

Moore County Board of Education
(Carthage, North Carolina)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**For the Fiscal Year Ended
JUNE 30, 2020**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Moore County Board of Education
Carthage, North Carolina

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

PREPARED BY

Andrew Cox, Executive Officer for Budget and Finance

Jennie Patnode, Assistant Finance Officer

Moore County Schools Finance Office

MOORE COUNTY BOARD OF EDUCATION

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Introductory Section



Moore County Board of Education

LETTER OF TRANSMITTAL

as of January 19, 2021

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

As Superintendent and Executive Officer for Budget and Finance for Moore County Schools, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Moore County Board of Education for the fiscal year ended June 30, 2020. The report also provides supplementary information that may help you 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, 2020, is herewith submitted. Responsibility for the accuracy, completeness and clarity of the report rests with the Superintendent and the Executive Officer for Budget and Finance.

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

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

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

The Board is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Information

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

REPORTING ENTITY

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

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

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

Moore County Schools offers our 12,882 students a comprehensive K-12 curriculum that includes workforce development, programs for special needs and gifted students and arts education. All three high schools offer a variety of Advanced Placement courses, as well as other academically challenging opportunities for all students.

FINANCIAL AND BUDGETARY CONTROL

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

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

Readers are directed to the management discussion and analysis within the financial section of this CAFR for a detailed explanation of the financial statements for the year ended June 30, 2020. In developing and evaluating the Board's accounting system, consideration is given to the adequacy of the internal control structure. The objectives of an internal control structure are to

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

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

COMPARISON OF BUDGET TO ACTUAL

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

MAJOR INITIATIVES

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

- Closing achievement gaps and opportunity gaps;
- Continuing and expanding literacy initiatives;
- Developing students' future-ready skills;
- Continuing digital learning initiatives;
- Enhancing school safety and school health services;
- Implementing our Master Facilities Plan;
- Enhancing school improvement plan format and process,
- Upgrading existing facilities; and
- Opening three new elementary schools.

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

ECONOMIC CONDITION AND OUTLOOK

Moore County was established in 1784 and is located in the Sandhills region of North Carolina. It has a land area of 706 square miles and an estimated population of 102,955. County residents enjoy a varied lifestyle with many activities available, a diverse host of attractions for entertaining guests, and a pleasant climate. Moore County's location, being 65 miles to Raleigh, 326 miles to Washington, D.C., 565 miles to New York City and 355 miles to Atlanta, helps to make it an ideal retirement and business community.

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

The Board of County Commissioners maintained a property tax rate by 51 cents per \$100 of assessed value in 2020. They have maintained the County appropriation, reflecting continued support for our school system. As a result of a \$103 million bond referendum passed in May 2018, bonds have been issued for our construction projects and all three new elementary schools. Two will open during the 2020-21 school year with the remaining school set to open during the 2021-22 school year. In addition, the Board of Commissioners and Board of Education continue to work together in hopes of establishing a funding formula for future budgets.

The Board of Education undertook a student reassignment plan as a result of the new schools being built. The plan was approved in the fall of 2019 and the first phase of the new student assignment plan was implement in the 2019-20 school year. The second phase of the student reassignment plan will be implemented in the 2020-21 school year as the new schools open their doors to students.

The Board of Education (BOE) encountered COVID-19, as all other school districts did in the 2019-20 school year. All students shifted to remote learning in only a matter of a few days. While the BOE anticipates slightly increased enrollment over the next five years, the impact of COVID-19 remains to be seen.

We have completed a facility and capacity study for all our school campuses. As part of this plan, a school to address capacity concerns at Sandhills Farm Life Elementary and Vass-Lakeview Elementary (McDeeds Creek - Opened August 2019). This study established a foundation for updating our Master Facilities Plan, providing valuable information on population changes and demographic trends, as well as information on the current state of existing facilities.

The Board of Education has identified facility projects as follows:

- Closing four elementary campuses (Aberdeen Primary and Aberdeen Elementary; Southern Pines Primary and Southern Pines Elementary); these campuses are over 50 years old, and will be replaced with two new campuses, combining the two Aberdeen schools and the two Southern Pines schools (all four schools will be closed during the 2020-21 school year);
- Increasing capacity and address age of facilities at Pinehurst Elementary by building a replacement school (currently under construction);
- Building an addition at North Moore High School to include an auxiliary gym, wrestling room, science labs, and other learning areas (this construction was nearing completion by the end of FY20);
- Increasing building security at multiple locations to include secured access , keyless FOB re-entry for staff, video surveillance, and fencing; and
- Other improvements to campuses as identified.

The local economy continues to thrive with an unemployment rate of 7.3% as of June 30, 2020. This increase in unemployment is directly attributable to the COVID-19 pandemic. However, the County's economy is well diversified with significant agriculture, tourism, retirement, and manufacturing sectors, plus strong healthcare and retail sectors.

Agriculture

The agricultural community in Moore County is served by several groups including: Cooperative Extension, Farm Service Agency, Natural Resource Conservation Service and the Soil and Water Conservation District. The Farm Bureau and Piedmont Farm Credit also serve the agricultural community. The agencies mentioned continue to develop programs that will reduce our reliance on the tobacco market, which remains one of our top three crops. Efforts are being made in the areas of cooperative marketing and agritourism. Agritourism may also provide opportunities for generating additional income on farm land from the tourist market already present in Moore County. The latest income data available from the United States Department of Agriculture shows cash receipts of \$147,654,000 from agriculture in 2019. This represents a decrease of nearly \$30,000,000 compared to 2018 receipts.

Tourism

Tourism is the 2nd largest private industry sector in Moore County, only behind healthcare. The suppliers of tourism assets and services in Moore County are well known and quite diverse, ranging from four-star self-contained golf resorts to independent restaurants and family owned motels. Supporting the destinations appeal are more than 40 golf courses, which are consistently ranked in the top echelon of golf courses within the State and country. The Convention and Visitors Bureau (CVB) serves as the destination marketing & management organization for the County, responsible for promoting the area for meetings and conventions, motor coach tours, and leisure travelers. Visitors to Moore County spent over \$563 million dollars in 2019, and increase of 8.1% from 2018.

The strong tourist economy, along with a community-wide effort including the CVB, helped the Pinehurst Resort and the County obtain the rights to host the 1994 U.S. Senior Open; the 2009 U.S. Amateur Open; the 1996, 2001 and 2007 U.S. Women's Open at Pine Needles; and the 1999 and 2005 U.S. Men's Open Championships. Pinehurst Resort successfully hosted the 2014 U.S. Men's Open Championship and the 2014 U.S. Women's Open in back-to-back weeks. In 2019, Pinehurst hosted the U.S. Amateur Championship. These championships have increased Moore County's exposure tremendously, and have improved upon an already strong tourism economy. The tourism industry continues to seek new ways to further diversify its business by adding family-friendly amenities and new initiatives and products such as agritourism and amateur sports tourism to the mix.

Retirement

The County's retirement sector is very important to the local economy, as 26% of the County's population is over 65. The County has an above average number of older residents and a higher per capita income than the State average. Many seniors enjoy retirement communities and assisted living facilities as part of their lifestyle.

Manufacturing

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

INDEPENDENT AUDIT

Dixon Hughes Goodman LLP has audited the financial records and transactions of the Moore County Board of Education for the year ended June 30, 2020. They are a firm of independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. The auditor's report is included in the financial section of this report.

