$ 957,200,393 | \$979,341,759 |
| Total net debt applicable to limit | 104,329,723 | 99,140,628 | 92,875,444 | 114,749,183 | 108,122,596 | 96,054,408 | 89,342,769 | 82,555,861 | 71,664,012 | 66,186,977 |
| Legal Debt Margin | <u>\$ 792,093,404</u> | <u>\$ 819,773,450</u> | <u>\$ 841,953,015</u> | <u>\$ 825,574,425</u> | <u>\$ 844,050,528</u> | <u>\$ 868,659,762</u> | <u>\$ 903,915,883</u> | <u>\$ 906,748,398</u> | <u>\$ 885,536,381</u> | <u>\$913,154,782</u> |
| Total net debt applicable to the limit as a percentage of debt | 11.6% | 10.8% | 9.9% | 12.2% | 11.4% | 10.0% | 9.0% | 8.3% | 7.5% | 6.8% |
| Legal Debt Margin Calculation for Fiscal Year 2017 | | | | | | | | | | |
| Appraised valuation, June 30, 2017 | <u>\$12,241,771,992</u> | | | | | | | | | |
| Debt limit - eight percent (8%) of appraised value | <u>979,341,759</u> | | | | | | | | | |
| Gross Debt | | | | | | | | | | |
| Total bonded debt | 58,127,378 | | | | | | | | | |
| Limited obligation bonds | 35,185,000 | | | | | | | | | |
| Authorized and unissued bonds | - | | | | | | | | | |
| Federal/State revolving loan | 18,805,819 | | | | | | | | | |
| Notes payable | 413,243 | | | | | | | | | |
| Capital lease | <u>277,977</u> | | | | | | | | | |
| Gross debt | <u>112,809,417</u> | | | | | | | | | |
| Statutory Deductions | <u>(46,622,440)</u> | | | | | | | | | |
| Net debt | <u>66,186,977</u> | | | | | | | | | |
| Legal debt margin | <u>\$ 913,154,782</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, 2017.

**MOORE COUNTY BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS FOR MOORE COUNTY
 Current Year and Nine Years Ago**

| Employer | 2017 | | | 2008 | | |
|---------------------------------------|---------------------|------|--|---------------------|------|--|
| | Employees (Note) | Rank | Percentage of Total County Employment | Employees (Note) | Rank | Percentage of Total County Employment |
| First Health of the Carolinas, Inc. | 1,000 & over | 1 | * | 1000 & over | 1 | * |
| Moore County Schools | 1,000 & over | 2 | * | 1000 & over | 2 | * |
| Pinehurst, LLC | 1,000 & over | 3 | * | 1000 & over | 3 | * |
| County of Moore | 500 - 999 | 4 | * | 500 - 999 | 4 | * |
| Sandhills Community College | 500 - 999 | 5 | * | 500 - 999 | 5 | * |
| St Joseph of the Pines Hospital, Inc. | 500 - 999 | 6 | * | 250 - 499 | 8 | * |
| Pinehurst Medical Clinic, Inc. | 250 - 499 | 7 | * | 250 - 499 | 7 | * |
| Harris Teeter | 250 - 499 | 8 | * | | | |
| Wal-Mart Associates, Inc. | 250 - 499 | 9 | * | 250 - 499 | 6 | * |
| Pinehurst Surgical Clinic, PA | 250 - 499 | 10 | * | 250 - 499 | 9 | * |
| Gulistan Carpet | | | | 250 - 499 | 10 | * |

* Information not available

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

MOORE COUNTY BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS FOR MOORE COUNTY
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> |
|--------------------|-------------------|----------------------------|---|---|------------------------------|
| 2008 | 84,435 | 3,348,213 | 38,919 | 12,334 | 4.9% |
| 2009 | 86,754 | 3,358,986 | 38,539 | 12,270 | 8.6% |
| 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 | * | * | 12,993 | 5.4% |
| 2017 | 95,776 | * | * | 12,792 | 4.9% |

* 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, 2017.

MOORE COUNTY BOARD OF EDUCATION
EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

