

Moore County Board of Education
(Carthage, North Carolina)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

JUNE 30, 2013



MOORE COUNTY SCHOOLS
Growing to Greatness

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Moore County Board of Education
Carthage, North Carolina

FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY

Michael C. Griffin, Chief Finance Officer
Moore County Schools Finance Office

MOORE COUNTY BOARD OF EDUCATION

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MOORE COUNTY SCHOOLS
Growing to Greatness

Introductory Section



Moore County Board of Education
LETTER OF TRANSMITTAL
As of November 8, 2013

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

As Superintendent and Chief Finance Officer 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, 2013. 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, 2013, is herewith submitted. Responsibility for the accuracy, completeness and clarity of the report rests with the Superintendent and the Chief Finance Officer.

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 the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, 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 eight 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.

FINANCIAL AND BUDGETARY CONTROL

In order to meet the challenging learning experiences provided 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, 2013. 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 and expanding digital learning initiatives;
- Enhancing school safety;
- Updating and implementing our Master Facilities Plan;
- Revising school improvement plan format and process; and
- Implementing Powerschool.

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.

FUND CODES

A fund is an independent fiscal and accounting entity consisting of cash and other resources. These funds, together with all related liabilities, obligations, reserves and equities are segregated by appropriate accounting techniques for the purpose of carrying on specific activities or attaining certain objectives in accordance with established legal regulations, restrictions, or limitations. The Chart of Accounts uses eight funds, which we believe are appropriate for use by a local school administrative unit; however, other funds may be added as required.

1. ***State Public School Fund*** – Appropriations for the current operating expenses of the public school system from monies made available to the local school administrative unit by the Department of Public Instruction.
2. ***General Fund*** – Appropriations for the current operating expenses of the local school administrative unit other than appropriations included in the State Public School Fund and the Federal Grant Fund. This shall include, but not be limited to, revenues from fines and forfeitures, interest earned, county appropriations for current expenses and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended).
3. ***Federal Grant Fund*** – Appropriations for the expenditure of federal categorical grants made available through the Department of Public Instruction.
4. ***Capital Outlay Fund*** – Appropriations for:
 - (a) The acquisition of real property for school functions including but not limited to school sites, athletic fields, garages, and administrative offices;
 - (b) The acquisition, construction, enlargement, renovation or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, career and technical education purposes, media centers, auditoriums, gymnasiums, administrative offices, and storage;

- (c) The acquisition or replacement of instructional apparatus, furniture and furnishings, computers and related processing equipment, business machines, and similar items of furnishings and equipment;
 - (d) The acquisition of school buses as additions to the fleet;
 - (e) The acquisition of activity buses and other motor vehicles;
 - (f) Such other objects of expenditures as may be assigned to the Capital Outlay Fund by the uniform budget format. The cost of acquiring or constructing a new building, enlarging or renovation of an existing building, shall include the cost of all plants, works, appurtenances, structures, facilities, furnishings, machinery and equipment necessary or useful in connection therewith; financing charges; the cost of plans, specifications, studies, reports, and surveys; legal expenses; and all other costs necessary or incidental to the construction, enlargement or renovation.
5. **School Food Service Fund** – All revenues and expenditures related to the School food service operations are received and expended through this fund.
 6. **Child Care Fund** – All revenues and expenditures related to the School child care operations are received and expended through this fund.
 7. **Sandhills Region Education Consortium (SREC) Agency Fund** – Revenues and expenditures for agency arrangements.
 8. **Restricted Revenues Fund** – Revenues and expenditures related to specific fees earned by the local school administrative unit; state and federal grants allocated directly to the local school administrative unit (not through the State Department of Public Instruction); and private grants for specific initiatives.

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 91,912. 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, DC, 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. Both the State and the County have felt the effects of the nationwide financial crisis that began in the 2008-2009 school year.

For Moore County Schools, State funding per student is down significantly since 2009; with additional reductions in 2013-2014, our State funding base is anticipated to be down 8.5% compared to 2008-2009. This amounts to approximately \$5.8 million in annual

State funding. In addition, rate increases for the State Health Plan and State Retirement System are impacting our annual overall budget by approximately \$5.6 million, resulting in further cost pressures on an already eroding revenue base.

The Board of County Commissioners has maintained the 2012-2013 County appropriation at prior year levels, reflecting continued strong support for our school system.

The local economy is feeling the results of the recession, but not as severely as other peer counties. 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 agri-tourism. Agri-tourism may also provide opportunities for generating additional income on farm land from the tourist market already present in Moore County. The County continues to rank 4th among counties in the State in poultry production.

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 44 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 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 \$392 million dollars in 2012, which generated \$31 million in State and local taxes.

The strong tourist economy, along with a community-wide effort and CVB support, helped the Pinehurst Resort, Pine Needles Lodge & Golf Club, 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; and the 1999 and 2005 U.S. Men's Open Championships. Pinehurst Resort will host the 2014 U.S. Men's Open Championship and the 2014 U.S. Women's Open Championship. These tournaments 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 agri-tourism.

Retirement

The County's retirement sector is very important to the local economy, as 23.4% 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 nonprofit entity, Moore County Partners in Progress (PIP) brings public and private interests together to provide economic development services for all of Moore County. PIP's mission is to increase 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, 2013. 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 the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133 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,



Aaron C. Spence, Ed.D.
Superintendent



Michael C. Griffin, CPA, CPFO
Chief Finance Officer

MOORE COUNTY BOARD OF EDUCATION

2013 BOARD MEMBERS AND PRINCIPAL OFFICERS

Board Members

Ed Dennison, Chair

Enola Lineberger, Vice-Chair

Ben Cameron
Laura Lang

Kathy Farren
Bruce Cunningham

Charles Lambert
Dale Frye

Principal Officers

Aaron Spence, Ed.D
Marc Bergin
Lisa Troutman, Ed.D

Eric Porter, Ed.D

Kathy Kennedy, Ed.D

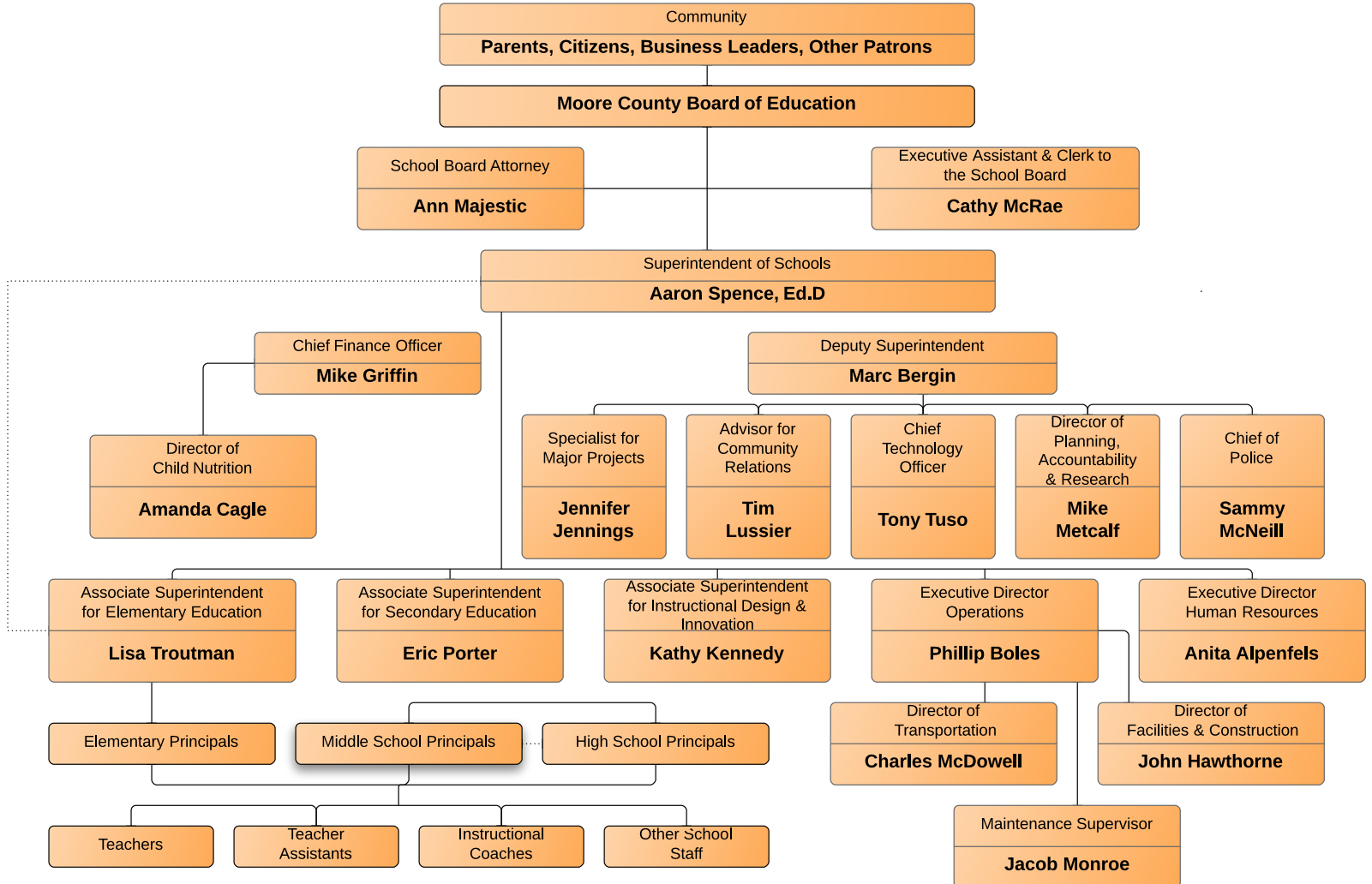
Phillip Boles
Anita Alpenfels, Ed.D

Michael C. Griffin
Ann Majestic

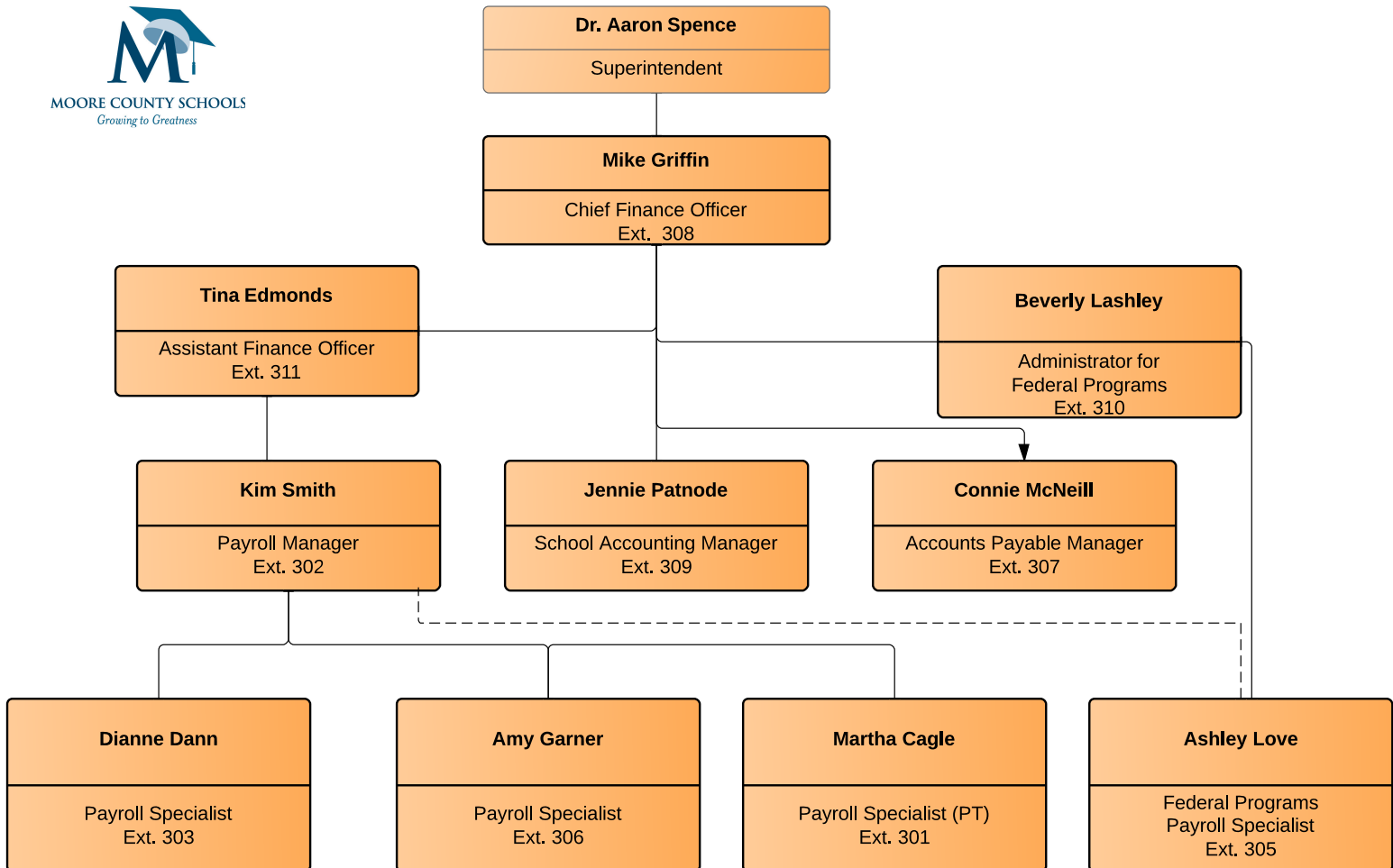
Superintendent
Deputy Superintendent
Associate Superintendent for
Elementary Education
Associate Superintendent for
Secondary Education
Associate Superintendent for
Instructional Design &
Innovation
Executive Director Operations
Executive Director Human
Resources
Chief Finance Officer
General Counsel