AWARDS

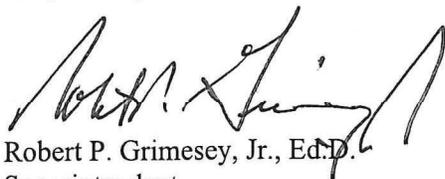
The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the year ended June 30, 2019. In order to earn the awards, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Each certificate is valid for a period of one year.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Robert P. Grimesey, Jr., Ed.D.
Superintendent



Andrew Cox, CSBD
Executive Officer for Budget and Finance

MOORE COUNTY BOARD OF EDUCATION

2020 BOARD MEMBERS AND PRINCIPAL OFFICERS

Board Members

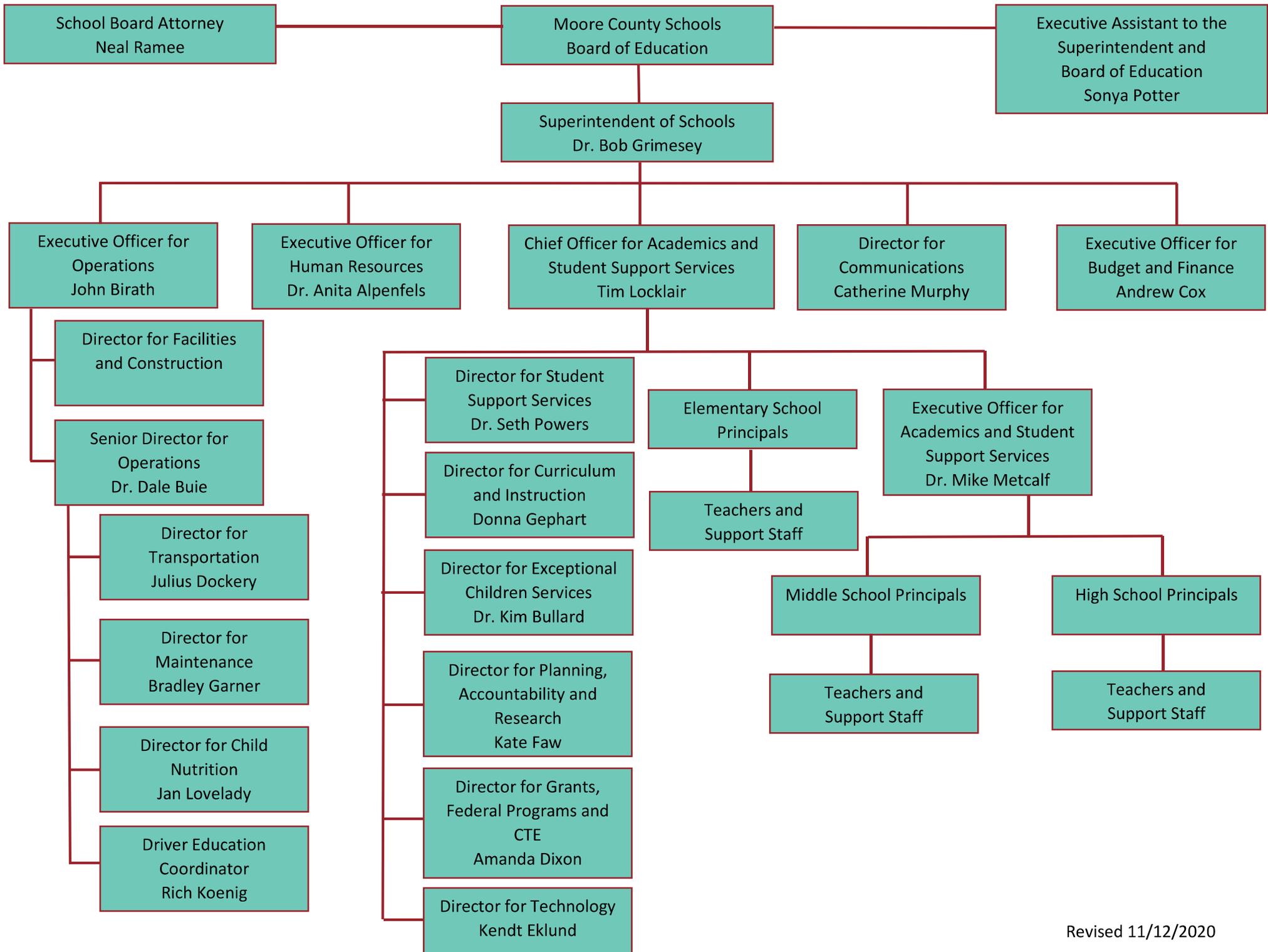
Elizabeth Carter, Chair

Pam Thompson, Vice-Chair

Stacey Caldwell, Ed Dennison, Betty Wells Brown, Ph.D, Helena
Wallin-Miller, John Weaver, Pam Thompson

Principal Officers

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



Randolph County

Chatham County

Montgomery County

Lee County

Harnett County

Cumberland County

Richmond County

Hoke County

Scotland County

Area 1

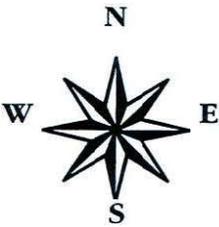
- Union Pines High School (9-12) 19
- New Century Middle School (6-8) 9
- Carthage Elementary School (K-5) 4
- Sandhills Farm Life Elementary School (K-5) 15
- Crain's Creek Middle School (6-8) 6
- Cameron Elementary School (K-5) 3
- Vass-Lakeview Elementary School (K-5) 20
- Pinckney Academy (Alternative)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

Area 2

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

Area 3

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



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

Map Legend

- ★ Schools
- ↖ Highways
- ⋯ Streets
- ⋈ School Districts



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Moore County Board of Education

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

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



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Moore County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section

Independent Auditors' Report

Board of Education
Moore County Schools
Carthage, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Restricted Revenues, and Federal Grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedules of Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Board Contributions on pages 46 through 51, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
January 19, 2021**

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

This section of the Board of Education of Moore County Schools' (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2020. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

The State Public School Fund allotted ADM (Average Daily Membership) increased by 114 students or approximately 1% in 2019-2020 from 2018-2019. Over the last 10 years, ADM has grown by over 600 students or approximately 5%. In 2019-20, the County Current Expense appropriation increased by \$1.5M over 2018-19. This represents an approximate 5% increase over 2018-19. County Capital Expense and Technology remained the same at \$750,000 each, respectively. Charter School enrollments for Moore County students increased resulting in Moore County Schools providing \$2.25M to charter schools, reducing the amount of county current expense funds available to Moore County Schools. Employer matching benefits rates for retirement and hospitalization continue to increase. For 2019-20 they increased to 19.86% from 18.86 in 18-19 and \$6,104/employee to \$6,306/employee, respectively.

The Board's total government-wide net position at June 30, 2020 increased by \$65.1 million over the prior year. Governmental activities net position increased by \$64.8 million while business-type activities net position increased by \$258 thousand over the prior year. The Board also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for the fiscal year ended June 30, 2019.

Our instructional focus for the upcoming school year is driven by the goal of moving learning forward for all K-12 students during the COVID-19 pandemic. The Moore County Schools Academic and Student Support Services' team is focused on providing the curricular, instructional and social emotional support that our principals, teachers and students needed to ensure learning is moving forward. Moore County Schools has strong foundational frameworks in MTSS, Social Emotional Learning, K-5 Literacy, K-5 Math and 6-12 Instruction. These frameworks will be supported and implemented within the current context of the COVID-19 pandemic. In addition, we continue to work to sustain, refine and expand Moore County Schools' Digital Learning Initiative which now is expanding into the K-5 grades with no additional funding or staffing support as a result of the need brought on by the COVID-19 pandemic. This initiative includes ensuring expansion and refinement of digital applications with continued focus on allowing opportunities for students to use their devices to collaborate, create and publish, while remaining grounded in the foundation of our curriculum standards. Moore County Schools will continue to grow advocacy efforts to increase funding as needed to ensure sustainability of the technological needs of teachers and students, as well as staffing to support blended digital learning. This effort includes researching and identifying base content for core curriculum that supports the implementation of blended digital learning and highly effective instruction.