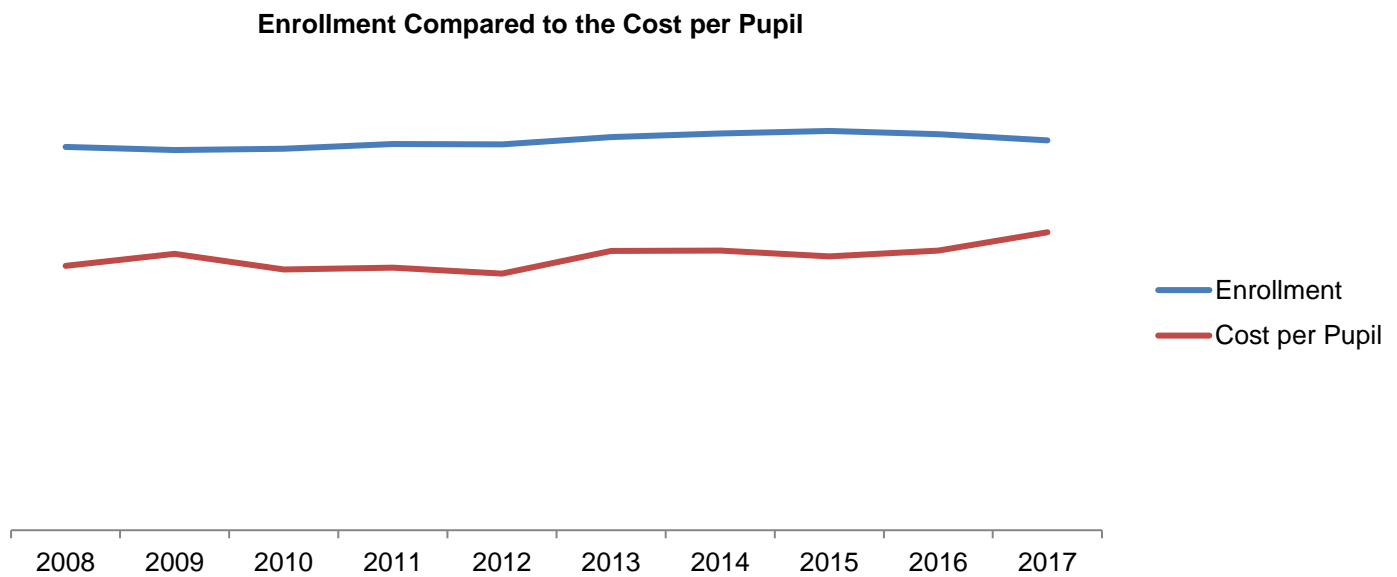
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <u>School and School Based Support</u> | | | | | | | | | | |
| Principals | 22 | 22 | 22 | 24 | 23 | 23 | 23 | 23 | 23 | 23 |
| Assistant Principals | 25 | 27 | 27 | 26 | 23 | 27 | 28 | 27 | 28 | 29 |
| Elementary Teachers | 376 | 372 | 377 | 389 | 375 | 400 | 390 | 379 | 595 | 604 |
| Secondary Teachers | 123 | 118 | 114 | 118 | 117 | 117 | 112 | 107 | 113 | 104 |
| Teacher Assistants | 293 | 296 | 268 | 268 | 230 | 241 | 222 | 220 | 198 | 186 |
| Other Teachers | 314 | 314 | 316 | 320 | 294 | 328 | 331 | 332 | 114 | 119 |
| Guidance Counselors | 33 | 29 | 25 | 28 | 30 | 34 | 34 | 33 | 34 | 39 |
| Psychological | 9 | 9 | 10 | 10 | 11 | 11 | 11 | 10 | 9 | 9 |
| Librarian / Audiovisual | 21 | 21 | 20 | 23 | 22 | 22 | 22 | 22 | 20 | 22 |
| Consultants | 15 | 15 | 12 | 13 | 13 | 14 | 14 | 13 | 11 | 6 |
| Other | 37 | 57 | 64 | 65 | 58 | 63 | 69 | 70 | 72 | 91 |
| Total School and School Based Support | 1,268 | 1,280 | 1,255 | 1,284 | 1,196 | 1,280 | 1,256 | 1,236 | 1,217 | 1,232 |
| <u>Central Services</u> | | | | | | | | | | |
| Administration and Management | 8 | 8 | 7 | 8 | 7 | 9 | 9 | 11 | 9 | 8 |
| Technicians | 12 | 17 | 14 | 14 | 14 | 13 | 15 | 17 | 17 | 16 |
| Clerical | 76 | 79 | 79 | 81 | 76 | 76 | 77 | 78 | 85 | 91 |
| Service Workers | 172 | 174 | 174 | 188 | 176 | 183 | 179 | 163 | 165 | 169 |
| Other | 62 | 62 | 61 | 63 | 61 | 63 | 62 | 62 | 63 | 61 |
| Total Central Services | 330 | 340 | 335 | 354 | 334 | 344 | 342 | 331 | 339 | 345 |
| Total Employees | 1,598 | 1,620 | 1,590 | 1,638 | 1,530 | 1,624 | 1,598 | 1,567 | 1,556 | 1,577 |