MOORE COUNTY BOARD OF EDUCATION

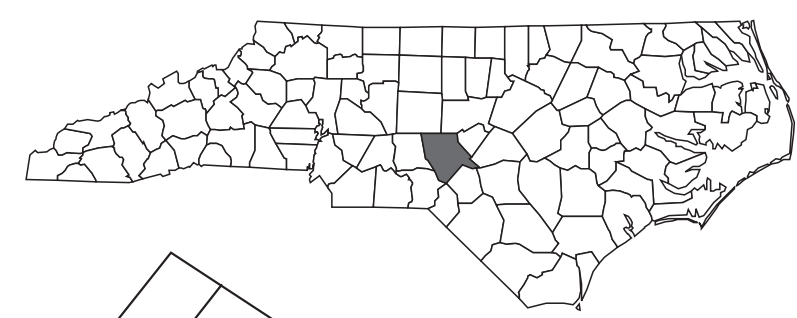
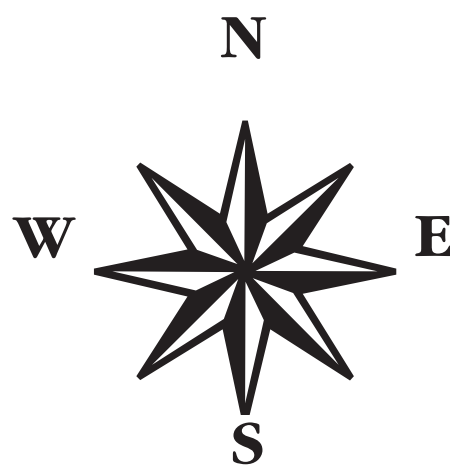
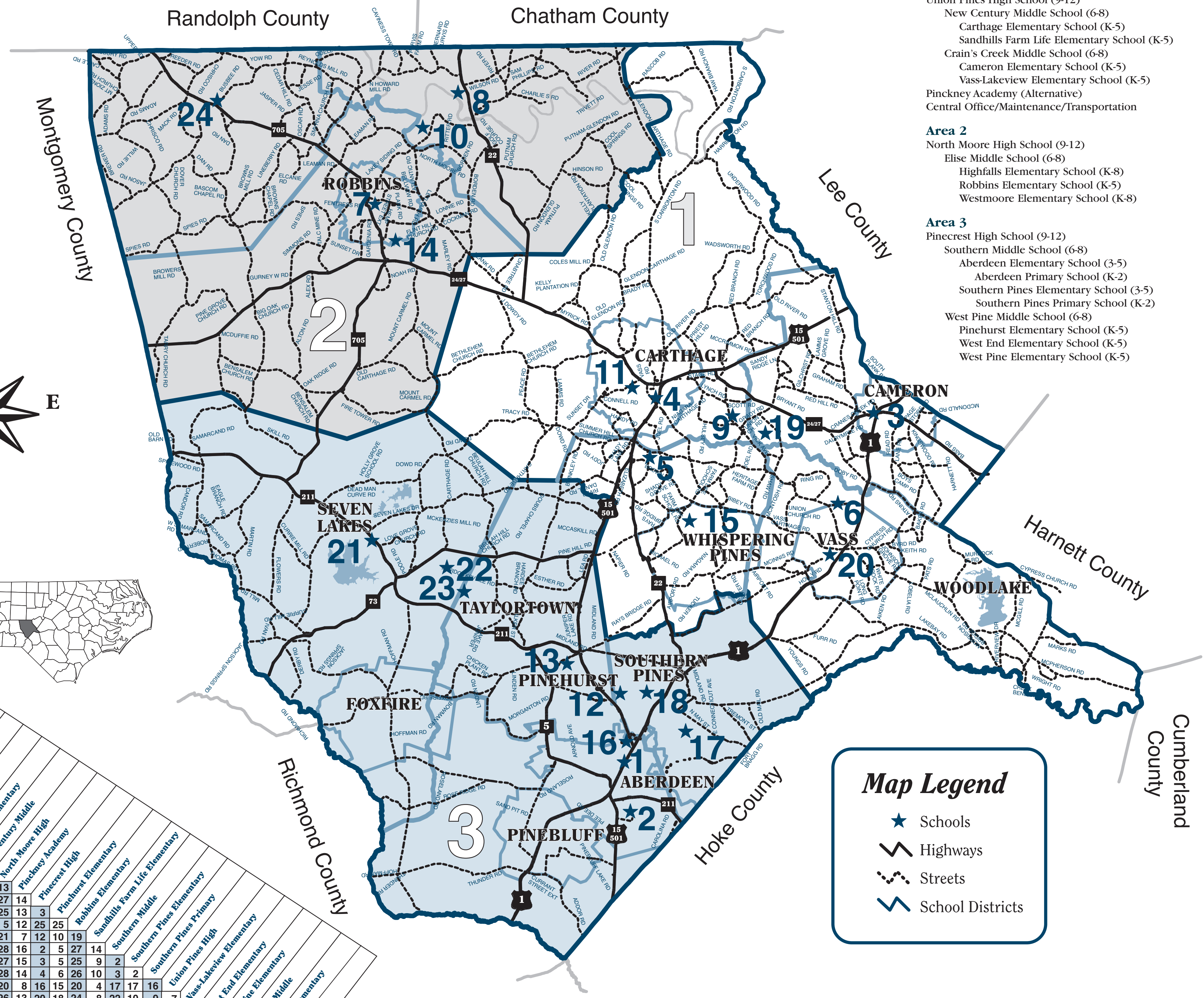
2013 ORGANIZATIONAL CHART



2013 FINANCE OFFICE ORGANIZATIONAL CHART



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



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MOORE COUNTY SCHOOLS
Growing to Greatness

Financial Section



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Moore County Board of Education
Moore County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moore County Board of Education, North Carolina ("Board"), as of and for the year then ended June 30, 2013, 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 statement 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 auditor's 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 opinion.

Opinion

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, 2013, 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 four through ten 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 introductory section, individual fund statements and schedules, statistical section, and the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 statements and 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 statements and 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 subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 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

November 8, 2013
Pinehurst, North Carolina

MOORE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Moore County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2013. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

Assets exceeded liabilities by \$102.2 million as of June 30, 2013. Our revenues were \$115.2 million for the fiscal year ended June 30, 2013.

We have substantially completed Phase I of our Master Facilities Plan, with savings of approximately \$11 million from the original \$54 million Phase I project budget. The Board has approved using these savings to complete standardizations and modernizations at each of our 3 high schools. The high school projects were identified for Phase II; however, since we have significant savings from Phase I, we are using these savings to complete projects which include HVAC, roofing, electrical, plumbing, fire alarms, security and technology.

In addition, we are adding auxiliary gymnasiums at both Union Pines and Pinecrest, to support the needs of an increased student population. We are using lottery funds to support the gymnasium projects. Lottery funds are also being used to expand and redesign Union Pines and Pinecrest cafeterias, converting the dining space into a food court that provides our students an enhanced dining experience. The Union Pines cafeteria expansion was completed in the 2012-2013 school year.

Our instructional focus for the upcoming year is three-fold: 1) closing the achievement and opportunity gap; 2) providing literacy initiatives for grades K-12; and 3) developing future-ready skills. We have implemented a number of initiatives consistent with these 3 goals, including: reading programs for students with identified needs; instructional coaches; reading assessments for elementary grades; a one-to-one iPad initiative at Carthage Elementary (pilot project); and a one-to-one laptop initiative at the Community Learning Center at Pinckney (pilot project). These projects are consistent with our Growing to Greatness pathways, and are directly linked to our strategic plan.

Moore County Schools is currently implementing Phase II of its Digital Learning Initiative. Phase I was completed in 2012-13, and included laptops for all teachers, plus the iPad initiative at Carthage Elementary and the laptop initiative at the Community Learning Center at Pinckney. Phase II includes expanding classroom pilot projects to a number of middle schools, plus all 3 of our high schools. These first semester pilots will help us to determine what devices to provide for our students during the second semester of the 2013-14 school year. Our current Phase II plan is one device for each student in Area 1 and Area 2 middle and high schools. Phase III is planned for 2014-15, and expands the one-to-one device ratio to Area 3 middle and high schools. Phase IV is planned for 2015-16, and expands the one-to-one device ratio to all elementary schools in all 3 Areas.

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. Moore County Schools is embarking on an exciting journey through which all of our students will have a computing device to collaborate, create, and publish digital work - a digital learning transformation.

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.*

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The second 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 and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net assets and how they have changed. Net position is the difference between the Board's assets and liabilities. 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.

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.

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Moore County Board of Education 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 Moore County Board of Education's 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. Moore County Board of Education 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 exceeded liabilities by \$102.2 million as of June 30, 2013. The largest component of net position is the Board's net investment in capital assets of \$94.8 million, which comprises 92.8% of the total net position. Restricted and unrestricted net assets amounted to \$1.8 million and \$5.6 million, respectively.

Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
As of June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Current assets	\$ 15,757,655	\$ 19,202,378	\$ 2,038,625	\$ 2,103,901	\$ 17,796,280	\$ 21,306,279
Capital assets	94,718,150	95,335,152	387,002	378,443	95,105,152	95,713,595
Total assets	<u>110,475,805</u>	<u>114,537,530</u>	<u>2,425,627</u>	<u>2,482,344</u>	<u>112,901,432</u>	<u>117,019,874</u>
Current liabilities	6,292,413	7,569,991	88,779	96,676	6,381,192	7,666,667
Long-term liabilities	4,202,495	3,126,919	126,382	67,513	4,328,877	3,194,432
Total liabilities	<u>10,494,908</u>	<u>10,696,910</u>	<u>215,161</u>	<u>164,189</u>	<u>10,710,069</u>	<u>10,861,099</u>
Net investment In capital assets	94,437,917	95,096,366	387,002	378,443	94,824,919	95,474,809
Restricted net position	1,764,257	1,721,790	-	-	1,764,257	1,721,790
Unrestricted net position	<u>3,778,723</u>	<u>7,022,464</u>	<u>1,823,464</u>	<u>1,939,712</u>	<u>5,602,187</u>	<u>8,962,176</u>
Total net position	<u>\$ 99,980,897</u>	<u>\$ 103,840,620</u>	<u>\$ 2,210,466</u>	<u>\$ 2,318,155</u>	<u>\$ 102,191,363</u>	<u>\$ 106,158,775</u>

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The net position of the Board's governmental activities decreased from \$103.8 million at June 30, 2012 to \$99.9 million at June 30, 2013, a decrease of \$3.9 million. The Board's net investment in capital assets decreased by \$658 thousand during the year due primarily to continued depreciation charges. Restricted and unrestricted net assets decreased by a combined total of \$3.2 million.

The net position of the Board's business-type activities decreased \$108 thousand for the year to \$2.2 million at June 30, 2013. This decrease of \$108 thousand is attributable to a shortfall in nonoperating revenues to cover the school food service operations during the 2013 fiscal year.

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Revenues:						
Program revenues:						
Charges for services	\$ 3,879,374	\$ 3,887,759	\$ 2,101,236	\$ 2,260,682	\$ 5,980,610	\$ 6,148,441
Operating grants and contributions	74,707,804	72,656,364	3,395,029	3,217,588	78,102,833	75,873,952
Capital grants and contributions	1,120,038	604,379	-	-	1,120,038	604,379
General revenues:						
Other revenues	29,938,241	27,585,407	7,561	11,977	29,945,802	27,597,384
Total revenues	109,645,457	104,733,909	5,503,826	5,490,247	115,149,283	110,224,156
Expenses:						
Governmental activities:						
Instructional services	88,415,171	81,565,170	-	-	88,415,171	81,565,170
System-wide support services	21,046,565	19,559,225	-	-	21,046,565	19,559,225
Ancillary services	52,346	70,888	-	-	52,346	70,888
Non-programmed charges	672,453	653,689	-	-	672,453	653,689
Interest on long-term debt	1,816	11,686	-	-	1,816	11,686
Unallocated depreciation expense	3,425,084	3,212,969	-	-	3,425,084	3,212,969
Business-type activities:						
Food service	-	-	5,039,864	4,850,298	5,039,864	4,850,298
Child care	-	-	463,396	523,966	463,396	523,966
Total expenses	113,613,435	105,073,627	5,503,260	5,374,264	119,116,695	110,447,891
Transfers in (out)	108,255	75,637	(108,255)	(75,637)	-	-
Increase (decrease) in net position	(3,859,723)	(264,081)	(107,689)	40,346	(3,967,412)	(223,735)
Beginning net position	103,840,620	104,104,701	2,318,155	2,277,809	106,158,775	106,382,510
Ending net position	\$ 99,980,897	\$ 103,840,620	\$ 2,210,466	\$ 2,318,155	\$ 102,191,363	\$ 106,158,775

During the year ended June 30, 2013, our governmental activities generated revenues of \$109.6 million and incurred expenses totaling \$113.6 million. Transfers in from business-type activities during the year were approximately \$108 thousand, net. Overall, governmental activities incurred a decrease in net position equaling \$3.9 million. Primarily, sources of revenue included funding from the State of North Carolina, the County of Moore, and the United States government, which respectively comprised 60.4%, 26.0%, and 8.8% of our revenues. As would be expected, the major component of our expenditures was for instructional programs, which accounted for 74.2% of our total expenditures during the most recent fiscal year. Of the remaining 25.8% of our total expenditures, 17.7% was attributable to supporting services.

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities generated revenue of \$5.5 million, had expenses of \$5.5 million and transfers to governmental activities of \$108 thousand, resulting in a decrease in net position of \$108 thousand. This represents a decrease of \$148 thousand over the prior year increase in net assets of \$40 thousand. While operating revenues were up by \$14 thousand, operating expenses increased by \$129 thousand, primarily related to increased food costs.

The decrease in the overall net position during the fiscal year ended June 30, 2013 of \$4.0 million represented a decline of \$3.8 million in comparison to the \$224 thousand decrease experienced during the fiscal year ended June 30, 2012. Total revenues increased \$4.9 million when compared to the fiscal year ended June 30, 2012, however, expenses increased \$8.7 million over this same period. The increase in revenues was primarily attributable to increases in funding from the U.S. Government and the State of North Carolina for additional programs and contributed capital from Moore County. The increases in expenses were mainly limited to instructional services for salaries and benefits and additional programs costs and support services for upgrades in classroom technology.

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 \$11.6 million at June 30, 2013, a \$2.5 million decrease when compared to the prior year. Total revenues and other financing sources increased by \$5.5 million, or 5.3%, during the year, primarily due to increases in State and Federal funding of \$2.5 million and contributed capital from the County for \$2.3 million. Total expenditures increased by \$11.1 million when compared to the prior year with the increase being primarily attributable to increased personnel costs and program related expenditures due to the increased Federal and State funding. Further, there was significant capital outlay expenditures related to various school-wide projects for facility improvements. Specifically related to the General Fund, funding from Moore County remained relatively flat at \$25.5 million when compared to the prior year and other revenues decreased \$174 thousand due to a decrease in fines and forfeitures revenue. Expenditures, however, during the period increased by \$6.4 million over the prior year due to personnel costs and technology upgrades. The General Fund's net change in fund balance of \$5.2 million was primarily due to a \$7.8 million transfer from the Restricted Revenues Fund. The Restricted Revenues Fund recognized increases in total revenues of \$415 thousand from the year ended June 30, 2012 compared to the year ended June 30, 2013. Driving the increase for the Restricted Revenues Fund was a grant from the Mebane Charitable Foundation.

Proprietary Funds: The Board's business-type funds reported a combined net position of \$2.2 million at June 30, 2013, a \$108 thousand decrease when compared to the prior year. The School Food Service Fund generated a net loss of \$108 thousand during the year ended June 30, 2013 compared to net income of \$40 thousand during the prior year, a decrease of \$148 thousand. As previously discussed, while operating revenues were up by \$14 thousand, operating expenses increased by \$129 thousand, primarily related to increased food costs. The Child Care Fund generated \$108 thousand of income before transfers which was an increase of \$32 thousand over the prior year income of \$76 thousand. The increase was primarily due to a decrease in salaries and benefits expense.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the General Fund budget several times to account for changes in expectations of expenditures. Although total budgeted revenues remained constant, transfers from other funds increased by \$4 million between the original budget adoption and the final budget. The primary reason for this increase was to budget for a transfer of revenues from the Restricted Revenues Fund. During the year, the General Fund experienced a decrease in fund balance of \$2.6 million before transfers in, a positive variance compared to the final budget of \$1.4 million. Including the transfer from the Restricted Revenues Fund, the General Fund fund balance increased by \$5.2 million.