Moore County Schools' Digital Learning Initiative involves four phases. Phase I was completed in 2012-13, and provided laptops to all teachers, and an iPad initiative at Carthage Elementary and a laptop initiative at the Community Learning Center at Pinckney. Phase II, completed in 2013-14, provided Chromebooks to all students in Area 1 and Area 2 middle and high schools. Phase III, enacted over the 2015-2016 school term provided Chromebooks to all students in Area 3 middle schools and its high school. Phase IV, scheduled for the 2019-20 school year, would have expanded the Digital Learning Initiative to elementary schools. Due to the COVID-19 pandemic, the district has leveraged state relief funds in order to provide devices for all students in grades K-12. As of the start of the 2020-2021 school year, all K-1 students have an assigned iPad, and 2-12 students have an assigned Chromebook. K-5 students have had to use a combination of new and near-end-of-life devices in order to have a student-assigned device. For grades 6-12, student devices in half the district have been refreshed, but moving to a 4-year lease and refresh cycle. These student devices will have warranty and accidental damage/theft coverage for the entire 4 year lease/purchase period.

The move to 4-year refresh cycles on student devices provided the funding to address teacher device refreshes of End-of-Life equipment. 475 laptops were ordered using county and state funding. Nationwide shortages have delayed delivery of the equipment to the district at this time, but will be complete by December 2020.

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

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

Overview of the Financial Statements

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

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental information section presents schedules for Teachers' and State Employees' Retirement System, Retiree Health Benefit Fund, Disability Income Plan of North Carolina and budgetary statements for the governmental and proprietary funds.

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

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

Government-wide Statements

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

The two government-wide statements report the Board's net position (deficit) and how they have changed. Net position (deficit) is the difference between the Board's total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. This is one way to measure the unit's financial health or position.

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

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

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

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

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

Fund Financial Statements

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

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

The Board has three types of funds:

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

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

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

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

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

The fiduciary fund statement is shown as Exhibit 10.

Financial Analysis of the Board as a Whole

The net position or deficit is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8 million as of June 30, 2020. The largest component of net deficit is the Board's net investment in capital assets of \$198.1 million. Restricted and unrestricted net position (deficit) amounted to \$3.2 million and (\$209.2) million, respectively. The Board's overall financial position has improved in the current year, as the net deficit decreased by \$65.1 million, primarily due to capital contributions provided by Moore County. The primary reason for the total net deficit and unrestricted net deficit in the current year is the presentation of the board's proportionate share of the net pension liability and net OPEB liability in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for*

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

Pensions, and Governmental Accounting Standards Board Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net pension liability, net OPEB liability, and related components has a \$209.5 million negative effect to the Board's overall net deficit.

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

**Table 1
Condensed Statement of Net Position (Deficit)
as of June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 12,039,740	\$ 11,969,064	\$ 2,394,403	\$ 2,487,846	\$ 14,434,143	\$ 14,456,910
Capital assets	198,355,871	132,503,277	439,579	9,075	198,795,450	132,512,352
Total assets	210,395,611	144,472,341	2,833,982	2,496,921	213,229,593	146,969,262
Deferred outflows of resources	37,052,930	39,068,418	827,679	868,576	37,880,609	39,936,994
Current liabilities	6,634,808	6,943,711	182,444	148,954	6,817,252	7,092,665
Long-term liabilities	190,618,235	177,060,461	4,235,006	3,943,204	194,853,241	181,003,665
Total liabilities	197,253,043	184,004,172	4,417,450	4,092,158	201,670,493	188,096,330
Deferred inflows of resources	56,153,307	70,309,376	1,269,024	1,556,268	57,422,331	71,865,644
Net investment in capital assets	197,636,773	131,152,831	439,579	9,075	198,076,352	131,161,906
Restricted net position	3,181,068	3,305,894	4,194	3,048	3,185,262	3,308,942
Unrestricted net deficit	(206,775,650)	(205,231,514)	(2,468,586)	(2,295,052)	(209,244,236)	(207,526,566)
Total net deficit	\$ (5,957,809)	\$ (70,772,789)	\$ (2,024,813)	\$ (2,282,929)	\$ (7,982,622)	\$ (73,055,718)

The net deficit of the Board's governmental activities decreased from \$70.8 million at June 30, 2019 to \$5.9 million at June 30, 2020, a decrease of \$64.8 million. The Board's net investment in capital assets increased by \$66.5 million during the year due to the construction of four elementary schools and renovation of one high school which were funded primarily by Moore County. Restricted and unrestricted combined net deficit decreased by a total of \$1.7 million primarily as a result of the changes in the proportionate share of the Teachers' and State Employees' Retirement System plan net pension liability as well as changes to the proportionate share of the Retiree Health Benefit Fund net OPEB liability and deferred outflows and inflows of resources. Restrictions to net position (deficit) are related to stabilization by state statute, reserves for school capital outlay, reserves for individual schools, and reserves for the Disability Income Plan of North Carolina. The Board does not believe there are any other restrictions, commitments, or other limitations that will significantly affect fund resources for future use.

The net deficit of the Board's business-type activities decreased \$258 thousand from \$2.3 million at June 30, 2019 to \$2 million at June 30, 2020. This decrease in net deficit is attributable to increases in contributed capital of \$364 thousand related to cafeteria equipment for the new elementary schools.

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

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2020 & 2019**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,995,595	\$ 5,509,758	\$ 2,149,129	\$ 1,993,415	\$ 6,144,724	\$ 7,503,173
Operating grants and contributions	87,665,899	84,547,421	2,303,653	3,395,980	89,969,552	87,943,401
Capital grants and contributions	631,348	686,818	-	-	631,348	686,818
General revenues:						
Unrestricted state and federal appropriations	1,758,355	1,884,351	-	-	1,758,355	1,884,351
Unrestricted county appropriations	31,839,133	30,250,000	-	-	31,839,133	30,250,000
Unrestricted county appropriation - contributed capital	72,456,282	32,641,008	364,297	-	72,820,579	32,641,008
Other revenues	643,093	715,431	30,376	30,702	673,469	746,133
Total revenues	198,989,705	156,234,787	4,847,455	5,420,097	203,837,160	161,654,884
Expenses:						
Governmental activities:						
Instructional services	100,905,904	95,725,444	-	-	100,905,904	95,725,444
System-wide support services	26,240,015	21,425,426	-	-	26,240,015	21,425,426
Ancillary services	298,697	88,220	-	-	298,697	88,220
Non-programmed charges	2,245,702	1,863,656	-	-	2,245,702	1,863,656
Unallocated depreciation expense	4,488,939	4,216,186	-	-	4,488,939	4,216,186
Business-type activities:						
School food service	-	-	4,246,504	4,477,277	4,246,504	4,477,277
Child care	-	-	338,303	420,718	338,303	420,718
Total expenses	134,179,257	123,318,932	4,584,807	4,897,995	138,764,064	128,216,927
Transfers in (out)	4,532	231,489	(4,532)	(231,489)	-	-
Increase (decrease) in net position	64,814,980	33,147,344	258,116	290,613	65,073,096	33,437,957
Net deficit, beginning	(70,772,789)	(103,920,133)	(2,282,929)	(2,573,542)	(73,055,718)	(106,493,675)
Net deficit, ending	<u>\$ (5,957,809)</u>	<u>\$ (70,772,789)</u>	<u>\$ (2,024,813)</u>	<u>\$ (2,282,929)</u>	<u>\$ (7,982,622)</u>	<u>\$ (73,055,718)</u>

During the year ended June 30, 2020, governmental activities generated revenues of \$199 million and incurred expenses totaling \$134.2 million. Transfers in from business-type activities during the year were approximately \$5 thousand, net. Overall, governmental activities recognized a decrease in net deficit totaling \$64.8 million. Revenues were up \$42.7 million from the prior year, while expenses increased \$10.8 million. The increase in revenues is primarily attributable to capital outlay contributed to Moore County which increased \$39.8 compared to the prior year. Primary sources of revenue included funding from the state of North Carolina, the County of Moore, and the United States government, which respectively comprised 41.1%, 52.4%, and 3.4% of the Board's revenues. As would be expected, the major component of the Board's expenditures was for instructional services, which accounted for 75.2% of total expenditures during the most recent fiscal year. Of the remaining, 19.6% was attributable to system-wide support services. To assist the Board in mitigating the increased cost of education during

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

the COVID-19 pandemic, the Board received and expended \$260 thousand in funding from the federal government through the Coronavirus Relief Fund and \$499 thousand from the State of North Carolina through State COVID-19 Supplemental Funds.