Source: North Carolina Public Schools Statistical Profile

MOORE COUNTY BOARD OF EDUCATION
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> |
|--------------------|-------------------|--------------------------|-------------------------------|-----------------------|--------------------------|--------------------------|-------------------------|
| 2008 | 12,294 | 0.85% | \$ 104,203,105 | \$ 8,476 | 6.16% | 22 | 898 |
| 2009 | 12,190 | -0.85% | 107,986,826 | 8,859 | 4.52% | 22 | 714 |
| 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 | 12,497 | -1.62% | 119,389,105 | 9,553 | 6.59% | 23 | 994 |

Source: North Carolina Public Schools Statistical Profile



MOORE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS
For the Year Ended June 30, 2017

| <u>Schools</u> | <u>Site Size (Acres)</u> | <u>Square Footage</u> | <u>Year First Built</u> | <u>Building Classrooms (1)</u> | <u>Mobile Unit Classrooms (2)</u> | <u>Capacity (3)</u> | <u>Enrollment</u> |
|--------------------------------------|------------------------------|---------------------------|-----------------------------|------------------------------------|---------------------------------------|---------------------|-------------------|
| <u>Elementary Schools</u> | | | | | | | |
| Aberdeen Primary | 7.790 | 53,681 | 1949 | 12 | 3 | 285 | 292 |
| Aberdeen Elementary | 18.940 | 76,217 | 1949 | 18 | 0 | 440 | 324 |
| Cameron Elementary | 26.400 | 79,962 | 1951 | 12 | 0 | 284 | 257 |
| Carthage Elementary | 16.810 | 77,397 | 1950 | 18 | 0 | 440 | 368 |
| Highfalls (K-8) | 22.000 | 68,362 | 1949 | 14 | 3 | 350 | 270 |
| Pinehurst Elementary | 11.060 | 78,009 | 1940 | 15 | 9 | 367 | 593 |
| Robbins Elementary | 28.910 | 50,372 | 1977 | 24 | 0 | 600 | 422 |
| Sandhills Farm Life Elementary | 14.000 | 73,442 | 1953 | 22 | 8 | 550 | 726 |
| Southern Pines Elementary | 11.500 | 88,054 | 1936 | 24 | 0 | 590 | 332 |
| Southern Pines Primary | 17.100 | 58,744 | 1950 | 16 | 2 | 400 | 306 |
| Vass-Lakeview Elementary | 30.420 | 99,274 | 1958 | 24 | 4 | 600 | 633 |
| Westmoore (K-8) | 32.300 | 63,734 | 1952 | 16 | 0 | 400 | 306 |
| West End Elementary | 38.590 | 56,039 | 1952 | 20 | 2 | 500 | 454 |
| West Pine Elementary | 25.420 | 70,500 | 2011 | 24 | 0 | 600 | 567 |
| <u>Middle Schools</u> | | | | | | | |
| Crain's Creek Middle | 49.000 | 89,456 | 2011 | 20 | 0 | 478 | 390 |
| Elise Middle | 27.600 | 53,376 | 1951 | 11 | 1 | 270 | 216 |
| New Century Middle | 40.000 | 98,731 | 1997 | 28 | 0 | 700 | 565 |
| Southern Middle | 67.140 | 99,331 | 1999 | 28 | 0 | 700 | 668 |
| West Pine Middle | 35.000 | 104,869 | 1997 | 28 | 6 | 700 | 846 |
| <u>High Schools</u> | | | | | | | |
| North Moore High | 51.000 | 118,130 | 1965 | 23 | 10 | 559 | 565 |
| Pinecrest High | 121.000 | 282,170 | 1969 | 66 | 17 | 1,650 | 2,131 |
| Union Pines High | 110.880 | 184,914 | 1963 | 43 | 18 | 1,068 | 1,376 |
| <u>Alternative School</u> | | | | | | | |
| Community Learning Center @ Pinckney | 20.5 | 16,303 | 1947 | 0 | 6 | 0 | 58 |

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.



MOORE COUNTY SCHOOLS
Growing to Greatness

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, 2017, 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 24, 2017.

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 24, 2017

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, 2017. 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 the requirements of laws, regulations, contracts, and grants 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned cost and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The Board's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of questioned costs and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 24, 2017**

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, 2017. 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 the requirements of laws, regulations, contracts and grants 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, 2017.

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 24, 2017

4. State Award Findings and Questioned Costs

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



MOORE COUNTY SCHOOLS
Growing to Greatness

Board of Education of Moore County Schools
Corrective Action Plan
For the Fiscal Year Ended June 30, 2017

Schedule 8

Finding 2017-001

SIGNIFICANT DEFICIENCY

Name of contact person: Mike Bundy, Chief Executive Officer for Budget and Finance

Corrective action: The Board agrees with this finding. The Board will work with the Child Nutrition Director to ensure that appropriate procedures and controls are in place to ensure the timely reporting to the State Education Agency including the appropriate monitoring of the reporting requirements.