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets

Total primary government capital assets decreased by \$617 thousand compared to the previous year due primarily to depreciation of \$4.2 million and offset by an increase in capital activity of \$3.6 million. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3
Summary of Capital Assets
As of June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/13</u>	<u>6/30/12</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>6/30/13</u>	<u>6/30/12</u>
Land	\$ 1,300,779	\$ 1,300,779	\$ -	\$ -	\$ 1,300,779	\$ 1,300,779
Construction in Progress	583,030	1,185,185	-	-	583,030	1,185,185
Buildings and improvements	90,016,632	90,333,126	-	-	90,016,632	90,333,126
Equipment and furniture	929,647	923,521	387,002	378,443	1,316,649	1,301,964
Vehicles	1,868,995	1,539,826	-	-	1,868,995	1,539,826
Computers	<u>19,067</u>	<u>52,715</u>	<u>-</u>	<u>-</u>	<u>19,067</u>	<u>52,715</u>
Total	<u>\$94,718,150</u>	<u>\$ 95,335,152</u>	<u>\$ 387,002</u>	<u>\$ 378,443</u>	<u>\$95,105,152</u>	<u>\$ 95,713,595</u>

Debt Outstanding

During the year, the Board's outstanding debt increased by \$831 thousand as a result of an increase in compensated absences. The Board issued \$560 thousand in installment purchase obligations, however, \$519 thousand of outstanding obligations and newly issued obligations were paid down 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.

Economic Factors

The Board anticipates slightly increased enrollment over the next five years. We are currently completing a facility and capacity study for all our school campuses. This study will establish 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.

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 3 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. As a result of the Base Realignment and Closure (BRAC) move of Fort McPherson, Georgia to the Fort Bragg Army installation in neighboring Hoke and Cumberland Counties, the new industry sector of defense and homeland security is emerging regionally. 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.

Partners in Progress, Moore County's economic development organization, has started a new economic development initiative - Moore Forward. This project creates a hub for entrepreneurs in the Moore County region. The goal of Moore Forward is to build high-impact, high-growth enterprises in our part of the state. Moore Forward is a hub for co-working space, building connections, finding mentors, and helping entrepreneurs to take their idea or small business to the next level of growth.

**MOORE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The economic recession continues to impact our operations, as we have not recovered to pre-recession funding levels. With unemployment currently at 8% in Moore County and in NC, we expect minimal budget improvement over the next 3 years.

Requests for Information

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

Tim Lussier, Director of Public Information and Community Services
Moore County Board of Education
P.O. Box 1180, Carthage NC 28327

MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,644,698	\$ 1,774,618	\$ 15,419,316
Due from other governments	1,595,475	66,435	1,661,910
Receivables (net)	37,963	34,185	72,148
Inventories	479,519	163,387	642,906
Capital assets:			
Land, improvements, and construction in progress	1,883,809	-	1,883,809
Other capital assets, net of depreciation	92,834,341	387,002	93,221,343
Total capital assets	94,718,150	387,002	95,105,152
Total assets	110,475,805	2,425,627	112,901,432
Liabilities			
Accounts payable and accrued expenses	440,915	-	440,915
Accrued salaries and wages payable	3,180,422	-	3,180,422
Unearned revenue	-	40,982	40,982
Due to other governments	497,997	-	497,997
Long-term liabilities:			
Due within one year	2,173,079	47,797	2,220,876
Due in more than one year	4,202,495	126,382	4,328,877
Total liabilities	10,494,908	215,161	10,710,069
Net Position			
Net investment in capital assets	94,437,917	387,002	94,824,919
Restricted for:			
Stabilization by State Statute	761,131	-	761,131
School Capital Outlay	292,092	-	292,092
Individual Schools	711,034	-	711,034
Unrestricted	3,778,723	1,823,464	5,602,187
Total net position	\$ 99,980,897	\$ 2,210,466	\$ 102,191,363

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

**MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013**

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	
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instructional services:						
Regular instructional	\$ 47,142,342	\$ -	\$ 36,116,882	\$ -	\$ (11,025,460)	\$ (11,025,460)
Special populations	14,028,426	-	12,919,844	-	(1,108,582)	(1,108,582)
Co-curricular services	4,305,698	-	-	(4,305,698)	-	(4,305,698)
Alternative programs	8,089,892	-	6,275,094	-	(1,814,798)	(1,814,798)
Student leadership	7,743,462	-	5,791,497	-	(1,951,965)	(1,951,965)
School-based support	7,105,351	3,879,374	5,010,036	-	1,784,059	1,784,059
System-wide support services:						
Support and development	468,178	-	192,355	-	(275,823)	(275,823)
Special population support and development	105,660	-	84,727	-	(20,933)	(20,933)
Alternative programs and services support and development	229,163	-	218,321	-	(10,842)	(10,842)
Technology support	2,258,936	-	418,617	-	(1,840,319)	(1,840,319)
Operational support	14,417,130	-	5,979,584	1,120,038	(7,317,508)	(7,317,508)
Financial and human resources	1,326,042	-	537,486	-	(788,556)	(788,556)
Accountability	336,086	-	145,939	-	(190,147)	(190,147)
Policy, leadership and public relations	1,905,370	-	849,076	-	(1,056,294)	(1,056,294)
Ancillary services	52,346	-	52,346	-	-	-
Non-programmed charges	672,453	-	116,000	-	(556,453)	(556,453)
Interest on long-term debt	1,816	-	-	-	(1,816)	(1,816)
Unallocated depreciation expense, excluding direct depreciation expense charged to programs	3,425,084	-	-	-	(3,425,084)	(3,425,084)
Total governmental activities	113,613,435	3,879,374	74,707,804	1,120,038	(33,906,219)	(33,906,219)
Business-type activities:						
School food service	5,039,864	1,529,585	3,395,029	-	-	(115,250)
Child care	463,396	571,651	-	-	-	108,255
Total business-type activities	5,503,260	2,101,236	3,395,029	-	(6,995)	(6,995)
Total primary government	\$ 119,116,695	\$ 5,980,610	\$ 78,102,833	\$ 1,120,038	(33,906,219)	(33,913,214)
General revenues:						
Unrestricted county appropriations - operating				25,540,140	-	25,540,140
Unrestricted county appropriations - capital				711,932	-	711,932
Unrestricted county appropriations - contributed capital				2,295,633	-	2,295,633
Unrestricted State and Federal appropriations - operating				772,137	-	772,137
Investment earnings, unrestricted				53,051	7,561	60,612
Miscellaneous, unrestricted				565,348	-	565,348
Transfers in (out)				108,255	(108,255)	-
Total general revenues and transfers				30,046,496	(100,694)	29,945,802
Change in net position				(3,859,723)	(107,689)	(3,967,412)
Net position, beginning				103,840,620	2,318,155	106,158,775
Net position, ending				\$ 99,980,897	\$ 2,210,466	\$ 102,191,363

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

**MOORE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

Exhibit 3

	Major Funds					Non-Major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 11,211,998	\$ 491,483	\$ -	\$ 938,091	\$ 292,092	\$ 711,034	\$ 13,644,698
Due from other governments	-	1,489,950	96,876	8,649	-	-	1,595,475
Receivables (net)	37,963	-	-	-	-	-	37,963
Due from other funds	-	-	-	-	-	714,519	714,519
Inventories	479,519	-	-	-	-	-	479,519
Total assets	11,729,480	1,981,433	96,876	946,740	292,092	1,425,553	16,472,174
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued expenses	440,915	-	-	-	-	-	440,915
Accrued salaries and wages payable	1,595,925	1,483,436	96,876	4,185	-	-	3,180,422
Due to other funds	-	-	-	714,519	-	-	714,519
Due to other governments	-	497,997	-	-	-	-	497,997
Total liabilities	2,036,840	1,981,433	96,876	718,704	-	-	4,833,853
Fund balances:							
Nonspendable:							
Inventories	479,519	-	-	-	-	-	479,519
Restricted:							
Stabilization by State Statute	37,963	-	-	8,649	-	714,519	761,131
School Capital Outlay	-	-	-	-	292,092	-	292,092
Individual Schools	-	-	-	-	-	711,034	711,034
Assigned:							
Subsequent year's expenditures	4,000,000	-	-	-	-	-	4,000,000
Other special programs	-	-	-	219,387	-	-	219,387
Unassigned:	5,175,158	-	-	-	-	-	5,175,158
Total fund balances	9,692,640	-	-	228,036	292,092	1,425,553	11,638,321
Total liabilities and fund balances	\$ 11,729,480	\$ 1,981,433	\$ 96,876	\$ 946,740	\$ 292,092	\$ 1,425,553	

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. 94,718,150

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. (6,375,574)

Net position of governmental activities \$ 99,980,897

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

**MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013**

Exhibit 4

	Major Funds					Non-Major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$65,565,057	\$ -	\$ 284,586	\$ 460,038	\$ -	\$ 66,309,681
Moore County	25,540,140	-	-	-	3,007,565	-	28,547,705
U.S. Government	-	-	9,142,747	487,551	-	-	9,630,298
Other	565,348	-	-	1,286,138	2,068	3,420,219	5,273,773
Total revenues	<u>26,105,488</u>	<u>65,565,057</u>	<u>9,142,747</u>	<u>2,058,275</u>	<u>3,469,671</u>	<u>3,420,219</u>	<u>109,761,457</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	9,958,083	35,362,404	754,478	703,761	-	-	46,778,726
Special populations	978,207	10,016,896	2,902,948	34,466	-	-	13,932,517
Co-curricular services	681,235	-	-	-	-	3,595,026	4,276,261
Alternative programs	1,254,045	3,642,489	2,632,605	505,444	-	-	8,034,583
School leadership	1,899,025	3,932,864	1,858,633	-	-	-	7,690,522
School-based support	2,046,737	4,260,441	749,595	-	-	-	7,056,773
System-wide support services:							
Support and development	272,622	90,992	101,363	-	-	-	464,977
Special population support and development	20,211	84,727	-	-	-	-	104,938
Alternative programs and services and development	9,275	214,936	3,385	-	-	-	227,596
Technology support	1,725,875	418,617	-	99,000	-	-	2,243,492
Operational support	7,695,601	5,967,647	11,937	5,890	-	-	13,681,075
Financial and human resources	396,712	529,987	7,499	382,778	-	-	1,316,976
Accountability	187,849	145,939	-	-	-	-	333,788
Policy, leadership, and public relations	917,441	849,076	-	125,827	-	-	1,892,344
Ancillary services	-	48,042	4,304	-	-	-	52,346
Non-programmed charges	672,453	-	116,000	-	-	-	788,453
Debt service:							
Principal retirements	-	-	-	-	519,012	-	519,012
Interest and fees	-	-	-	-	1,816	-	1,816
Capital outlay:							
Land, buildings, and site improvements	-	-	-	-	2,384,590	-	2,384,590
Furnishings and equipment	-	-	-	-	525,999	-	525,999
Vehicles and other	-	-	-	-	560,459	-	560,459
Total expenditures	<u>28,715,371</u>	<u>65,565,057</u>	<u>9,142,747</u>	<u>1,857,166</u>	<u>3,991,876</u>	<u>3,595,026</u>	<u>112,867,243</u>
Excess (deficiency) of revenues over expenditures	(2,609,883)	-	-	201,109	(522,205)	(174,807)	(3,105,786)
Other financing sources (uses):							
Installment purchase obligations issued	-	-	-	-	560,459	-	560,459
Transfers (to) from other funds	7,843,149	-	-	(7,843,149)	-	108,255	108,255
Total other financing sources (uses)	<u>7,843,149</u>	<u>-</u>	<u>-</u>	<u>(7,843,149)</u>	<u>560,459</u>	<u>108,255</u>	<u>668,714</u>
Net change in fund balances	5,233,266	-	-	(7,642,040)	38,254	(66,552)	(2,437,072)
Fund balances:							
Beginning of year	4,479,884	-	-	7,870,076	253,838	1,492,105	14,095,903
Decrease in reserve for inventory	(20,510)	-	-	-	-	-	(20,510)
End of year	<u>\$ 9,692,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,036</u>	<u>\$ 292,092</u>	<u>\$ 1,425,553</u>	<u>\$ 11,638,321</u>

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

**MOORE COUNTY BOARD OF EDUCATION
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, 2013**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (2,437,072)
Adjustment due to the use of consumption method of recording inventory in the government-wide statements.	(20,510)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(617,002)
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.	(41,447)
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	<u>(743,692)</u>
Total changes in net position of governmental activities	<u>\$ (3,859,723)</u>

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

MOORE COUNTY BOARD OF EDUCATION
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, 2013

	General Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Moore County	25,540,140	25,540,140	25,540,140	-
U.S. Government	-	-	-	-
Other	<u>720,860</u>	<u>720,860</u>	<u>565,348</u>	<u>(155,512)</u>
Total revenues	<u>26,261,000</u>	<u>26,261,000</u>	<u>26,105,488</u>	<u>(155,512)</u>
Expenditures:				
Current:				
Instructional services	16,162,000	17,652,000	16,817,332	834,668
System-wide support services	9,429,000	11,929,000	11,225,586	703,414
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>670,000</u>	<u>680,000</u>	<u>672,453</u>	<u>7,547</u>
Total expenditures	<u>26,261,000</u>	<u>30,261,000</u>	<u>28,715,371</u>	<u>1,545,629</u>
Revenues over (under) expenditures	-	(4,000,000)	(2,609,883)	1,390,117
Other financing sources (uses):				
Transfers (to) from other funds	-	4,000,000	7,843,149	3,843,149
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,233,266</u>	<u>\$ 5,233,266</u>
Fund balances:				
Beginning of year			4,479,884	
Decrease in reserve for inventory			<u>(20,510)</u>	
End of year			<u>\$ 9,692,640</u>	

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

State Public School Fund				Restricted Revenues Fund			
Original Budget	Final Budget	Actual	Variance with final budget positive (negative)	Original Budget	Final Budget	Actual	Variance with final budget positive (negative)
\$ 64,214,671	\$ 66,947,573	\$ 65,565,057	\$ (1,382,516)	\$ 276,000	\$ 276,000	\$ 284,586	\$ 8,586
-	-	-	-	-	-	-	-
-	-	-	-	633,000	633,000	487,551	(145,449)
-	-	-	-	925,000	1,256,000	1,286,138	30,138
<u>64,214,671</u>	<u>66,947,573</u>	<u>65,565,057</u>	<u>(1,382,516)</u>	<u>1,834,000</u>	<u>2,165,000</u>	<u>2,058,275</u>	<u>(106,725)</u>
57,457,777	58,569,969	57,215,094	1,354,875	3,325,000	1,500,189	1,243,671	256,518
6,756,894	8,314,604	8,301,921	12,683	2,509,000	664,811	613,495	51,316
-	63,000	48,042	14,958	-	-	-	-
-	-	-	-	-	-	-	-
<u>64,214,671</u>	<u>66,947,573</u>	<u>65,565,057</u>	<u>1,382,516</u>	<u>5,834,000</u>	<u>2,165,000</u>	<u>1,857,166</u>	<u>307,834</u>
-	-	-	-	(4,000,000)	-	201,109	201,109
-	-	-	-	-	(7,843,149)	(7,843,149)	-
-	-	-	-	<u>4,000,000</u>	<u>7,843,149</u>	-	<u>(7,843,149)</u>
<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(7,642,040)	<u>\$ (7,642,040)</u>
		-				7,870,076	
		-				-	
		<u>\$ -</u>				<u>\$ 228,036</u>	

**MOORE COUNTY BOARD OF EDUCATION
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, 2013**

**Exhibit 6
Page 2 of 2**

	Federal Grants			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Moore County	-	-	-	-
U.S. Government	12,054,124	14,474,835	9,142,747	(5,332,088)
Other	-	-	-	-
Total revenues	<u>12,054,124</u>	<u>14,474,835</u>	<u>9,142,747</u>	<u>(5,332,088)</u>
Expenditures:				
Current:				
Instructional services	9,333,735	10,084,037	8,898,259	1,185,778
System-wide support services	121,436	137,027	124,184	12,843
Ancillary services	-	5,517	4,304	1,213
Nonprogrammed charges	<u>2,598,953</u>	<u>4,248,254</u>	<u>116,000</u>	<u>4,132,254</u>
Total expenditures	<u>12,054,124</u>	<u>14,474,835</u>	<u>9,142,747</u>	<u>5,332,088</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers (to) from other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year, as reclassified			-	
Increase in reserve for inventory			-	
End of year			<u>\$ -</u>	