Business-type activities generated revenue of \$4.8 million, had expenses of \$4.6 million and transfers to governmental activities of \$5 thousand, resulting in a decrease in net deficit of \$258 thousand. This represents a decrease of \$32 thousand over the prior year decrease in net deficit of \$291 thousand. Federal reimbursements decreased by \$1.1 million while food sales increased \$288 thousand. The decrease in total revenues was attributed to school closures due to COVID-19. Operating expenses decreased by \$231 thousand driven by a decrease in food costs of \$282 thousand.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$8.8 million at June 30, 2020, a \$323 thousand increase when compared to the prior year. Overall, total revenues increased by \$42.7 million, or 27.3%, when compared to the prior year while total expenditures increased by \$39 million, or 24.5%, when compared to the prior year. The increase in revenues is attributable to an increase in contributed capital from Moore County \$39.8 million related to the contribution of new schools and an increase in revenues from the State of North Carolina of \$2.5 million. The increase in expenditures is attributable to the aforementioned increase in contributed capital.

For the fiscal year ended June 30, 2020, the Board's General Fund and Restricted Revenues Fund experienced a net change in fund balance of \$1 million and \$(64 thousand), respectively, compared to changes in fund balances of \$(839) thousand and \$(419) thousand for the prior year ended, respectively. Specifically related to the General Fund, County revenues during this same period increased by \$1.6 million to \$31.1 million, which contributed to the increase in general fund balance. The Restricted Revenues Fund recognized increases in total revenues of \$311 thousand from the year ended June 30, 2020 compared to the year ended June 30, 2016. During the same period, the Board experienced a decrease in expenditures of \$55 thousand.

The Board's State Public School Fund and Federal Grants Fund recognized changes in revenues of \$3.1 million or 4.1% and \$(1.3) million or (17.9%), respectively. The increases in the State Public School Fund are attributable to slight increases in the student population as well as increasing costs of education. The decreases in the Federal Grants Fund are related to decreases in the Title I and Special Education program.

The Board's Individual Schools Fund and Capital Outlay Fund had a net change in fund balance of \$(541) thousand and \$(116) thousand, respectively. In comparison to the prior year, the Individual Schools Fund and Capital Outlay Fund had a net change of \$(1.2) million and \$174 thousand, respectively. In March 2020, the Board closed all schools in response to the COVID-19 pandemic, which accounts for the decrease in revenues of \$391 thousand and expenditures of \$946 thousand in the Individual Schools Fund. Revenues in the Capital Outlay Fund increased by \$39.5 million, or 113.1%. This increase is related to increases in contributed capital contributed by Moore County. County capital project revenues are dependent on the Board's ongoing construction activity, financing arrangements with the County, and the general availability of funds from the County. Capital Outlay Fund expenditures also increased by \$38 million in the current year.

Proprietary funds: The Board's business-type funds reported a combined net deficit of \$2 million at June 30, 2020, a \$258 thousand decrease to the deficit when compared to the prior year. The School Food Service Fund generated net income after transfers of \$258 thousand during the year ended June 30, 2020 compared to a net income after transfers of \$290 thousand during the prior year. In comparison to the prior year, federal reimbursement decreased by \$1.1 million and operating expenses decreased by \$230 thousand. The Child Care Fund generated \$565 thousand of income before transfers which was a decrease of \$132 thousand over the prior year income of \$697 thousand. These decreases were primarily due to the closure of schools in March due to COVID-19.

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

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. Total budgeted revenues and total budgeted expenditures remained consistent with minor shifts between Instructional Services expenditures, System-Wide Support Services expenditures, and Nonprogrammed charges. The primary reason for these changes were to redistribute the use of County appropriations for current year activities of the Board. The Board’s significant variations between the final amended budget and actual expenditures were variations of \$997 thousand for Instructional Services. These variances are primarily attributable to the reallocations of expenditures to other governmental funds based on funding.

Capital Assets

During the fiscal year ended June 30, 2020, capital assets, net of accumulated depreciation, increased by \$65.9 million or 49.7% for governmental activities and increased by \$431 thousand for business-type activities, compared to the prior year. During the year, the Board added \$68.3 million to construction in progress primarily related to school construction projects and transferred \$28.3 million to other capital asset accounts for projects completed during the year. Total depreciation charges for the year ended June 30, 2020 were \$4.9 million for governmental activities and \$14 thousand for business-type activities.

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

**Table 3
Summary of Capital Assets
as of June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,860,382	\$ 2,747,104	\$ -	\$ -	\$ 4,860,382	\$ 2,747,104
Construction in progress	81,555,766	41,559,227	-	-	81,555,766	41,559,227
Buildings and improvements	107,669,641	83,243,356	-	-	107,669,641	83,243,356
Equipment and furniture	2,333,132	2,609,262	439,579	9,075	2,772,711	2,618,337
Vehicles	1,932,551	2,332,894	-	-	1,932,551	2,332,894
Computers	4,399	11,434	-	-	4,399	11,434
Total	\$ 198,355,871	\$ 132,503,277	\$ 439,579	\$ 9,075	\$ 198,795,450	\$ 132,512,352

Debt Outstanding

During the year, the Board’s outstanding debt decreased by \$631 thousand due to made payments on installment purchase obligations for school buses in the current year. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. For more detailed information, please see Long-Term Obligations in Note 2 in the accompanying notes to the financial statements.

Economic Factors

With the impact of COVID19 starting in March 2020, no one can truly project enrollment. Prior to COVID19 the Board anticipated a modest increase in enrollment over the next few years. The district opened one new elementary school this year and plans to open three more over the next year. In addition, the administrative staff continues to update the Master Facilities plan for schools throughout the district. This plan provides valuable information on population changes and demographic trends, as well as information on the current state of existing facilities. We are working with our County Commissioners to meet the needs of our facilities plans.

County funding in 19-20 consisted of just over 26% of our annual resources, an increase of approximately 1%. The state of the local economy directly impacts our schools and was doing extremely well prior to COVID19. Moore County increased the property tax rate by 4.5 cents per \$100 of assessed value and also completed a property revaluation, thereby creating additional revenue for the County in FY20. Voters also approved a 1/4 cent increase

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

in the local sales tax to generate additional revenues to support education and construction of the new schools, which went into effect on April 1, 2019.

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

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

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

Moore County's standard of living continues to be one of the highest in North Carolina on average. However, there remain large variances countywide. The most recent per capita income estimate was \$33,432 in 2018 dollars. As of June 30, 2020 our unemployment rate was 7.3% an increase of over 3% from the prior year, which is directly attributable to the COVID19 pandemic.

The economic outlook for Moore County is good despite the COVID19 pandemic. As part of a region, which is poised for growth with the proximity to Fort Bragg, world-class golf at Pinehurst, and continued business spin-off from Research Triangle Park, the future budget outlook for Moore County is positive.

Impact of Coronavirus on School. During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The Board's response to the coronavirus included providing all online instruction from March 2020 until the end of the school year in June 2020. In partnership with the Boys and Girls Clubs of the Sandhills, we provided free meals to all children, at no charge throughout this time. Meals were also delivered out into the community with several community stops to provide those children with nutritious meals. Moore County partnered with Moore County Schools to deliver meals to students during the summer months.

The safety and health of our students and staff is paramount. Before the end of the fiscal year, plans were under way on how to open schools for the FY21 school year. The district spent hundreds of thousands of dollars on personal protective equipment (PPE), sanitation supplies and other items that would ensure teachers and students could return to school in August in a safe manner. However, as a precaution, Moore County Schools developed the Connect Virtual Academy to provide students and parents who were uncomfortable with returning to school a way to receive their sound basic education. As we head into the 2020-21 school year, the Board is evaluating the long-term effects of COVID19 and how this will impact our financial health in future years.