Proposed completion date: The Board will implement these procedures immediately.

There were no findings or questioned costs related to our audit of federal and state awards for the fiscal year ended June 30, 2016.

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017**

Schedule 10

| <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: | | | |
| Non-Cash Assistance | 10.555 | PRC 035 | \$ 354,548 |
| Cash Assistance | | | |
| Passed-through the N.C. Department of Public Instruction: | | | |
| School Breakfast Program | 10.553 | PRC 035 | 620,336 |
| National School Lunch Program | 10.555 | PRC 035 | 2,310,948 |
| Summer Food Service Program for Children | 10.559 | PRC 050 | 30,991 |
| Total Cash assistance | | | <u>2,962,275</u> |
| Total Child Nutrition Cluster | | | <u>3,316,823</u> |
| Total School Nutrition Program (Note 3) | | | <u>3,316,823</u> |
| <u>Total U.S. Department of Agriculture</u> | | | <u>3,316,823</u> |
| <u>U.S. Department of Education</u> | | | |
| Cash Assistance | | | |
| 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 | 3,195,275 |
| Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements | 84.010 | PRC 105 | 52,382 |
| School Improvement Grants (Section 1003(g) of ESEA) | 84.377 | PRC 117 | 92,100 |
| <u>Special Education Cluster:</u> | | | |
| Special Education - Grants to States (IDEA, Part B) - | | | |
| Education of the Handicapped | 84.027 | PRC 060 | 1,351,662 |
| Targeted Assistance | 84.027 | PRC 70 | 365,605 |
| Special Needs Targeted Assistance | 84.027 | PRC 118 | 22,791 |
| Special Education - Preschool Grants (IDEA Preschool) - | | | |
| Risk Pool Program | 84.173 | PRC 114 | 225,870 |
| Preschool Handicapped | 84.173 | PRC 049 | 139,995 |
| Targeted Assistance | 84.173 | PRC 119 | 15,028 |
| Total Special Education Cluster | | | <u>2,120,951</u> |
| Career and Technical Education - Capacity Building Grants | 84.048 | PRC 017 | 174,033 |
| Education for Homeless Children and Youth | 84.196 | PRC 026 | 45,180 |
| Rural Education | 84.358 | PRC 109 | 269,036 |
| English Language Acquisition Grant | 84.365 | PRC 104 | 43,834 |
| Supporting Effective Instruction State Grants | 84.367 | PRC 103 | 378,957 |
| Special Education - State Personnel Development | 84.323 | PRC 082 | 18,420 |
| Twenty-First Century Community Learning Centers | 84.287 | PRC 110 | 302,415 |
| Mathematics and Science Partnerships | 84.366 | PRC 112 | 112,034 |
| <u>Total U.S. Department of Education</u> | | | <u>6,804,617</u> |

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017**

**Schedule 10
(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: | | | |
| Promoting K-12 Student Achievement at Military Connected Schools | 12.556 | | 2,096 |
| Army Youth Programs in Your Neighborhood | NONE | | 88,807 |
| ROTC | NONE | PRC 031 | <u>118,000</u> |
| <u>Total U.S. Department of Defense</u> | | | <u>208,903</u> |
| Total Federal Assistance | | | <u>10,330,343</u> |
| State Grants: | | | |
| Cash Assistance | | | |
| <u>N.C. Department of Public Instruction</u> | | | |
| State Public School Fund | | | \$ 66,692,871 |
| Driver Training - SPSF | | PRC 012 | 221,358 |
| School Technology Fund - SPSF | | PRC 015 | 391,043 |
| Vocational Education | | | |
| - State Months of Employment | | PRC 013 | 3,811,170 |
| - Program Support Funds | | PRC 014 | 278,680 |
| Passed-through Moore County | | | |
| Public School Building Capital Fund - Lottery Funds | | PRC 074 | <u>1,533,006</u> |
| <u>Total N.C. Department of Public Instruction</u> | | | <u>72,928,128</u> |
| <u>N.C. Department of Agriculture</u> | | | |
| State Kindergarten Breakfast Funds | | | 7,406 |
| <u>N.C. Department of Health and Human Services</u> | | | |
| Division of Child Development and Early Education: | | | |
| NC Pre-Kindergarten Program | | | 311,576 |
| Non-Cash Assistance | | | |
| <u>N.C. Department of Public Instruction</u> | | | |
| School Buses Appropriation | | PRC 120 | <u>130,022</u> |
| Total State Assistance | | | <u>73,377,132</u> |
| Total Federal and State Assistance | | | <u>\$ 83,707,475</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, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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 and school buses. Non-cash items with a fair value of \$484,570 were received during the year ended June 30, 2017. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30, 2017.