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

MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2013

Exhibit 7

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,774,618	\$ -	\$ 1,774,618
Receivables (net)	34,185	-	34,185
Due from other governments	66,435	-	66,435
Inventories	163,387	-	163,387
Total current assets	<u>2,038,625</u>	<u>-</u>	<u>2,038,625</u>
Noncurrent assets:			
Capital assets:			
Equipment, furniture and vehicles, net	387,002	-	387,002
Total assets	<u>\$ 2,425,627</u>	<u>\$ -</u>	<u>\$ 2,425,627</u>
Liabilities			
Current liabilities:			
Unearned revenue	\$ 40,982	\$ -	\$ 40,982
Compensated absences	47,797	-	47,797
Total current liabilities	<u>88,779</u>	<u>-</u>	<u>88,779</u>
Noncurrent liabilities:			
Compensated absences	126,382	-	126,382
Total liabilities	<u>215,161</u>	<u>-</u>	<u>215,161</u>
Net Position			
Net investment in capital assets	387,002	-	387,002
Unrestricted	1,823,464	-	1,823,464
Total net position	<u>\$ 2,210,466</u>	<u>\$ -</u>	<u>\$ 2,210,466</u>

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

MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2013

Exhibit 8

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Operating revenues:			
Food sales	\$ 1,529,585	\$ -	\$ 1,529,585
Child care fees	-	571,651	571,651
Total operating revenues	<u>1,529,585</u>	<u>571,651</u>	<u>2,101,236</u>
Operating expenses:			
Food cost:			
Purchase of food	1,849,727	-	1,849,727
Donated commodities	285,802	-	285,802
Salaries and benefits	2,347,802	463,396	2,811,198
Materials and supplies	198,788	-	198,788
Repairs and maintenance	30,504	-	30,504
Contracted services	51,651	-	51,651
Depreciation	138,091	-	138,091
Non-capitalized equipment	85,863	-	85,863
Loss on disposal of capital assets	17,799	-	17,799
Other	33,837	-	33,837
Total operating expenses	<u>5,039,864</u>	<u>463,396</u>	<u>5,503,260</u>
Operating income (loss)	<u>(3,510,279)</u>	<u>108,255</u>	<u>(3,402,024)</u>
Nonoperating revenues:			
Federal reimbursements	3,102,079	-	3,102,079
Federal commodities	285,802	-	285,802
State reimbursements	5,295	-	5,295
Other	1,853	-	1,853
Interest earned	7,561	-	7,561
Total nonoperating revenues	<u>3,402,590</u>	<u>-</u>	<u>3,402,590</u>
Income (loss) before transfers	(107,689)	108,255	566
Transfers to other funds	-	(108,255)	(108,255)
Change in net position	(107,689)	-	(107,689)
Total net position, beginning	<u>2,318,155</u>	<u>-</u>	<u>2,318,155</u>
Total net position, ending	<u>\$ 2,210,466</u>	<u>\$ -</u>	<u>\$ 2,210,466</u>

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

MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2013

Exhibit 9

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 1,517,769	\$ 571,651	\$ 2,089,420
Cash paid for goods and services	(2,247,917)	-	(2,247,917)
Cash paid to employees for services	(2,302,292)	(463,396)	(2,765,688)
Net cash provided (used) by operating activities	<u>(3,032,440)</u>	<u>108,255</u>	<u>(2,924,185)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(108,255)	(108,255)
Federal and state reimbursements	3,115,819	-	3,115,819
Net cash provided (used) by noncapital activities	<u>3,115,819</u>	<u>(108,255)</u>	<u>3,007,564</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(164,449)</u>	-	<u>(164,449)</u>
Cash flows from investing activities:			
Interest earned on investments	7,561	-	7,561
Other	1,853	-	1,853
Net cash provided by investing activities	<u>9,414</u>	-	<u>9,414</u>
Net decrease in cash and cash equivalents	(71,656)	-	(71,656)
Cash and cash equivalents, beginning of year	<u>1,846,274</u>	-	<u>1,846,274</u>
Cash and cash equivalents, end of year	<u>\$ 1,774,618</u>	<u>\$ -</u>	<u>\$ 1,774,618</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (3,510,279)</u>	<u>\$ 108,255</u>	<u>\$ (3,402,024)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	138,091	-	138,091
Donated commodities	285,802	-	285,802
Loss on disposal of capital assets	17,799	-	17,799
Changes in assets and liabilities:			
Increase in accounts receivable	(19,347)	-	(19,347)
Decrease in inventories	4,522	-	4,522
Decrease in accounts payable and accrued expenses	(2,069)	-	(2,069)
Increase in unearned revenue	7,531	-	7,531
Increase in compensated absences payable	45,510	-	45,510
Total adjustments	<u>477,839</u>	-	<u>477,839</u>
Net cash provided (used) by operating activities	<u>\$ (3,032,440)</u>	<u>\$ 108,255</u>	<u>\$ (2,924,185)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$285,802 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

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

**MOORE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2013**

Exhibit 10

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 362,342
Liabilities	
Due to Sandhills Region Education Consortium (SREC)	\$ 362,342

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

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Moore County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in 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. 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].

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.

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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.

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.

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.

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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, Liabilities, 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 fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventories

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

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. 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.

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

	<u>Years</u>
Buildings and improvements	15 - 50
Equipment and furniture	5 - 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. 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.

6. 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, 2013 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

7. Net Position/Fund Balances

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.

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to transfer amounts between, purpose, program and object codes.

Other special programs – portion of fund balance that will be used by restricted revenues fund activities, as determined by the governing body.

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

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

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

8. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$88,342,576 consists of several elements as follows:

**MOORE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013**

<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)	\$151,748,076
Less accumulated depreciation	<u>(57,029,926)</u>
Net capital assets	94,718,150
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:	
Installment purchases	(280,233)
Compensated absences	<u>(6,095,341)</u>
Total adjustment	<u>\$ 88,342,576</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1,422,651 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	\$ 3,566,870
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	(4,183,872)
New debt issued during the year is recorded as a source of funds on the fund statements but affect only the statement of net position in the government-wide statements	(560,459)
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	519,012
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:	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(743,692)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>(20,510)</u>
Total adjustment	<u>\$ (1,422,651)</u>

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NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report 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, 2013, the Board had deposits with banks and savings and loans with a carrying amount of \$2,909,738 and with the State Treasurer of \$2,242,084. The bank balances with the financial institutions and the State Treasurer were \$2,911,194 and \$2,968,502, respectively. Of these balances, \$520,085 was covered by federal depository insurance and \$5,359,611 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2013, the Board had \$10,629,836 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 Department of State Treasurer Short Term Investment Fund (STIF) had a weighted average maturity of 1.6 years as of June 30, 2013.

Credit Risk. The STIF is unrated and is authorized under North Carolina General Statute 147-69.1. The State Treasurer's 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.

**MOORE COUNTY BOARD OF EDUCATION
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3. Receivables

Receivables at the government-wide level at June 30, 2013, were as follows:

	<u>Due from other governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ -	\$ 37,963	\$ 37,963
Other governmental activities	<u>1,595,475</u>	<u>-</u>	<u>1,595,475</u>
Total	<u>\$ 1,595,475</u>	<u>\$ 37,963</u>	<u>\$ 1,633,438</u>
Business-type activities:			
School Food Service	<u>\$ 66,435</u>	<u>\$ 34,185</u>	<u>\$ 100,620</u>

Due from other governments consists of the following:

Governmental activities:		
State Public School Fund	1,489,950	Operating funds from DPI
Federal Grants Fund	96,876	Federal grant funds
Restricted Revenues Fund	<u>8,649</u>	Various fees and restricted grants
Total	<u>\$ 1,595,475</u>	
Business-type activities:		
School Food Service	<u>\$ 66,435</u>	Federal Funds

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,300,779	\$ -	\$ -	\$ 1,300,779
Construction in progress	<u>1,185,185</u>	<u>2,295,633</u>	<u>2,897,788</u>	<u>583,030</u>
Total capital assets not being depreciated	<u>2,485,964</u>	<u>2,295,633</u>	<u>2,897,788</u>	<u>1,883,809</u>
Capital assets being depreciated:				
Buildings and improvements	132,948,820	2,454,466	-	135,403,286
Equipment and furniture	3,693,297	484,021	-	4,177,318
Vehicles	8,252,854	1,222,587	-	9,475,441
Computers	<u>800,271</u>	<u>7,951</u>	<u>-</u>	<u>808,222</u>
Total capital assets being depreciated	<u>145,695,242</u>	<u>4,169,025</u>	<u>-</u>	<u>149,864,267</u>
Less accumulated depreciation for:				
Buildings and improvements	42,615,694	2,770,960	-	45,386,654
Equipment and furniture	2,769,776	477,895	-	3,247,671
Vehicles	6,713,028	893,418	-	7,606,446
Computers	<u>747,556</u>	<u>41,599</u>	<u>-</u>	<u>789,155</u>
Total accumulated depreciation	<u>52,846,054</u>	<u>4,183,872</u>	<u>-</u>	<u>57,029,926</u>
Total capital assets being depreciated, net	<u>92,849,188</u>			<u>92,834,341</u>
Governmental activity capital assets, net	<u>\$ 95,335,152</u>			<u>\$ 94,718,150</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	<u>\$ 2,293,650</u>	<u>\$ 164,449</u>	<u>\$ 137,663</u>	<u>\$ 2,320,436</u>
Less accumulated depreciation for:				
Equipment, furniture and vehicles	<u>1,915,207</u>	<u>138,091</u>	<u>119,864</u>	<u>1,933,434</u>
School Food Service capital assets, net	<u>\$ 378,443</u>			<u>\$ 387,002</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$3,425,084
Regular instructional programs	41,599
Operational support services	<u>717,189</u>
Total	<u>\$4,183,872</u>

Construction Commitments

The Board has active construction projects as of June 30, 2013 which will be paid with public bond funds. These projects include various renovations and infrastructure throughout the district. At year-end, the Board's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Renovations & Infrastructure	<u>\$ 446,638</u>	<u>\$ 6,238,432</u>

**MOORE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Moore County Board of Education contributes to 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 provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 8.33% of annual covered payroll. The contribution requirements of plan members and Moore County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2013, 2012, and 2011 were \$5,491,510, \$4,602,547, and \$3,152,218, respectively, equal to the required contributions for each year.

b. Other Post-Employment Benefits

1. 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 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

MOORE COUNTY BOARD OF EDUCATION
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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, 2013, 2012, and 2011, the Board paid all annual required contributions to the Plan for postretirement healthcare benefits of \$3,493,998, \$3,093,109, and \$3,171,518 respectively. The contributions represented 5.30%, 5.00%, and 4.93% of covered payroll, respectively.

2. 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.

For members with five or more years of membership service as of July 31, 2007, 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 Worker's 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 TSERS. For members who obtain five years of 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 you might be entitled should you 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 are 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

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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 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, 2013, 2012, and 2011, the Board paid all annual required contributions to the DIPNC for disability benefits of \$290,068 \$321,683, and \$334,521, respectively. These contributions represented .44%, .52%, and .52% of covered payroll for each year, respectively.

2. Payables

Payables as of June 30, 2013 are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 440,915	\$ 1,595,925	\$ 2,036,840
Other governmental	<u>-</u>	<u>1,584,497</u>	<u>1,584,497</u>
 Total governmental activities	 <u>\$ 440,915</u>	 <u>\$ 3,180,422</u>	 <u>\$ 3,621,337</u>

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

3. Unearned Revenues

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

	<u>Unearned Revenue</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	\$ <u>40,982</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, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from Federal and local funds. The Trust has an annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for worker's compensation coverage. 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 replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The

**MOORE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013**

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 period ending June 30, 2012, the State accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price. In July 2012, the Board entered into an installment purchase contract to finance the purchase of the school buses. The financing contract requires only principal payments at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2013 are as follows:

Year Ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 140,116	\$ -
2015	140,117	-
Principal payments	<u>\$ 280,233</u>	
Total interest payments		<u>\$ -</u>

**MOORE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013**

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 5,351,649	\$ 3,794,025	\$3,050,333	\$ 6,095,341	\$ 2,032,963
Installment purchases	<u>238,786</u>	<u>560,459</u>	<u>519,012</u>	<u>280,233</u>	<u>140,116</u>
	<u>\$ 5,590,435</u>	<u>\$ 4,354,484</u>	<u>\$3,569,345</u>	<u>\$ 6,375,574</u>	<u>\$ 2,173,079</u>
Business-type activities:					
Compensated absences	<u>\$ 128,669</u>	<u>\$ 111,383</u>	<u>\$ 65,873</u>	<u>\$ 174,179</u>	<u>\$ 47,797</u>

Compensated absences are typically liquidated by the general and other governmental funds.

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2013 consist of the following:

From the Child Care Fund to the Individual Schools Fund for co-curricular costs	<u>\$ 108,255</u>
From the Restricted Revenues Fund to the General Fund for activity to be determined by the Board	<u>\$ 7,843,149</u>

Balances due to/from other funds at June 30, 2013 consist of the following:

From the Restricted Revenues Fund to the Individual School Fund for investments in STIF	<u>\$ 714,519</u>
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D. Fund Balance

The Board of Education has a revenue spending policy that provides 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.

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	\$ 9,692,640
Less:	
Inventories	479,519
Stabilization by State Statute	37,963
Appropriated Fund Balance in 2013-2014 Budget	<u>4,000,000</u>
Remaining Fund Balance	<u>\$ 5,175,158</u>

**MOORE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2013**

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

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

Litigation and Contingencies

At June 30, 2013, 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.

In addition, the Board has been notified by the Department of Transportation that certain infrastructure must be relocated to accommodate a road project. The estimated cost of relocation is \$70,300.

NOTE 4 - CHANGE IN ACCOUNTING PRINCIPLES

The Board implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, or Net Position.

MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Moore County:			
Appropriation from general resources	\$ 25,540,140	\$ 25,540,140	\$ -
Other:			
Fines and forfeitures	720,860	565,348	(155,512)
Total revenues	<u>26,261,000</u>	<u>26,105,488</u>	<u>(155,512)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		9,958,083	
Special populations		978,207	
Alternative programs		1,254,045	
School leadership		1,899,025	
Co-curricular services		681,235	
School-based support		2,046,737	
Total instructional programs	<u>17,652,000</u>	<u>16,817,332</u>	<u>834,668</u>
System-wide support services:			
Support and development		272,622	
Special population support and development		20,211	
Alternative programs and services support and development		9,275	
Technology support		1,725,875	
Operational support		7,695,601	
Financial and human resources		396,712	
Accountability		187,849	
Policy, leadership and public relations		917,441	
Total system-wide supporting services	<u>11,929,000</u>	<u>11,225,586</u>	<u>703,414</u>
Nonprogrammed charges:			
Payments to other governmental units	<u>680,000</u>	<u>672,453</u>	<u>7,547</u>
Total expenditures	<u>30,261,000</u>	<u>28,715,371</u>	<u>1,545,629</u>
Revenues over (under) expenditures	(4,000,000)	(2,609,883)	1,390,117
Other financing sources:			
Transfers from other funds	<u>4,000,000</u>	<u>7,843,149</u>	<u>3,843,149</u>
Net change in fund balance	<u>\$ -</u>	5,233,266	<u>\$ 1,390,117</u>
Fund balance:			
Beginning of year		4,479,884	
Decrease in reserve for inventory		<u>(20,510)</u>	
End of year		<u>\$ 9,692,640</u>	

MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
RESTRICTED REVENUES FUND
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
NC Pre-kindergarten Program	\$ 276,000	\$ 284,586	\$ 8,586
U.S. Government:			
Junior Reserve Officer Training Corps	118,000	126,765	8,765
Department of Defense Education Activity	68,000	60,539	(7,461)
Army Youth Program in Your Neighborhood	290,000	145,000	(145,000)
Impact Aid	157,000	155,247	(1,753)
Total U.S. Government	<u>633,000</u>	<u>487,551</u>	<u>(145,449)</u>
Other:			
Reimbursements and refunds	277,000	267,290	(9,710)
Tuition and fees	111,000	127,085	16,085
Grants	660,000	660,000	-
Interest earned on investment	55,000	50,983	(4,017)
Rental of school property	18,000	18,600	600
Indirect costs allocated	100,000	116,000	16,000
Miscellaneous	35,000	46,180	11,180
Total other	<u>1,256,000</u>	<u>1,286,138</u>	<u>30,138</u>
Total revenues	<u>2,165,000</u>	<u>2,058,275</u>	<u>(106,725)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		703,761	
Special populations		34,466	
Alternative programs and services		505,444	
Total instructional programs	<u>1,500,189</u>	<u>1,243,671</u>	<u>256,518</u>
System-wide support services:			
Technology support		99,000	
Operational support		5,890	
Financial and human resources		382,778	
Policy, leadership and public relations		125,827	
Total system-wide supporting services	<u>664,811</u>	<u>613,495</u>	<u>51,316</u>
Total expenditures	<u>2,165,000</u>	<u>1,857,166</u>	<u>307,834</u>
Revenues over (under) expenditures	-	201,109	201,109
Other financing uses:			
Transfers to other funds	(7,843,149)	(7,843,149)	-
Fund balance appropriated	<u>7,843,149</u>	<u>-</u>	<u>(7,843,149)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,642,040)</u>	<u>\$ (7,642,040)</u>
Fund balance:			
Beginning of year		<u>7,870,076</u>	
End of year		<u>\$ 228,036</u>	

MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FEDERAL GRANTS FUND
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
U.S. Government	<u>\$ 14,474,835</u>	<u>\$ 9,142,747</u>	<u>\$ (5,332,088)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional		754,478	
Special populations		2,902,948	
Alternative programs and services		2,632,605	
School leadership		1,858,633	
School-based support		749,595	
Total instructional programs	<u>10,084,037</u>	<u>8,898,259</u>	<u>1,185,778</u>
System-wide support services:			
Support and development		101,363	
Alternative programs and services support and development		3,385	
Operational support		11,937	
Financial and human resources		7,499	
Total system-wide supporting services	<u>137,027</u>	<u>124,184</u>	<u>12,843</u>
Ancillary services	<u>5,517</u>	<u>4,304</u>	<u>1,213</u>
Nonprogrammed charges:			
Payments to other governmental units	<u>4,248,254</u>	<u>116,000</u>	<u>4,132,254</u>
Total expenditures	<u>14,474,835</u>	<u>9,142,747</u>	<u>5,332,088</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

**MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2013**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 460,038	\$ 460,038	\$ -
Moore County:			
General county revenues	711,932	711,932	-
Other:			
Interest earned on investments	2,068	2,068	-
Total revenues	<u>1,174,038</u>	<u>1,174,038</u>	<u>-</u>
Expenditures:			
Debt service:			
Principal retirements		519,012	
Interest and fees		1,816	
Total debt service	<u>521,038</u>	<u>520,828</u>	<u>210</u>
Capital outlay:			
Land, buildings, and site improvements		532,280	
Furnishings and equipment		82,676	
Vehicles and other		560,459	
Total capital outlay	<u>1,465,000</u>	<u>1,175,415</u>	<u>289,585</u>
Total expenditures	<u>1,986,038</u>	<u>1,696,243</u>	<u>289,795</u>
Revenues over (under) expenditures	<u>(812,000)</u>	<u>(522,205)</u>	<u>289,795</u>
Other financing sources:			
Installment purchase obligations issued	<u>650,000</u>	<u>560,459</u>	<u>(89,541)</u>
Fund balance appropriated	<u>162,000</u>	<u>-</u>	<u>(162,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>38,254</u>	<u>\$ 38,254</u>
Fund balance:			
Beginning of year		<u>253,838</u>	
End of year		292,092	
Amounts reported on the Statement of Revenue, Expenditures and Changes in Fund Balance are different from the Budget and Actual Statement due to Public School Building Capital Fund activity incurred by Moore County on behalf of the Board:			
Capital outlay contributed to the Board		2,295,633	
County expenditures related to various projects		<u>(2,295,633)</u>	
Fund balance		<u>\$ 292,092</u>	

MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating revenues - food sales	<u>\$ 1,720,000</u>	<u>\$ 1,529,585</u>	<u>\$ (190,415)</u>
Operating expenditures:			
Business support services:			
Purchase of food		1,845,205	
Donated commodities		285,802	
Salaries and benefits		2,302,292	
Materials and supplies		198,788	
Repairs and maintenance		30,504	
Contracted services		51,651	
Non-capitalized equipment		85,863	
Other		33,837	
Capital Outlay		164,449	
Total operating expenditures	<u>5,149,000</u>	<u>4,998,391</u>	<u>150,609</u>
Operating loss	<u>(3,429,000)</u>	<u>(3,468,806)</u>	<u>(39,806)</u>
Nonoperating revenues:			
Federal reimbursements		3,102,079	
Federal commodities		285,802	
State reimbursements		5,295	
Other		1,853	
Interest earned		7,561	
Total nonoperating revenues	<u>3,429,000</u>	<u>3,402,590</u>	<u>(26,410)</u>
Excess of revenues over expenditures	<u>\$ -</u>	(66,216)	<u>\$ (66,216)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(138,091)	
Equipment purchases		164,449	
Loss on disposal of capital assets		(17,799)	
Increase in compensated absences payable		(45,510)	
Decrease in inventories		(4,522)	
Change in net position (full accrual)		<u>\$ (107,689)</u>	

MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance positive (negative)
Operating revenues:			
Child care fees	<u>\$ 750,000</u>	<u>\$ 571,651</u>	<u>\$ (178,349)</u>
Operating expenditures:			
Regular community service:			
Salaries and benefits	<u>463,396</u>	<u>463,396</u>	<u>-</u>
Excess of revenues over expenditures before other financing uses	286,604	108,255	(178,349)
Other financing uses:			
Transfers to other funds	<u>(286,604)</u>	<u>(108,255)</u>	<u>178,349</u>
Revenues over (under) expenditures and other uses	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MOORE COUNTY BOARD OF EDUCATION
SANDHILLS REGION EDUCATION CONSORTIUM (SREC) AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash and cash equivalents	\$ 311,848	\$ 443,262	\$ 392,768	\$ 362,342
	<u>\$ 311,848</u>	<u>\$ 443,262</u>	<u>\$ 392,768</u>	<u>\$ 362,342</u>
Liabilities				
Due to Sandhills Region Education Consortium (SREC)	\$ 311,848	\$ 443,262	\$ 392,768	\$ 362,342
	<u>\$ 311,848</u>	<u>\$ 443,262</u>	<u>\$ 392,768</u>	<u>\$ 362,342</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

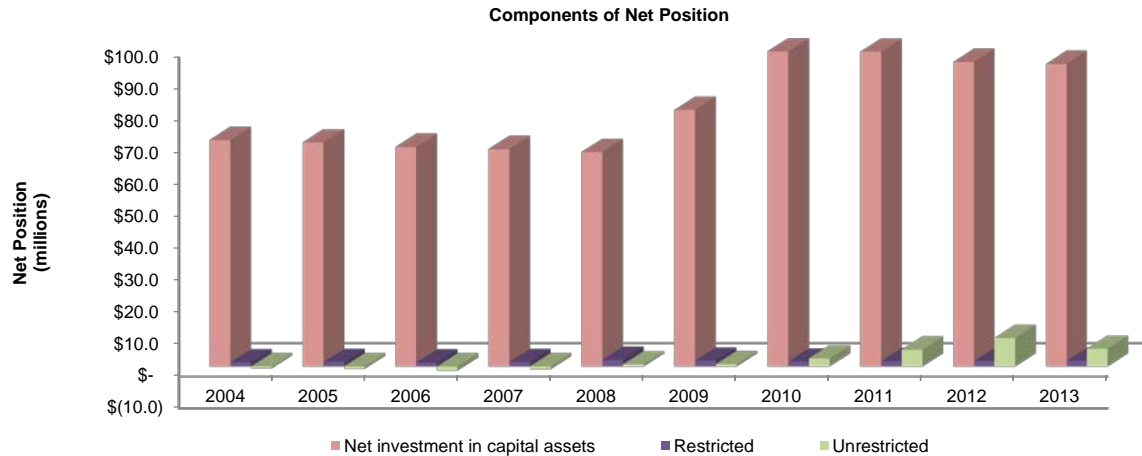
These schedules offer demographic and economic indicators to help the reader understand the environment in which the Board's financial activities are conducted.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 70,179,168	\$ 69,330,174	\$ 67,988,421	\$ 67,408,308	\$ 66,581,007	\$ 79,916,082	\$ 98,203,221	\$ 98,242,320	\$ 95,096,366	\$ 94,437,917
Restricted	1,301,150	1,372,873	1,247,399	1,425,252	2,068,914	1,839,993	1,564,297	1,660,503	1,721,790	1,764,257
Unrestricted	(1,781,731)	(2,076,261)	(2,786,395)	(2,466,702)	(952,091)	(712,807)	781,135	3,416,636	7,022,464	3,778,723
Total net position	<u>69,698,587</u>	<u>68,626,786</u>	<u>66,449,425</u>	<u>66,366,858</u>	<u>67,697,830</u>	<u>81,043,268</u>	<u>100,548,653</u>	<u>103,319,459</u>	<u>103,840,620</u>	<u>99,980,897</u>
Business-Type Activities										
Net investment in capital assets	827,672	886,792	840,065	755,851	645,125	532,222	530,681	404,832	378,443	387,002
Unrestricted	1,183,787	1,348,802	1,525,500	1,616,298	1,587,331	1,452,084	1,738,900	1,872,977	1,939,712	1,823,464
Total net position	<u>2,011,459</u>	<u>2,235,594</u>	<u>2,365,565</u>	<u>2,372,149</u>	<u>2,232,456</u>	<u>1,984,306</u>	<u>2,269,581</u>	<u>2,277,809</u>	<u>2,318,155</u>	<u>2,210,466</u>
Total Primary Government										
Net investment in capital assets	71,006,840	70,216,966	68,828,486	68,164,159	67,226,132	80,448,304	98,733,902	98,647,152	95,474,809	94,824,919
Restricted	1,301,150	1,372,873	1,247,399	1,425,252	2,068,914	1,839,993	1,564,297	1,660,503	1,721,790	1,764,257
Unrestricted	(597,944)	(727,459)	(1,260,895)	(850,404)	635,240	739,277	2,520,035	5,289,613	8,962,176	5,602,187
Total net position	<u>\$ 71,710,046</u>	<u>\$ 70,862,380</u>	<u>\$ 68,814,990</u>	<u>\$ 68,739,007</u>	<u>\$ 69,930,286</u>	<u>\$ 83,027,574</u>	<u>\$102,818,234</u>	<u>\$105,597,268</u>	<u>\$106,158,775</u>	<u>\$102,191,363</u>



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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental activities:				
Instructional programs	\$ 61,274,923	\$ 63,625,990	\$ 67,944,143	\$ 70,749,361
System-wide support services	20,629,165	22,594,493	22,197,836	22,500,766
Ancillary Services	183,061	198,499	184,712	191,874
Non-programmed charges	295,030	254,990	405,501	482,531
Interest on long-term debt	-	10,995	18,385	19,272
Unallocated depreciation expense	2,150,803	2,173,162	2,318,337	2,218,228
Total governmental activities expenses	<u>84,532,982</u>	<u>88,858,129</u>	<u>93,068,914</u>	<u>96,162,032</u>
Business-type activities:				
School food service	3,933,473	4,136,739	4,338,528	4,635,011
Child care	219,252	232,579	269,609	300,618
Total business-type activities expense	<u>4,152,725</u>	<u>4,369,318</u>	<u>4,608,137</u>	<u>4,935,629</u>
Total school district expenses	<u>88,685,707</u>	<u>93,227,447</u>	<u>97,677,051</u>	<u>101,097,661</u>
Program revenues				
Governmental activities:				
Charges for services	71,494	3,679,782	3,706,881	3,926,610
Operating grants and contributions	61,662,208	61,353,337	63,958,536	67,686,797
Capital grants and contributions	711,676	780,584	1,197,249	797,138
Total governmental activities program revenue	<u>62,445,378</u>	<u>65,813,703</u>	<u>68,862,666</u>	<u>72,410,545</u>
Business-type activities:				
Charges for services	2,094,461	2,171,393	2,272,530	2,453,617
Operating grants and contributions	2,246,069	2,448,397	2,560,776	2,576,656
Capital grants and contributions	-	100,000	-	-
Total business-type activities program revenue	<u>4,340,530</u>	<u>4,719,790</u>	<u>4,833,306</u>	<u>5,030,273</u>
Total school district program revenues	<u>66,785,908</u>	<u>70,533,493</u>	<u>73,695,972</u>	<u>77,440,818</u>
Net (expense) revenue				
Governmental activities	(22,087,604)	(23,044,426)	(24,206,248)	(23,751,487)
Business-type activities	187,805	350,472	225,169	94,644
Total school district net (expense) revenue	<u>\$ (21,899,799)</u>	<u>\$ (22,693,954)</u>	<u>\$ (23,981,079)</u>	<u>\$ (23,656,843)</u>

2008	2009	2010	2011	2012	2013
\$ 81,838,850	\$ 82,970,247	\$ 80,793,944	\$ 81,502,355	\$ 81,565,170	\$ 88,415,171
20,582,014	21,273,208	21,521,433	20,287,570	19,559,225	21,046,565
68,498	100,286	145,474	115,119	70,888	52,346
659,885	662,209	674,198	733,737	653,689	672,453
34,381	52,519	52,722	27,381	11,686	1,816
1,889,254	2,080,250	3,142,595	3,257,366	3,212,969	3,425,084
<u>105,072,882</u>	<u>107,138,719</u>	<u>106,330,366</u>	<u>105,923,528</u>	<u>105,073,627</u>	<u>113,613,435</u>
4,850,626	4,997,689	4,353,008	4,854,111	4,850,298	5,039,864
295,993	361,379	445,040	418,368	523,966	463,396
<u>5,146,619</u>	<u>5,359,068</u>	<u>4,798,048</u>	<u>5,272,479</u>	<u>5,374,264</u>	<u>5,503,260</u>
110,219,501	112,497,787	111,128,414	111,196,007	110,447,891	119,116,695
3,922,508	3,841,718	3,455,084	3,696,861	3,887,759	3,879,374
73,030,092	73,254,214	72,019,968	73,988,101	72,656,364	74,707,804
438,097	1,117,691	578,028	985,446	604,379	1,120,038
<u>77,390,697</u>	<u>78,213,623</u>	<u>76,053,080</u>	<u>78,670,408</u>	<u>77,148,502</u>	<u>79,707,216</u>
2,510,173	2,378,512	2,195,463	2,287,165	2,260,682	2,101,236
2,607,062	2,832,391	2,957,473	3,079,606	3,217,588	3,395,029
-	-	26,651	-	-	-
<u>5,117,235</u>	<u>5,210,903</u>	<u>5,179,587</u>	<u>5,366,771</u>	<u>5,478,270</u>	<u>5,496,265</u>
82,507,932	83,424,526	81,232,667	84,037,179	82,626,772	85,203,481
(27,682,185)	(28,925,096)	(30,277,286)	(27,253,120)	(27,925,125)	(33,906,219)
(29,384)	(148,165)	381,539	94,292	104,006	(6,995)
<u>\$ (27,711,569)</u>	<u>\$ (29,073,261)</u>	<u>\$ (29,895,747)</u>	<u>\$ (27,158,828)</u>	<u>\$ (27,821,119)</u>	<u>\$ (33,913,214)</u>