Requests for Information

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

Andrew Cox, Executive Office for Budget and Finance
Board of Education of Moore County Schools
P.O. Box 1180, Carthage NC 28327

Board of Education of Moore County Schools
Statement of Net Position (Deficit)
June 30, 2020

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 9,181,539	\$ 1,915,455	\$ 11,096,994
Due from other governments	2,462,770	-	2,462,770
Receivables	34,114	212,415	246,529
Net OPEB asset	186,792	4,194	190,986
Inventories	174,525	262,339	436,864
Capital assets:			
Land, improvements, and construction in progress	86,416,148	-	86,416,148
Other capital assets, net of depreciation	111,939,723	439,579	112,379,302
Total capital assets	<u>198,355,871</u>	<u>439,579</u>	<u>198,795,450</u>
 Total assets	 <u>210,395,611</u>	 <u>2,833,982</u>	 <u>213,229,593</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>37,052,930</u>	 <u>827,679</u>	 <u>37,880,609</u>
LIABILITIES			
Accounts payable and accrued expenses	631,724	6,400	638,124
Accrued salaries and wages payable	1,906,667	-	1,906,667
Due to other governments	497,997	-	497,997
Unearned revenue	-	107,732	107,732
Long-term liabilities:			
Due within one year	3,598,420	68,312	3,666,732
Due in more than one year	190,618,235	4,235,006	194,853,241
 Total liabilities	 <u>197,253,043</u>	 <u>4,417,450</u>	 <u>201,670,493</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>56,153,307</u>	 <u>1,269,024</u>	 <u>57,422,331</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	197,636,773	439,579	198,076,352
Restricted for:			
Stabilization by State Statute	1,006,610	-	1,006,610
School Capital Outlay	1,488	-	1,488
Individual Schools	1,986,178	-	1,986,178
DIPNC OPEB plan	186,792	4,194	190,986
Unrestricted	<u>(206,775,650)</u>	<u>(2,468,586)</u>	<u>(209,244,236)</u>
 Total net deficit	 <u>\$ (5,957,809)</u>	 <u>\$ (2,024,813)</u>	 <u>\$ (7,982,622)</u>

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

**Board of Education of Moore County Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2020**

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	\$ 54,953,464	\$ -	\$ 45,193,539	\$ -	\$ (9,759,925)	\$ -	\$ (9,759,925)
Special populations	17,462,398	-	15,282,595	-	(2,179,803)	-	(2,179,803)
Alternative programs	6,105,793	-	5,105,929	-	(999,864)	-	(999,864)
Student leadership	7,879,441	-	4,573,735	-	(3,305,706)	-	(3,305,706)
Co-curricular services	4,997,733	-	-	-	(4,997,733)	-	(4,997,733)
School-based support	9,507,075	3,845,855	7,036,159	-	1,374,939	-	1,374,939
System-wide support services:							
Support and development	675,602	-	198,579	-	(477,023)	-	(477,023)
Special population support and development	141,549	-	138,780	-	(2,769)	-	(2,769)
Alternative programs and services support and development	61,300	-	60,688	-	(612)	-	(612)
Technology support	2,053,214	-	320,618	-	(1,732,596)	-	(1,732,596)
Operational support	19,286,148	149,740	8,179,959	631,348	(10,325,101)	-	(10,325,101)
Financial and human resources	1,566,223	-	633,089	-	(933,134)	-	(933,134)
Accountability	293,227	-	-	-	(293,227)	-	(293,227)
System-wide pupil support services	18,652	-	-	-	(18,652)	-	(18,652)
Policy, leadership and public relations	2,144,100	-	557,303	-	(1,586,797)	-	(1,586,797)
Ancillary services	298,697	-	260,390	-	(38,307)	-	(38,307)
Non-programmed charges	2,245,702	-	124,536	-	(2,121,166)	-	(2,121,166)
Unallocated depreciation expense, excluding direct depreciation expense charged to programs	4,488,939	-	-	-	(4,488,939)	-	(4,488,939)
Total governmental activities	134,179,257	3,995,595	87,665,899	631,348	(41,886,415)	-	(41,886,415)
Business-type activities:							
School food service	4,246,504	1,583,850	2,303,653	-	-	(359,001)	(359,001)
Child care	338,303	565,279	-	-	-	226,976	226,976
Total business-type activities	4,584,807	2,149,129	2,303,653	-	-	(132,025)	(132,025)
Total primary government	\$ 138,764,064	\$ 6,144,724	\$ 89,969,552	\$ 631,348	(41,886,415)	(132,025)	(42,018,440)
General revenues:							
Unrestricted county appropriations - operating					31,089,133	-	31,089,133
Unrestricted county appropriations - capital					750,000	-	750,000
Unrestricted county appropriations - contributed capita					72,456,282	364,297	72,820,579
Unrestricted State and Federal appropriations - operating					1,263,792	-	1,263,792
Unrestricted State appropriation - capital					494,563	-	494,563
Investment earnings, unrestricted					61,516	30,376	91,892
Miscellaneous, unrestricted					581,577	-	581,577
Total general revenues excluding transfers					106,696,863	394,673	107,091,536
Transfers in (out)					4,532	(4,532)	-
Total general revenues and transfers					106,701,395	390,141	107,091,536
Change in net deficit					64,814,980	258,116	65,073,096
Net deficit, beginning					(70,772,789)	(2,282,929)	(73,055,718)
Net deficit, ending					\$ (5,957,809)	\$ (2,024,813)	\$ (7,982,622)

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

**Board of Education of Moore County Schools
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
ASSETS							
Cash and cash equivalents	\$ 3,821,938	\$ 497,997	\$ -	\$ 3,537,095	\$ 1,488	\$ 1,323,021	\$ 9,181,539
Due from other governments	-	1,411,151	79,123	-	972,496	-	2,462,770
Receivables	725	-	-	33,389	-	-	34,114
Due from other funds	503,000	-	-	-	-	663,157	1,166,157
Inventories	174,525	-	-	-	-	-	174,525
Total assets	\$ 4,500,188	\$ 1,909,148	\$ 79,123	\$ 3,570,484	\$ 973,984	\$ 1,986,178	\$ 13,019,105
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenditures	597,465	-	-	34,259	-	-	631,724
Accrued salaries and wages payable	416,393	1,411,151	79,123	-	-	-	1,906,667
Due to other funds	-	-	-	663,157	503,000	-	1,166,157
Due to other governments	-	497,997	-	-	-	-	497,997
Total liabilities	1,013,858	1,909,148	79,123	697,416	503,000	-	4,202,545
Fund balances:							
Nonspendable:							
Inventories	174,525	-	-	-	-	-	174,525
Restricted:							
Stabilization by State Statute	503,725	-	-	33,389	469,496	-	1,006,610
School Capital Outlay	-	-	-	-	1,488	-	1,488
Individual Schools	-	-	-	-	-	1,986,178	1,986,178
Assigned:							
Subsequent year's expenditures	175,000	-	-	-	-	-	175,000
Other special programs	-	-	-	2,839,679	-	-	2,839,679
Unassigned:	2,633,080	-	-	-	-	-	2,633,080
Total fund balances	3,486,330	-	-	2,873,068	470,984	1,986,178	8,816,560
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,500,188	\$ 1,909,148	\$ 79,123	\$ 3,570,484	\$ 973,984	\$ 1,986,178	
Amounts reported for governmental activities in the Statement of Net Position (Deficit) (Exhibit 1) are different because:							
Net OPEB asset							186,792
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds							198,355,871
Deferred outflows of resources related to pensions							20,163,252
Deferred outflows of resources related to OPEB							16,889,678
Some liabilities, including those for compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds							(8,228,764)
Net pension liability							(50,837,891)
Net OPEB liability							(135,150,000)
Deferred inflows of resources related to pensions							(626,941)
Deferred inflows of resources related to OPEB							(55,526,366)
Net deficit of governmental activities							\$ (5,957,809)

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

Board of Education of Moore County Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Restricted Revenues	Capital Outlay	Individual Schools	
Revenues:							
Intergovernmental:							
State of North Carolina	\$ -	\$ 80,284,465	\$ -	\$ 439,586	\$ 1,125,911	\$ -	\$ 81,849,962
Moore County	31,089,133	-	-	-	73,206,282	-	104,295,415
U.S. Government	-	260,390	5,872,343	601,762	-	-	6,734,495
Other	569,960	-	-	1,745,421	73,133	3,845,855	6,234,369
Total revenues	31,659,093	80,544,855	5,872,343	2,786,769	74,405,326	3,845,855	199,114,241
Expenditures:							
Current:							
Instructional services:							
Regular instructional	8,347,490	44,603,436	590,103	421,942	-	-	53,962,971
Special populations	1,225,303	13,158,739	2,123,856	644,512	-	-	17,152,410
Alternative programs	408,623	2,717,124	2,388,805	490,354	-	-	6,004,906
School leadership	3,155,068	4,573,735	-	-	-	-	7,728,803
Co-curricular services	937,780	-	-	-	-	4,040,970	4,978,750
School-based support	1,545,501	6,712,619	323,540	750,785	-	-	9,332,445
System-wide support services:							
Support and development	441,220	128,035	70,544	26,000	-	-	665,799
Special population support and development	-	-	138,780	-	-	-	138,780
Alternative programs and services support and development	-	-	60,688	-	-	-	60,688
Technology support	1,369,695	320,618	-	337,881	-	-	2,028,194
Operational support	8,323,897	6,657,729	51,085	407	-	-	15,033,118
Financial and human resources	708,636	632,683	406	202,652	-	-	1,544,377
Accountability	288,066	-	-	-	-	-	288,066
System-wide pupil support	-	-	-	18,640	-	-	18,640
Policy, leadership, and public relations	1,485,576	557,303	-	72,122	-	-	2,115,001
Ancillary services	-	260,390	-	33,132	-	-	293,522
Non-programmed charges	2,245,702	-	124,536	-	-	-	2,370,238
Debt service:							
Principal retirements	-	-	-	-	631,348	-	631,348
Capital outlay:							
Land, buildings, and site improvements	-	-	-	-	71,794,144	-	71,794,144
Furnishings and equipment	-	-	-	-	2,451,435	-	2,451,435
Vehicles and other	-	-	-	-	69,080	-	69,080
Total expenditures	30,482,557	80,322,411	5,872,343	2,998,427	74,946,007	4,040,970	198,662,715
Excess (deficiency) of revenues over expenditures	1,176,536	222,444	-	(211,658)	(540,681)	(195,115)	451,526
Other financing sources (uses):							
Installment purchase obligations issued	-	-	-	-	-	-	-
Transfers (to) from other funds	-	(222,444)	-	147,621	-	79,355	4,532
Net change in fund balances	1,176,536	-	-	(64,037)	(540,681)	(115,760)	456,058
Fund balances:							
Beginning of year	2,443,310	-	-	2,937,105	1,011,665	2,101,938	8,494,018
Decrease in reserve for inventories	(133,516)	-	-	-	-	-	(133,516)
End of year	\$ 3,486,330	\$ -	\$ -	\$ 2,873,068	\$ 470,984	\$ 1,986,178	\$ 8,816,560

Board of Education of Moore County Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 456,058
Adjustment due to the use of consumption method of recording inventories in the government-wide statements.	(133,516)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	9,444,349
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	4,784,067
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	65,852,594
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net OPEB benefit	1,986,578
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.	631,348
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	(74,748)
Pension expense	(18,131,750)
	<hr/>
Total changes in net position (deficit) of governmental activities	<u>\$ 64,814,980</u>

Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Moore County	31,089,133	31,089,133	31,089,133	-
U.S. Government	-	-	-	-
Other	<u>480,000</u>	<u>480,000</u>	<u>569,960</u>	<u>89,960</u>
Total revenues	<u>31,569,133</u>	<u>31,569,133</u>	<u>31,659,093</u>	<u>89,960</u>
Expenditures:				
Current:				
Instructional services	17,139,806	16,617,537	15,619,765	997,772
System-wide support services	12,358,727	12,704,996	12,617,090	87,906
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>2,070,600</u>	<u>2,246,600</u>	<u>2,245,702</u>	<u>898</u>
Total expenditures	<u>31,569,133</u>	<u>31,569,133</u>	<u>30,482,557</u>	<u>1,086,576</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,176,536</u>	<u>1,176,536</u>
Other financing sources:				
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,176,536</u>	<u>\$ 1,176,536</u>
Fund balances:				
Beginning of year			2,443,310	
Decrease in reserve for inventories			<u>(133,516)</u>	
End of year			<u>\$ 3,486,330</u>	

Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	State Public School Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 76,997,891	\$ 83,552,482	\$ 80,284,465	\$ (3,268,017)
Moore County	-	-	-	-
U.S. Government	-	515,035	260,390	(254,645)
Other	-	-	-	-
Total revenues	<u>76,997,891</u>	<u>84,067,517</u>	<u>80,544,855</u>	<u>(3,522,662)</u>
Expenditures:				
Current:				
Instructional services	70,583,971	75,002,057	71,765,653	3,236,404
System-wide support services	6,413,920	8,300,925	8,296,368	4,557
Ancillary services	-	519,535	260,390	259,145
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>76,997,891</u>	<u>83,822,517</u>	<u>80,322,411</u>	<u>3,500,106</u>
Revenues over (under) expenditures	<u>-</u>	<u>245,000</u>	<u>222,444</u>	<u>(22,556)</u>
Other financing sources:				
Transfers from (to) other funds	<u>-</u>	<u>(245,000)</u>	<u>(222,444)</u>	<u>22,556</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Decrease in reserve for inventories			-	
End of year			<u>\$ -</u>	

Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Restricted Revenues Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State of North Carolina	\$ 590,000	\$ 439,586	\$ 439,586	\$ -
Moore County	-	-	-	-
U.S. Government	776,300	601,756	601,762	6
Other	<u>1,739,000</u>	<u>1,329,479</u>	<u>1,745,421</u>	<u>415,942</u>
Total revenues	<u>3,105,300</u>	<u>2,370,821</u>	<u>2,786,769</u>	<u>415,948</u>
Expenditures:				
Current:				
Instructional services	2,391,000	2,868,266	2,307,593	560,673
System-wide support services	683,200	816,007	657,702	158,305
Ancillary services	31,100	27,687	33,132	(5,445)
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>3,105,300</u>	<u>3,711,960</u>	<u>2,998,427</u>	<u>713,533</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,341,139)</u>	<u>(211,658)</u>	<u>1,129,481</u>
Other financing sources:				
Transfers from (to) other funds	-	147,621	147,621	-
Fund balance appropriated	-	1,193,518	-	(1,193,518)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(64,037)</u>	<u>\$ (64,037)</u>
Fund balances:				
Beginning of year			2,937,105	
Decrease in reserve for inventories			-	
End of year			<u>\$ 2,873,068</u>	

Board of Education of Moore County Schools
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Federal Grants Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:	\$ -	\$ -	\$ -	\$ -
State of North Carolina	-	-	-	-
Moore County	-	-	-	-
U.S. Government	6,499,679	9,079,395	5,872,343	(3,207,052)
Other	-	-	-	-
Total revenues	<u>6,499,679</u>	<u>9,079,395</u>	<u>5,872,343</u>	<u>(3,207,052)</u>
Expenditures:				
Current:				
Instructional services	5,980,109	7,844,496	5,426,304	2,418,192
System-wide support services	333,473	981,536	321,503	660,033
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>186,097</u>	<u>253,363</u>	<u>124,536</u>	<u>128,827</u>
Total expenditures	<u>6,499,679</u>	<u>9,079,395</u>	<u>5,872,343</u>	<u>3,207,052</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers from (to) other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Decrease in reserve for inventories			-	
End of year			<u>\$ -</u>	

Board of Education of Moore County Schools
Statement of Net Position (Deficit)
Proprietary Funds
June 30, 2020