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

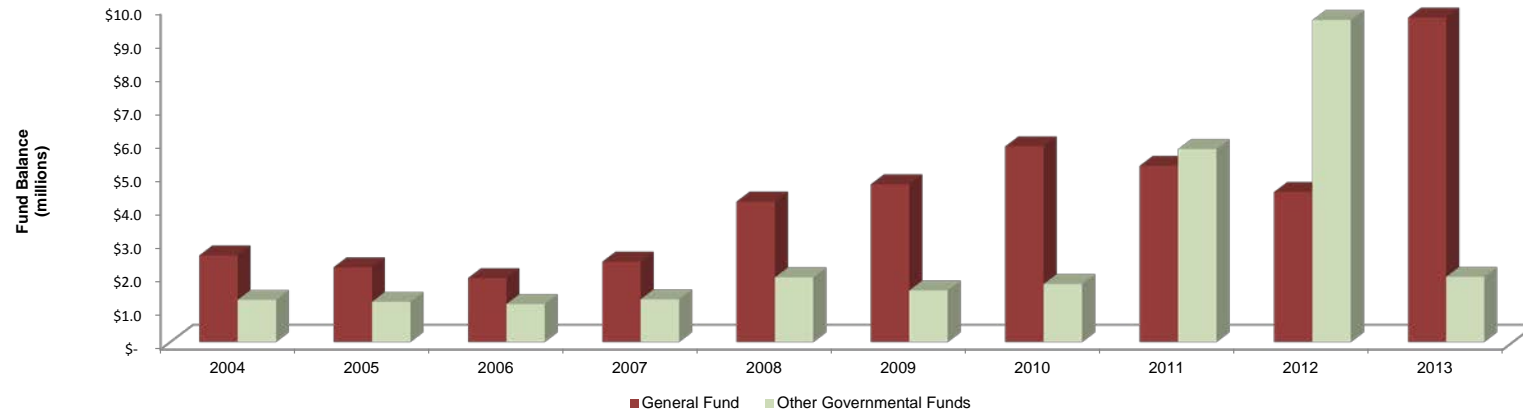
	2004	2005	2006	2007
Net (expense) revenue				
Governmental activities	\$ (22,087,604)	\$ (23,044,426)	\$ (24,206,248)	\$ (23,751,487)
Business-type activities	187,805	350,472	225,169	94,644
Total school district net (expense) revenue	<u>(21,899,799)</u>	<u>(22,693,954)</u>	<u>(23,981,079)</u>	<u>(23,656,843)</u>
General revenues and other changes in net position				
Governmental activities:				
Unrestricted county appropriations - operating	17,876,880	18,235,000	19,116,449	20,807,940
Unrestricted county appropriations - capital	1,630,952	1,934,760	1,037,814	1,133,950
Unrestricted county appropriations - contributed capital	-	-	-	-
Unrestricted State and Federal appropriations - operating	-	-	-	-
Investment earnings, unrestricted	72,447	91,631	149,429	132,461
Miscellaneous, unrestricted	1,542,804	1,566,712	1,583,472	1,442,976
Transfers	113,184	144,522	141,723	151,593
Total governmental activities	<u>21,236,267</u>	<u>21,972,625</u>	<u>22,028,887</u>	<u>23,668,920</u>
Business-type activities:				
Investment earnings, unrestricted	3,788	18,185	46,525	63,533
Transfers	(113,184)	(144,522)	(141,723)	(151,593)
Total business-type activities	<u>(109,396)</u>	<u>(126,337)</u>	<u>(95,198)</u>	<u>(88,060)</u>
Change in net position				
Governmental activities	(851,337)	(1,071,801)	(2,177,361)	(82,567)
Business-type activities	78,409	224,135	129,971	6,584
Total school district change in net position	<u>\$ (772,928)</u>	<u>\$ (847,666)</u>	<u>\$ (2,047,390)</u>	<u>\$ (75,983)</u>

2008	2009	2010	2011	2012	2013
\$ (27,682,185)	\$ (28,925,096)	\$ (30,277,286)	\$ (27,253,120)	\$ (27,925,125)	\$ (33,906,219)
(29,384)	(148,165)	381,539	94,292	104,006	(6,995)
<u>(27,711,569)</u>	<u>(29,073,261)</u>	<u>(29,895,747)</u>	<u>(27,158,828)</u>	<u>(27,821,119)</u>	<u>(33,913,214)</u>
23,694,245	24,935,195	24,935,195	25,540,140	25,540,140	25,540,140
1,880,057	933,950	733,950	711,932	711,932	711,932
1,658,814	14,726,851	22,775,576	2,934,174	-	2,295,633
-	-	-	633,304	589,602	772,137
250,602	210,229	130,401	4,000	4,068	53,051
1,377,995	1,344,808	1,093,981	883,993	739,665	565,348
151,444	119,501	113,568	101,624	75,637	108,255
<u>29,013,157</u>	<u>42,270,534</u>	<u>49,782,671</u>	<u>30,809,167</u>	<u>27,661,044</u>	<u>30,046,496</u>
41,135	19,516	17,304	15,560	11,977	7,561
(151,444)	(119,501)	(113,568)	(101,624)	(75,637)	(108,255)
<u>(110,309)</u>	<u>(99,985)</u>	<u>(96,264)</u>	<u>(86,064)</u>	<u>(63,660)</u>	<u>(100,694)</u>
1,330,972	13,345,438	19,505,385	3,556,047	(264,081)	(3,859,723)
(139,693)	(248,150)	285,275	8,228	40,346	(107,689)
<u>\$ 1,191,279</u>	<u>\$ 13,097,288</u>	<u>\$ 19,790,660</u>	<u>\$ 3,564,275</u>	<u>\$ (223,735)</u>	<u>\$ (3,967,412)</u>

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

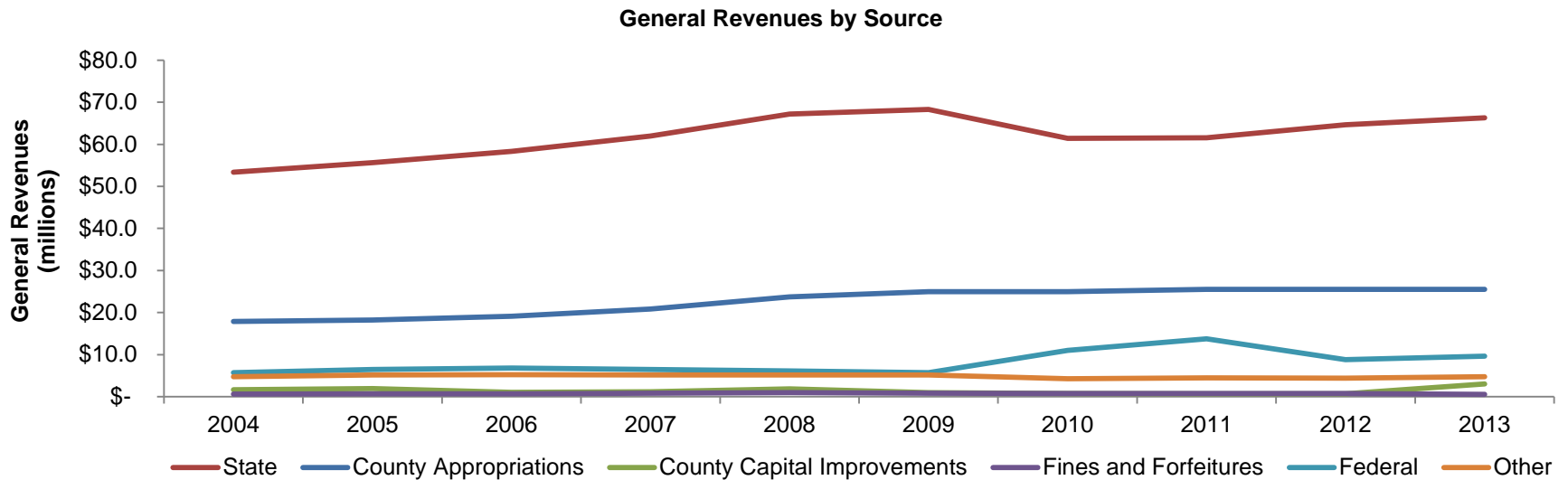
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable										
Inventories	\$ 193,775	\$ 213,191	\$ 295,253	\$ 299,440	\$ 517,115	\$ 252,287	\$ 404,161	\$ 531,953	\$ 500,029	\$ 479,519
Prepays	-	-	-	-	3,133	-	5,000	-	68,156	-
Restricted										
Stabilization by state statute	137,812	266,924	117,365	149,374	136,255	297,284	65,495	60,450	39,240	37,963
Assigned										
Subsequent year's expenditures	1,166,931	669,581	313,216	235,605	522,985	1,819,805	3,995,860	2,000,000	2,000,000	4,000,000
Unassigned	1,085,656	1,081,609	1,181,869	1,713,695	3,017,254	2,345,071	1,372,834	2,666,743	1,872,459	5,175,158
Total general fund	\$ 2,584,174	\$ 2,231,305	\$ 1,907,703	\$ 2,398,114	\$ 4,196,742	\$ 4,714,447	\$ 5,843,350	\$ 5,259,146	\$ 4,479,884	\$ 9,692,640
All other governmental funds										
Nonspendable										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,320	\$ -
Restricted										
Stabilization by state statute	176,644	12,379	12,890	219,792	144,454	611,044	837,748	951,231	797,190	723,168
School capital outlay	30,297	84,592	102,706	19,132	621,516	97,325	15,351	12,290	163,518	292,092
Individual schools	956,397	1,008,978	1,014,438	1,036,954	1,166,689	834,340	645,703	636,532	721,842	711,034
Assigned										
Capital projects fund expenditures	94,450	94,450	-	-	-	-	235,068	-	-	-
Special revenue fund expenditures	-	-	-	-	-	-	-	4,158,643	7,843,149	219,387
Total all other governmental funds	\$ 1,257,788	\$ 1,200,399	\$ 1,130,034	\$ 1,275,878	\$ 1,932,659	\$ 1,542,709	\$ 1,733,870	\$ 5,758,696	\$ 9,616,019	\$ 1,945,681

Governmental Fund Balances



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

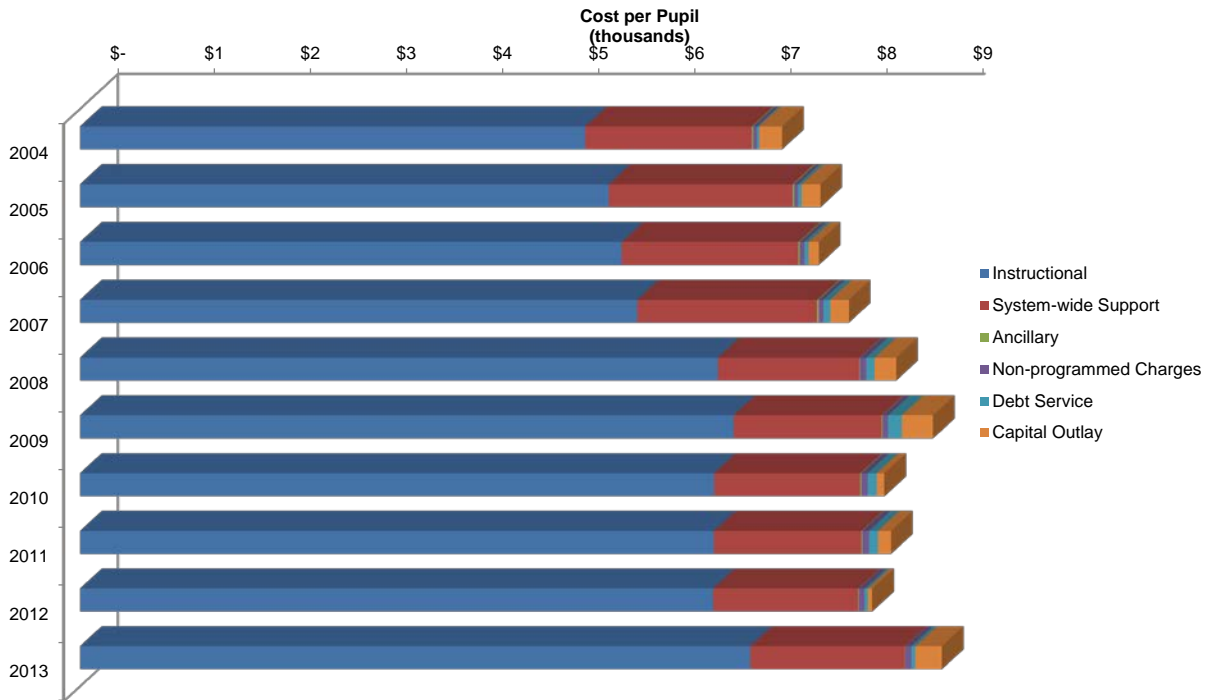
Fiscal Year	State	County Appropriations	County Capital Improvements	Fines and Forfeitures	Federal	Other	Total
2004	\$ 53,369,968	\$17,876,880	\$ 1,630,952	\$ 581,949	\$ 5,734,306	\$ 4,764,770	\$ 83,958,825
2005	55,644,686	18,235,000	1,934,760	661,497	6,489,236	5,177,926	88,143,105
2006	58,319,420	19,116,449	1,037,814	702,820	6,789,324	5,220,616	91,186,443
2007	61,963,842	20,807,940	1,133,950	827,323	6,473,991	5,156,701	96,363,747
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