Exhibit 7

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,915,455	\$ -	\$ 1,915,455
Receivables	212,415	-	212,415
OPEB asset	4,194	-	4,194
Inventories	262,339	-	262,339
Total current assets	<u>2,394,403</u>	<u>-</u>	<u>2,394,403</u>
Noncurrent assets:			
Capital assets:			
Equipment, furniture and vehicles, net	439,579	-	439,579
Total assets	<u>2,833,982</u>	<u>-</u>	<u>2,833,982</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>827,679</u>	<u>-</u>	<u>827,679</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	6,400	-	6,400
Unearned revenue	107,732	-	107,732
Compensated absences	68,312	-	68,312
Total current liabilities	<u>182,444</u>	<u>-</u>	<u>182,444</u>
Noncurrent liabilities:			
Net pension liability	1,123,371	-	1,123,371
Net OPEB liability	3,023,080	-	3,023,080
Compensated absences	88,555	-	88,555
Total noncurrent liabilities	<u>4,235,006</u>	<u>-</u>	<u>4,235,006</u>
Total liabilities	<u>4,417,450</u>	<u>-</u>	<u>4,417,450</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,269,024</u>	<u>-</u>	<u>1,269,024</u>
NET POSITION (DEFICIT)			
Investment in capital assets	439,579	-	439,579
Restricted - DIPNC OPEB plan	4,194	-	4,194
Unrestricted	<u>(2,468,586)</u>	<u>-</u>	<u>(2,468,586)</u>
Total net deficit	<u>\$ (2,024,813)</u>	<u>\$ -</u>	<u>\$ (2,024,813)</u>

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

Board of Education of Moore County Schools
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit 8

	Enterprise		Total
	Major Fund	Non-major Fund	
	School Food	Child	
	Service	Care	
Operating revenues:			
Food sales	\$ 1,583,850	\$ -	\$ 1,583,850
Child care fees	-	565,279	565,279
Total operating revenues	<u>1,583,850</u>	<u>565,279</u>	<u>2,149,129</u>
Operating expenses:			
Food cost:			
Purchase of food	1,160,830	-	1,160,830
Donated commodities	268,637	-	268,637
Salaries and benefits	2,502,802	338,303	2,841,105
Materials and supplies	186,579	-	186,579
Repairs and maintenance	7,892	-	7,892
Contracted services	8,888	-	8,888
Depreciation	13,932	-	13,932
Non-capitalized equipment	64,085	-	64,085
Other	32,859	-	32,859
Total operating expenses	<u>4,246,504</u>	<u>338,303</u>	<u>4,584,807</u>
Operating income (loss)	<u>(2,662,654)</u>	<u>226,976</u>	<u>(2,435,678)</u>
Nonoperating revenues:			
Federal reimbursements	2,029,555	-	2,029,555
Federal commodities	268,637	-	268,637
State reimbursements	5,461	-	5,461
Contributed capital	364,297	-	364,297
Interest earned	30,376	-	30,376
Total nonoperating revenues	<u>2,698,326</u>	<u>-</u>	<u>2,698,326</u>
Income before transfers	35,672	226,976	262,648
Transfers from (to) other funds	<u>222,444</u>	<u>(226,976)</u>	<u>(4,532)</u>
Change in net deficit	<u>258,116</u>	<u>-</u>	<u>258,116</u>
Total net deficit, beginning	<u>(2,282,929)</u>	<u>-</u>	<u>(2,282,929)</u>
Total net deficit, ending	<u><u>\$ (2,024,813)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,024,813)</u></u>

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

Board of Education of Moore County Schools
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Exhibit 9

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 1,419,914	\$ 565,279	\$ 1,985,193
Cash paid for goods and services	(1,317,218)	-	(1,317,218)
Cash paid to employees for services	(2,462,838)	(338,303)	(2,801,141)
Net cash provided (used) by operating activities	<u>(2,360,142)</u>	<u>226,976</u>	<u>(2,133,166)</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	-	(226,976)	(226,976)
Federal and state reimbursements	2,101,315	-	2,101,315
Net cash provided (used) by noncapital activities	<u>2,101,315</u>	<u>(226,976)</u>	<u>1,874,339</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(80,139)	-	(80,139)
Cash flows from investing activities:			
Interest earned on investments	30,376	-	30,376
Net decrease in cash and cash equivalents	(308,590)	-	(308,590)
Cash and cash equivalents, beginning of year	2,224,045	-	2,224,045
Cash and cash equivalents, end of year	<u>\$ 1,915,455</u>	<u>\$ -</u>	<u>\$ 1,915,455</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,662,654)	\$ 226,976	\$ (2,435,678)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Transfers in from the State Public School Fund	222,444	-	222,444
Depreciation	13,932	-	13,932
Donated commodities	268,637	-	268,637
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:			
Increase in accounts receivable	(201,788)	-	(201,788)
Increase in inventories	(78,512)	-	(78,512)
Increase in net OPEB asset	(1,146)	-	(1,146)
Decrease in deferred outflows of resources	40,897	-	40,897
Decrease in accounts payable and accrued expenses	(17)	-	(17)
Decrease in unearned revenue	37,852	-	37,852
Increase in compensated absences payable	1,071	-	1,071
Increase in net pension liability	51,450	-	51,450
Increase in net OPEB liability	234,936	-	234,936
Decrease in deferred inflows of resources	(287,244)	-	(287,244)
Total adjustments	<u>302,512</u>	<u>-</u>	<u>302,512</u>
Net cash provided (used) by operating activities	<u>\$ (2,360,142)</u>	<u>\$ 226,976</u>	<u>\$ (1,845,922)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$268,637 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8

During the fiscal year, capital assets of \$364,297 were contributed to the School Food Service Fund. The receipt of these items is reflected as nonoperating revenue on Exhibit 8.

The State Public School Fund paid operating expenses of \$222,444 related to additional costs of COVID-19 on behalf of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 8.

**Board of Education of Moore County Schools
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2020**

Exhibit 10

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 358,740</u>
LIABILITIES	
Due to Sandhills Region Education Consortium (SREC)	<u>\$ 358,740</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Board is a Local Education Agency empowered by state law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Moore County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. There are no component units of the Board.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

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

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

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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.

Fiduciary Fund Financial Statements. The Board's fiduciary fund is an Agency Fund, which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations as agency funds have no measurement focus.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by North Carolina General Statutes. No budget is required by state law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The superintendent is authorized by the governing board to transfer appropriations within a fund without limitation and without a report being made. The superintendent is not authorized to transfer contingency appropriations within a fund, nor may he transfer amounts between funds. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

(1) Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .15 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

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

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. The STIF is classified as a Level 2 investment on the fair value hierarchy. Investments classified in Level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents

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

(3) Inventories

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

(4) Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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

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

	<u>Years</u>
Buildings and improvements	15 to 50
Equipment and furniture	5 to 12
Vehicles	6
Computer equipment	3

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

(5) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position (Deficit) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has several items that meet this criterion - a pension and OPEB related deferral and contributions made to the plans subsequent to the measurement date. The Statement of Net Position (Deficit)

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

also reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meet this criterion – pension and OPEB related deferrals.

(6) Long-term Obligations

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

(7) Compensated Absences

The Board follows the state's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2020 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences has been made based on prior years' records.

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

(8) Net Position (Deficit)

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

(9) Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

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 General Fund is the only fund that reports a positive unassigned fund balance.

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

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

F. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position (deficit) – governmental activities* as reported in the government-wide Statement of Net Position (Deficit). The net adjustment of \$(14,774,369) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 283,158,683
Less accumulated depreciation	<u>(84,802,812)</u>
Net capital assets	198,355,871
Net OPEB asset	186,792
Pension related deferred outflows of resources	20,163,252
OPEB related deferred outflows of resources	16,889,678
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(7,509,666)
Installment financing	(719,098)
Net pension liability	(50,837,891)
Net OPEB liability	(135,150,000)
Deferred inflows of resources related to pensions	(626,941)
Deferred inflows of resources related to OPEB	<u>(55,526,366)</u>
Total adjustment	<u>\$ (14,774,369)</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities.