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

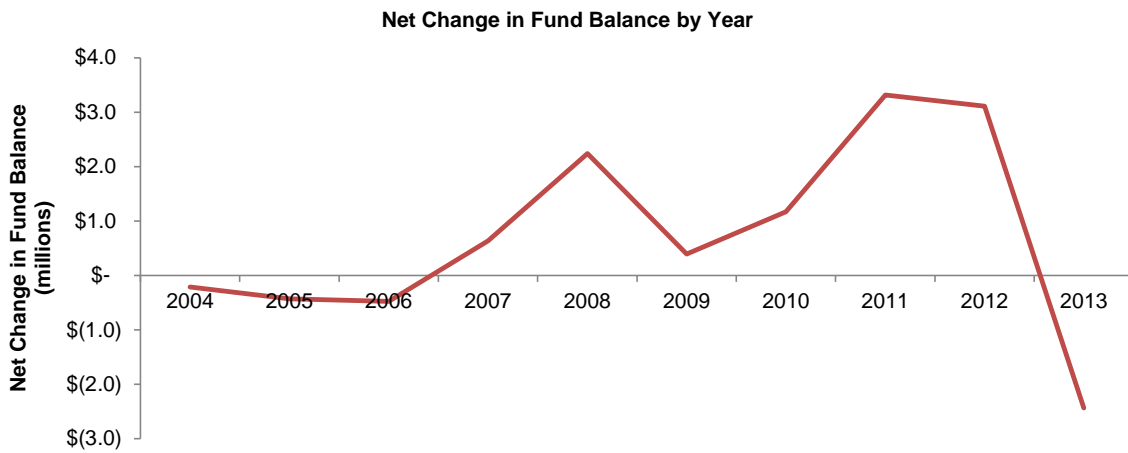
Fiscal Year	Average Daily Membership	Instructional Services	System-wide Support Services	Ancillary Services	Non-programmed Charges	Debt Service		Capital Outlay	Total
						Principal	Interest		
2004	11,669	\$ 5,249 61,252,451	\$ 1,728 20,167,671	\$ 16 183,061	\$ 36 421,993	\$ 23 271,110	\$ - -	\$ 239 2,789,082	\$ 7,292 85,085,368
2005	11,598	5,493 63,709,792	1,907 22,119,008	17 198,499	40 465,445	37 423,875	1 10,995	195 2,263,967	7,690 89,191,581
2006	12,004	5,627 67,548,186	1,834 22,020,284	15 184,712	47 559,512	43 515,593	2 18,385	105 1,258,642	7,673 92,105,314
2007	12,190	5,789 70,572,616	1,868 22,765,199	16 191,874	48 588,104	69 845,524	2 19,272	193 2,348,011	7,984 97,330,600
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	1 1,816	275 3,471,048	8,951 112,867,243

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**

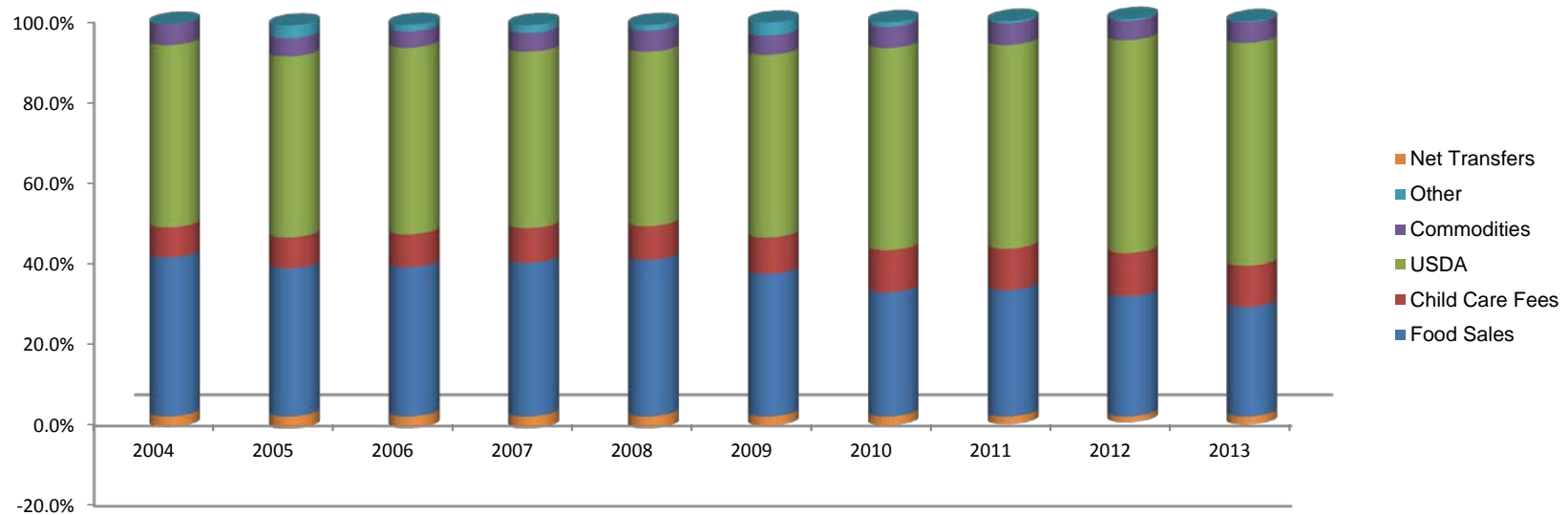
Fiscal Year	Excess of Revenues over (under) Expenditures	Transfers In	Transfers Out	Installment Purchases and Capitalized Leases	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Debt Service As a Percentage of Noncapital Expenditures
2004	\$ (1,126,543)	\$ 113,184	\$ -	\$ 803,814	\$ 916,998	\$ (209,545)	0.33%
2005	(1,048,476)	144,522	-	474,280	618,802	(429,674)	0.50%
2006	(918,871)	141,723	-	301,119	442,842	(476,029)	0.59%
2007	(966,853)	151,593	-	1,447,328	1,598,921	632,068	0.91%
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%



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
2004	\$ 1,762,025	\$ 332,436	\$ 2,015,083	\$ 230,986	\$ 3,788	\$ (113,184)	\$ 4,231,134
2005	1,794,292	377,101	2,192,418	220,578	153,586	(144,522)	4,593,453
2006	1,861,198	411,332	2,323,820	203,385	80,096	(141,723)	4,738,108
2007	2,001,406	452,211	2,293,373	244,716	102,100	(151,593)	4,942,213
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

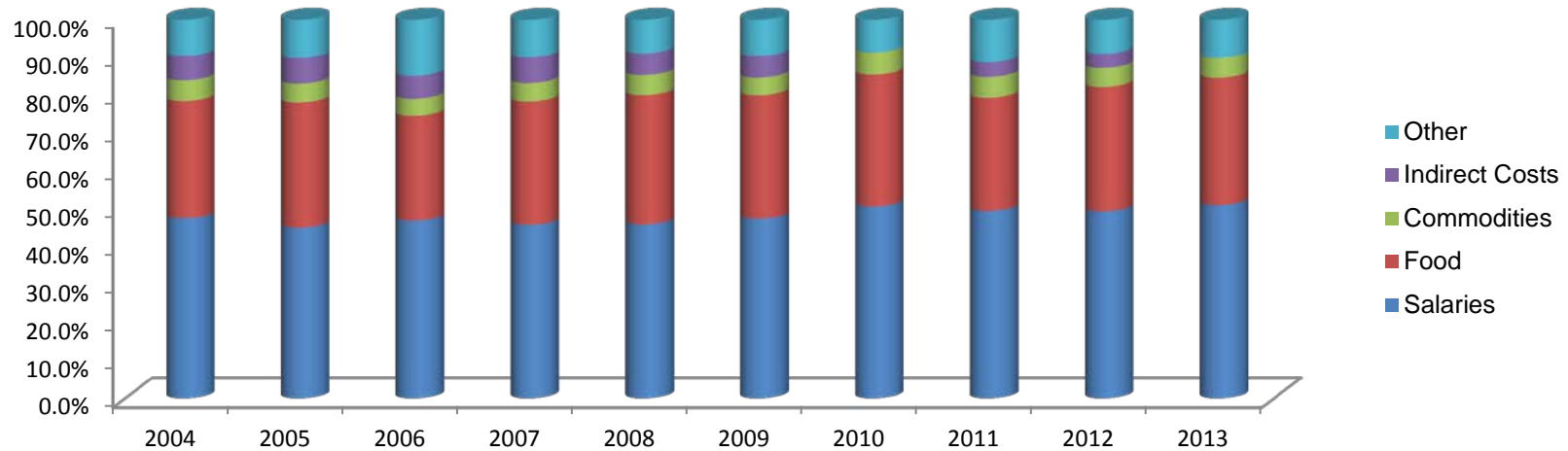
Proprietary Fund Revenues as a Percentage of Total



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
2004	\$ 1,976,672	\$ 1,282,612	\$ 230,986	\$ 263,402	\$ 399,053	\$ 4,152,725
2005	1,969,600	1,443,894	220,578	290,843	444,403	4,369,318
2006	2,162,802	1,277,918	203,385	282,602	681,430	4,608,137
2007	2,261,601	1,605,800	244,716	330,301	493,211	4,935,629
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

Proprietary Expenses as a Percentage of Total



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	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Utilities and Other					
2004	\$ 306,496	\$ 7,160,863	\$ 642,670	\$ 208,635	\$ 625,902	\$ 7,692,762	\$ 0.475	\$ 7,692,762	100%
2005	288,282	7,512,919	678,352	138,553	795,547	7,822,559	0.475	8,351,919	94%
2006	286,889	7,813,395	779,662	135,636	827,609	8,187,973	0.455	8,000,000	102%
2007	313,506	8,079,246	754,217	144,524	781,414	8,510,079	0.455	8,300,000	103%
2008	310,730	11,208,853	787,060	149,868	1,251,222	11,205,289	0.445	11,205,289	100%
2009	328,461	11,602,205	762,112	157,388	1,363,740	11,486,426	0.479	11,228,000	102%
2010	354,442	11,837,049	716,379	156,442	1,378,956	11,685,356	0.465	11,640,000	100%
2011	321,037	11,898,339	726,928	154,515	1,346,774	11,754,045	0.465	11,640,000	101%
2012	335,301	12,028,871	765,752	159,780	1,387,540	11,902,164	0.465	11,852,093	100%
2013	332,786	12,269,515	810,645	161,752	1,515,771	12,058,927	0.465	11,984,766	101%

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 1/1/2007 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, 2013

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

	Year Taxes are Payable									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Direct Rates</u>										
County General	\$ 0.4750	\$ 0.4750	\$ 0.4550	\$ 0.4550	\$ 0.4450	\$ 0.4790	\$ 0.4650	\$ 0.4650	\$ 0.4650	\$ 0.4650
Advanced Life Support (ALS)	0.0400	0.0400	0.0400	0.0400	0.0300	0.0250	0.0200	0.0200	0.0200	0.0200
<u>Municipality Rates</u>										
Aberdeen	0.4300	0.4300	0.4300	0.4500	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300
Cameron	0.4900	0.4900	0.4900	0.5600	0.5600	0.5750	0.5750	0.5750	0.5750	0.5750
Carthage	0.4200	0.4200	0.4200	0.4200	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Foxfire	0.2700	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3500	0.3500
Pinebluff	0.4400	0.4400	0.4200	0.4200	0.4000	0.3800	0.3700	0.3700	0.3700	0.3700
Pinehurst	0.2900	0.3100	0.3100	0.3100	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Robbins	0.6600	0.6600	0.6600	0.6600	0.6600	0.6600	0.6600	0.6600	0.6400	0.6400
Southern Pines	0.3900	0.3900	0.3900	0.4000	0.3400	0.3500	0.3500	0.3500	0.3500	0.3500
Taylortown	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Vass	0.5300	0.5300	0.5300	0.5300	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800
Whispering Pines	0.3400	0.3400	0.3400	0.3400	0.3100	0.3200	0.3200	0.3700	0.3700	0.3700
<u>Fire Districts</u>										
Southern Pines	0.0900	0.0900	0.1000	0.1000	0.0900	0.0900	0.0890	0.0890	0.0890	0.0890
Crestline	0.0900	0.0900	0.0900	0.0900	0.0830	0.0830	0.0830	0.0850	0.0830	0.0830
Pinebluff	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0840	0.0890	0.0860	0.0860
Pinehurst	0.1000	0.1000	0.1000	0.1000	0.8600	0.0860	0.0840	0.0840	0.0840	0.0840
Seven Lakes	0.0425	0.0425	0.0425	0.0425	0.0420	0.0420	0.0380	0.0400	0.0400	0.0400
West End	0.0550	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.0590	0.0590	0.0590
Eastwood	0.0775	0.0775	0.0775	0.0775	0.0700	0.0700	0.0690	0.0700	0.0700	0.0700
Circle V	0.0675	0.0675	0.0675	0.0725	0.0650	0.0650	*	*	*	*
Robbins	0.0600	0.0600	0.0600	0.0750	0.0630	0.0630	0.0630	0.0610	0.0630	0.0630
Carthage	0.0550	0.0550	0.0550	0.0650	0.0650	0.0650	0.0620	0.0670	0.0640	0.0640
Cameron	0.0900	0.0900	0.0900	0.0900	0.0088	0.1050	*	*	*	*
Highfalls	0.0650	0.0650	0.0650	0.0650	0.0490	0.0490	0.0490	0.0660	0.0660	0.0660
Eagle Springs	0.0550	0.0550	0.0750	0.0750	0.0730	0.0730	0.0710	0.0780	0.0750	0.0750
Aberdeen	0.1100	0.1100	0.1100	0.1100	0.0970	0.0970	0.0900	0.0930	0.0920	0.0920
Crains Creek	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1080	0.1110	0.1110	0.1110
PH Munic Service	0.1200	0.1200	0.1200	0.0900	0.0800	0.0600	0.0500	0.0500	0.0500	0.0500
Whispering Pines	0.0500	0.0500	0.0500	0.0500	0.0460	0.0550	0.0550	0.0580	0.0580	0.0580
V Cypress Point	*	*	*	*	*	*	0.0800	0.0790	0.0810	0.0810
Westmoore	0.0600	0.0600	0.0600	0.0700	0.0570	0.0570	0.0570	0.0710	0.0700	0.0700

* 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.

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

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

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Resorts of Pinehurst (Note 1)	Golf Resort	\$ 86,129,730	1	0.71%	\$ 124,711,000	1	1.62%
Progress Energy	Utilities	77,229,222	2	0.64%	63,233,000	2	0.82%
Pinehurst, Inc.	Golf Resort	51,794,930	3	0.43%			
Forest Creek Investors, LLC	Golf Resort/Real Estate	49,552,650	4	0.41%	25,989,000	3	0.34%
Hawthorne Pinehurst, LLC	Apartment Homes	24,344,970	5	0.20%			
Century Link	Utilities	23,676,112	6	0.20%	22,597,000	5	0.29%
Pinehurst Surgical Clinic	Medical	23,614,600	7	0.20%			
The Country Club of North Carolina (Note 3)	Golf Resort/Real Estate	22,028,920	8	0.18%	19,234,000	6	0.25%
Aberdeen Commons, LLC	Retail Sales	19,991,120	9	0.17%			
Park at Clearwater, LLC	Apartment Homes	<u>18,027,160</u>	10	<u>0.15%</u>			
WRI Pinecrest Plaza	Retail Sales				23,023,000	4	0.30%
Pine Needles (Note 2)	Golf Resort/Real Estate				18,181,000	7	0.24%
Seymour Land Trust (Note 4)	Real Estate				17,173,000	8	0.22%
Pinewild (Note 5)	Golf Resort/Real Estate				16,999,000	9	0.22%
The National Golf Club (Note 6)	Golf Resort/Real Estate				<u>16,156,000</u>	10	<u>0.21%</u>
Total		<u>\$ 396,389,414</u>		<u>3.29%</u>	<u>\$347,296,000</u>		<u>4.51%</u>

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

Notes related to Fiscal Year 2004:

- (1) Includes Pinehurst Hotel, Inc., Resorts of Pinehurst, Resorts of Pinehurst Inc., Pinehurst Acquisition Corp., PCC Realty Corp, Pinehurst Enterprises Inc., Pinehurst Inc., Pinehurst Resorts Co.
- (2) Includes Mid-Pines Inn & Golf, Mid-Pines Development Group, Pineneedles Co. Club, Inc., Pine Needles Country Club
- (3) Includes Country Club of NC Inc., Country Club of NC, The
- (4) Includes Seymour Land Development, Seymour Prop Inc., Seymour Properties, Inc., Seymour Trust, Seymour Trust T/A SWF Assoc., Seymour Family, LLC
- (5) Includes Country Club of Pinewild Mgmt., Pinewild Development, Pinewild Maintenance Corp., Pinewild Project Lmted. Partnership
- (6) Includes the PNGC and The National Golf 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
2004	\$ 36,416	\$ 36,019	99%	\$ 431	\$ 36,450	100%
2005	37,215	36,892	99%	351	37,243	100%
2006	37,353	37,025	99%	299	37,324	100%
2007	38,775	38,442	99%	278	38,720	100%
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%

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

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			
2004	\$ 33,625	\$ 2,255	\$ -	\$ -	\$ 15,164	\$ 1,797	\$ -	\$ 5,808	\$ -	\$ 58,649	2.19%	\$ 750
2005	31,510	1,925	-	-	12,881	1,778	-	5,089	-	53,183	1.84%	670
2006	29,400	1,580	-	-	11,110	1,758	-	4,455	-	48,303	1.58%	597
2007	27,300	1,215	-	-	9,221	1,737	-	3,839	-	43,312	1.36%	516
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	3.08%	1,195
2011	84,650	-	25	29,830	244	9,219	-	2,704	8,590	135,262	3.93%	1,534
2012	79,945	-	-	27,980	198	12,513	14,909	1,014	8,305	144,864	*	1,613
2013	70,053	-	381	28,142	150	12,394	21,387	513	8,580	141,600	*	1,541

* 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, 2013.

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>
2004	\$ 33,625	0.44%	\$ 430
2005	31,510	0.38%	397
2006	29,400	0.38%	364
2007	27,300	0.33%	325
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

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, 2013.

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

	Year Taxes are Payable									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 615,420,929	\$ 625,804,704	\$ 655,037,817	\$ 680,806,310	\$ 896,423,127	\$ 918,914,078	\$ 934,828,459	\$ 940,323,608	\$ 952,173,124	\$ 964,714,170
Total net debt applicable to limit	51,043,752	46,315,559	42,089,765	37,736,277	104,329,723	99,140,628	92,875,444	114,749,183	108,122,596	96,054,408
Legal Debt Margin	<u>\$ 564,377,177</u>	<u>\$ 579,489,145</u>	<u>\$ 612,948,052</u>	<u>\$ 643,070,033</u>	<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>
Total net debt applicable to the limit as a percentage of debt	8.29%	7.40%	6.43%	5.54%	11.64%	10.79%	9.94%	12.20%	11.36%	9.96%

Legal Debt Margin Calculation for Fiscal Year 2013

Appraised valuation, June 30, 2013	<u>\$ 12,058,927,123</u>
Debt limit - eight percent (8%) of appraised value	<u>964,714,170</u>
Gross Debt	
Total bonded debt	81,837,878
Limited obligation bonds	34,090,000
Authorized and unissued bonds	16,000,000
Federal/State revolving loan	21,386,859
Notes payable	663,134
Capital lease	380,616
Gross debt	<u>154,358,487</u>
Statutory Deductions	<u>(58,304,079)</u>
Net debt	<u>96,054,408</u>
Legal debt margin	<u>\$ 868,659,762</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, 2013.

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
First Health of the Carolinas, Inc.	1,000 & over	1	*	1,000 & over	1	*
Moore County Schools	1,000 & over	2	*	1,000 & over	2	*
Pinehurst, Inc.	1,000 & over	3	*	1,000 & over	3	*
County of Moore	500 - 999	4	*	500 - 999	4	*
Sandhills Community College	500 - 999	5	*	500 - 999	6	*
St Joseph of the Pines Hospital, Inc.	500 - 999	6	*	250-499	10	*
Wal-Mart Associates, Inc.	250 - 499	7	*	250-499	5	*
Pinehurst Medical Clinic, Inc.	250 - 499	8	*			
Food Lion, LLC	250 - 499	9	*			
Pinehurst Surgical Clinic	250 - 499	10	*			
Gulistan Carpet, Inc.				250-499	7	*
Lee Electrical Construction, Inc.				250-499	8	*
Prime TV				250-499	9	*

* Information not available

Source: Moore County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

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>
2004	78,226	2,677,962	33,447	11,669	5.9%
2005	79,342	2,893,745	35,575	11,598	5.4%
2006	80,867	3,048,519	36,932	12,004	4.8%
2007	83,933	3,183,084	37,800	12,190	4.8%
2008	84,435	3,348,213	38,919	12,294	4.9%
2009	86,754	3,358,986	38,539	12,190	8.6%
2010	87,217	3,384,698	38,216	12,236	10.8%
2011	88,177	3,438,011	38,477	12,378	9.0%
2012	89,802	*	*	12,371	9.2%
2013	91,912	*	*	12,707	8.8%

* 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, 2013.

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

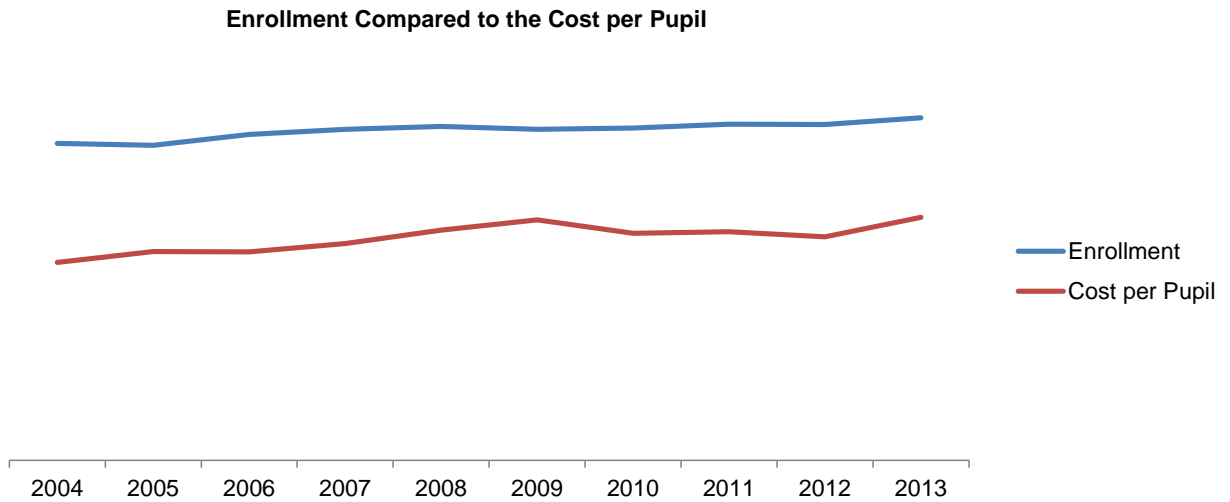
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>School and School Based Support</u>										
Principals	22	22	23	23	22	22	22	24	23	23
Assistant Principals	19	18	17	17	25	27	27	26	23	27
Elementary Teachers	371	375	366	373	376	372	377	389	375	400
Secondary Teachers	114	113	118	116	123	118	114	118	117	117
Teacher Assistants	289	297	286	292	293	296	268	268	230	241
Other Teachers	293	337	330	310	314	314	316	320	294	328
Guidance Counselors	29	34	36	33	33	29	25	28	30	34
Psychological	7	9	9	9	9	9	10	10	11	11
Librarian / Audiovisual	22	22	21	21	21	21	20	23	22	22
Consultants	18	23	19	17	15	15	12	13	13	14
Other	14	10	12	37	37	57	64	65	58	63
Total School and School Based Support	<u>1,198</u>	<u>1,260</u>	<u>1,237</u>	<u>1,248</u>	<u>1,268</u>	<u>1,280</u>	<u>1,255</u>	<u>1,284</u>	<u>1,196</u>	<u>1,280</u>
<u>Central Services</u>										
Administration and Management	7	5	5	6	8	8	7	8	7	9
Technicians	10	13	14	13	12	17	14	14	14	13
Clerical	89	84	80	79	76	79	79	81	76	76
Service Workers	76	132	159	158	172	174	174	188	176	183
Other	59	70	68	70	62	62	61	63	61	63
Total Central Services	<u>241</u>	<u>304</u>	<u>326</u>	<u>326</u>	<u>330</u>	<u>340</u>	<u>335</u>	<u>354</u>	<u>334</u>	<u>344</u>
Total Employees	<u>1,439</u>	<u>1,564</u>	<u>1,563</u>	<u>1,574</u>	<u>1,598</u>	<u>1,620</u>	<u>1,590</u>	<u>1,638</u>	<u>1,530</u>	<u>1,624</u>

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>
2004	11,669	2.77%	\$ 85,085,368	\$ 7,292	3.85%	22	697
2005	11,598	-0.61%	89,191,581	7,690	5.47%	22	740
2006	12,004	3.50%	92,105,314	7,673	-0.23%	22	725
2007	12,190	1.55%	97,330,600	7,984	4.06%	22	770
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

Source: North Carolina Public Schools Statistical Profile



MOORE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS
For the Year Ended June 30, 2013

<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 (4)</u>
<u>Elementary Schools</u>							
Aberdeen Primary	7.790	51,665	1949	15	2	418	327
Aberdeen Elementary	17.240	76,217	1949	18	0	438	313
Cameron Elementary	26.400	60,268	1951	14	1	307	242
Carthage Elementary	16.810	72,397	1950	21	0	396	393
Highfalls (K-8)	22.000	57,642	1949	20	3	474	321
Pinehurst Elementary	11.050	69,966	1940	20	10	694	513
Robbins Elementary	27.910	65,864	1977	31	2	768	454
Sandhills Farm Life Elementary	14.000	68,072	1953	25	3	683	580
Southern Pines Elementary	10.500	88,054	1936	24	0	585	419
Southern Pines Primary	16.700	57,226	1950	20	2	520	448
Vass-Lakeview Elementary	30.420	95,548	1958	24	3	650	614
Westmoore (K-8)	30.500	64,750	1952	21	0	551	388
West End Elementary	38.590	52,145	1952	21	2	548	398
West Pine Elementary	25.420	71,269	2011	27	0	605	570
<u>Middle Schools</u>							
Crain's Creek Middle	49.000	89,456	2011	21	0	532	400
Elise Middle	27.600	52,640	1951	14	1	324	225
New Century Middle	40.000	98,000	1997	31	0	792	549
Southern Middle	67.140	98,000	1999	31	0	792	746
West Pine Middle	35.000	98,000	1997	31	7	870	853
<u>High Schools</u>							
North Moore High	51.000	108,494	1965	30	8	929	599
Pinecrest High	121.000	238,439	1969	65	17	2,082	2,031
Union Pines High	110.380	137,489	1963	40	17	1,466	1,185
<u>Alternative School</u>							
Community Learning Center @ Pinckney	25.5	47,304	1947	8	6	100	41

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) Enrollment is as of March 2013.



MOORE COUNTY SCHOOLS
Growing to Greatness

Compliance Section



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

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

To the Moore County Board of Education
Moore County, 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 Moore County Board of Education (“Board”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated November 8, 2013.

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

November 8, 2013
Pinehurst, North Carolina



Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

To the Moore County Board of Education
Moore County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Moore County Board of Education ("Board") compliance with the types of compliance requirements described in the OMB *Circular A-133 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, 2013. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

*November 8, 2013
Pinehurst, North Carolina*



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

To the Moore County Board of Education
Moore County, North Carolina

Report on Compliance for Each Major State Program

We have audited Moore County Board of Education (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, 2013. 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 and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2013.

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 applicable sections of OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

*November 8, 2013
Pinehurst, North Carolina*

**MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None*

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None*

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 *No*

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.367	Improving Teacher Quality State Grants
84.358	Rural Education Initiative
84.287	Twenty-First Century Community Learning Centers
84.395	ARRA – Race to the Top

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 390,980*

Auditee qualified as low-risk auditee? *Yes*

**MOORE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2013**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *None*

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

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

Identification of major state programs:

Program Name

N. C. Department of Public Instruction:
State Public School Fund
Textbooks

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

No findings and questioned costs related to federal awards aggregating \$10,000 or more were noted.

Section IV - State Award Findings and Questioned Costs

No findings and questioned costs related to the audit of State awards aggregating \$10,000 or more were noted.

MOORE COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2013

There were no findings or questioned costs related to our audit of Federal and State awards for the fiscal year ended June 30, 2012.

**MOORE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2013**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture			
National School Lunch Program	10.555		\$ 285,802
Cash Assistance			
Passed-through the N.C. Department of Public Instruction			
School Breakfast Program	10.553		749,310
National School Lunch Program	10.555		2,352,769
Total Cash Assistance			<u>3,102,079</u>
<u>Total U. S. Department of Agriculture</u>			3,387,881
<u>U.S. Department of Education</u>			
Cash Assistance			
Direct Program:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		167,130
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	2,408,060
Title 1 - School Improvement Cluster 1003(a)			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	172,696
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	2,754,559
Special Needs Target Assistance	84.027	PRC 118	3,046
Special Education - Preschool Grants (IDEA Preschool) -			
Risk Pool Program	84.173	PRC 114	83,473
Preschool Handicapped	84.173	PRC 049	144,637
Targeted Assistance	84.173	PRC 119	3,517
<u>Total Special Education Cluster</u>			<u>2,989,232</u>
Career and Technical Education - Basic Grants to States			
- Program Development	84.048	PRC 017	160,682
Education for Homeless Children and Youth			
Rural Education Initiative	84.196	PRC 026	45,884
Language Acquisition Grant	84.358	PRC 109	255,165
Improving Teacher Quality State Grants	84.365	PRC 104	54,821
Special Education - State Personnel Development	84.367	PRC 103	499,778
Twenty-First Century Community Learning Centers	84.323	PRC 082	10,000
ARRA - Race to the Top	84.287	PRC 110	153,996
	84.395	PRC 156, 157	2,392,433
<u>Total U. S. Department of Education</u>			<u>9,309,877</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Promoting K-12 Student Achievement			
at Military Connected Schools	12.556		61,497
Army Youth Programs in Your Neighborhood	NONE		146,646
ROTC	NONE		126,765
<u>Total U. S. Department of Defense</u>			<u>334,908</u>
Total Federal Assistance			<u>13,032,666</u>

**MOORE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 60,762,564
Driver Training - SPSF		PRC 012	247,433
School Technology Fund - SPSF		PRC 015	296,124
Vocational Education			
- State Months of Employment		PRC 013	3,412,093
- Program Support Funds		PRC 014	<u>224,060</u>
Total N.C. Department of Public Instruction			<u>64,942,274</u>
<u>N.C. Department of Agriculture</u>			
State Kindergarten Breakfast Funds			5,295
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			257,740
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation			460,038
Textbooks			<u>622,783</u>
Total State Assistance			<u>66,288,130</u>
Total Federal and State Assistance			<u>\$ 79,320,796</u>

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

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Moore County Board of Education and is from amounts presented in, or used in the preparation of the basic financial statements. Therefore some amounts presented in this schedule may differ presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State

Non-cash Assistance

Included in the amounts reported on the Schedule of Expenditures of Federal and State Awards, Moore County Board of Education received non-cash assistance in the form of food commodities, school buses, and textbooks. Non-cash items with a fair value of \$1,368,623 were received during the year ended June 30, 2013. These non-cash items received were included in the determination of federal and State awards expended for the year ended June 30, 2013.

Subrecipients

Of the federal and State expenditures presented in the schedule, Moore County Board of Education provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
ARRA - Race to the Top	84.395	Various	\$ 1,088,393