The governmental fund Statement of Revenues, Expenditures, and changes in Fund Balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. There are several elements of that total adjustment of \$64,358,922 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	\$ 70,783,623
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	(4,931,029)
Principal payments on installment financing are recorded as a use of funds on the fund statements but affect only the Statement of Net Position (Deficit) in the government-wide statements	631,348
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	9,444,349
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,784,067
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net OPEB benefit	1,986,578
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(18,131,750)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(74,748)
Adjustment due to the use of the consumption method of recording inventories in the government-wide statements	<u>(133,516)</u>
Total adjustment	<u>\$ 64,358,922</u>

G. Defined Benefit Pension Plans and OPEB Plans

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

2. Detail Notes on All Funds

A. Assets

(1) Deposits

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

At June 30, 2020, the Board had deposits with banks with a carrying amount of \$3,513,430 and with the State Treasurer of \$3,229,113. The bank balances with the financial institutions and the State Treasurer were \$5,143,628 and \$4,446,087, respectively. Of these balances, \$1,625,775 was covered by federal depository insurance and \$7,963,940 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. At June 30, 2020, the Board's petty cash totaled \$1,093.

(2) Investments

At June 30 2020, the Board had \$4,712,098 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is classified as a Level 2 fair value investment.

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The STIF had a weighted average maturity of 1.3 years as of June 30, 2020.

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

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

(3) Receivables

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ -	\$ 725	\$ 725
Other governmental activities	<u>2,462,770</u>	<u>33,389</u>	<u>2,496,159</u>
Total	<u>\$ 2,462,770</u>	<u>\$ 34,114</u>	<u>\$ 2,496,884</u>
Business-type activities:			
School Food Service	<u>\$ -</u>	<u>\$ 212,415</u>	<u>\$ 212,415</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Due from other governments consists of the following:

Governmental activities:			
State Public School Fund	\$	1,411,151	Operating funds from DPI
Federal Grants Fund		79,123	Federal grant funds
Capital Outlay Fund		<u>972,496</u>	County capital appropriations
Total	\$	<u>2,462,770</u>	

(4) Capital Assets

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

	<u>Beginning Balances</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,747,104	\$ -	\$ 2,113,278	\$ -	\$ 4,860,382
Construction in progress	<u>41,559,227</u>	<u>(28,335,107)</u>	<u>68,331,646</u>	<u>-</u>	<u>81,555,766</u>
Total capital assets not being depreciated	<u>44,306,331</u>	<u>(28,335,107)</u>	<u>70,444,924</u>	<u>-</u>	<u>86,416,148</u>
Capital assets being depreciated:					
Buildings and improvements	145,618,488	27,695,895	-	-	173,314,383
Equipment and furniture	9,241,323	639,212	208,545	-	10,089,080
Vehicles	12,238,916	-	130,154	53,317	12,315,753
Computers	<u>1,023,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023,319</u>
Total capital assets being depreciated	<u>168,122,046</u>	<u>28,335,107</u>	<u>338,699</u>	<u>53,317</u>	<u>196,742,535</u>
Less accumulated depreciation for:					
Buildings and improvements	62,375,132	-	3,269,610	-	65,644,742
Equipment and furniture	6,632,061	-	1,123,887	-	7,755,948
Vehicles	9,906,022	-	530,497	53,317	10,383,202
Computers	<u>1,011,885</u>	<u>-</u>	<u>7,035</u>	<u>-</u>	<u>1,018,920</u>
Total accumulated depreciation	<u>79,925,100</u>	<u>-</u>	<u>4,931,029</u>	<u>53,317</u>	<u>84,802,812</u>
Total capital assets being depreciated, net	<u>88,196,946</u>				<u>111,939,723</u>
Governmental activity capital assets, net	<u>\$132,503,277</u>				<u>\$198,355,871</u>
Business-type activities:					
School Food Service Fund:					
Capital assets being depreciated:					
Equipment, furniture and vehicles	\$ <u>2,375,476</u>	<u>364,297</u>	<u>80,139</u>	<u>81,339</u>	\$ <u>2,738,573</u>
Less accumulated depreciation for:					
Equipment, furniture and vehicles	<u>2,366,401</u>	<u>-</u>	<u>13,932</u>	<u>81,339</u>	<u>2,298,994</u>
School Food Service capital assets, net	\$ <u>9,075</u>				\$ <u>439,579</u>

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Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 4,488,939
Regular instructional programs	7,035
Operational support services	<u>435,055</u>
Total	<u>\$ 4,931,029</u>

(5) Construction Commitments

The Board has active construction projects as of June 30, 2020. The projects consist of the construction of four new elementary schools and certain renovations at a high school. At year-end, the Board's commitments with contractors for construction are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
New elementary schools	\$ 80,924,760	\$ 39,269,251
High school renovation	<u>10,523,361</u>	<u>3,331,739</u>
Total	<u>\$ 91,448,121</u>	<u>\$ 42,600,990</u>

B. Liabilities

(1) Pension Plan and Other Postemployment Obligations

(a) **Teachers' and State Employees' Retirement System**

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2020, was 12.97% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$9,635,986 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Board reported a liability of \$51,961,262 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2020 and at June 30, 2019, the Board's proportion was 0.5012% and 0.4959%, respectively.

For the year ended June 30, 2020, the Board recognized pension expense of \$18,499,665. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,346,500	\$ 104,023
Changes of assumptions	5,536,677	-
Net difference between projected and actual earnings on pension plan investments.	996,024	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	106,859	538653
Board contributions subsequent to the measurement date	<u>9,635,986</u>	<u>-</u>
Total	<u>\$ 20,622,046</u>	<u>\$ 642,676</u>

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The Board reported \$9,635,986 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 7,412,666
2022	1,639,245
2023	943,040
2024	<u>348,433</u>
	<u>\$ 10,343,384</u>

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

Inflation	3.0%
Salary increases	3.5 % to 8.1%, including inflation and productivity factor
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

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

The assumptions used for the December 31, 2018 actuarial valuation are based on the experience study prepared as of December 31, 2014 and adopted by the Board of Trustees on January 21, 2016, Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

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

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The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Board’s proportionate share of the net pension liability	\$ 98,896,736	\$ 51,961,262	\$ 12,588,381

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

(b) Other Postemployment Healthcare Benefits

1. Healthcare Benefits

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

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the state of North Carolina’s CAFR, which can be found at [\[https://www.osc.nc.gov/public-information/reports\]](https://www.osc.nc.gov/public-information/reports).

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have

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the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits. RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the fiscal year ended June 30, 2020, employers made a statutory contribution of 6.47% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$4,806,849 for the year ended June 30, 2020.

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

At June 30, 2020, Board reported a liability of \$138,173,080 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.4367% and 0.4436%, respectively.

The Board reported \$4,806,849 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**Year ended
June 30:**

2021	\$ (13,373,146)
2022	(13,373,146)
2023	(13,359,843)
2024	(5,229,456)
2025	<u>705,984</u>
	<u>\$ (44,629,607)</u>

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

Inflation	3.0%
Salary increases based on service	Teachers: 7.55% grading down to 3.5% General Employees: 5.5% grading down to 3.5%
Investment rate of return	7.0%,
Healthcare cost trend rates:	
Medical	6.5% grading down to 5.0% by 2024 for non-MA and MA coverage
Prescription drug	9.5% grading down to 5.0% by 2028
Administrative costs	3.0%
Post-Retirement Mortality Rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.5%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.5% was used as the discount rate used to measure the total OPEB liability. The 3.5% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2019.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability	\$164,199,314	\$138,173,080	\$117,333,346

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

	1% Decrease Medical - 4.0-5.5%, Pharmacy - 4.0-8.5%, Medicare Advantage - 4.0-5.5%, Administrative - 2.0%	Healthcare Trend Rates Medical - 5.0-6.5%, Pharmacy - 5.0-9.5%, Medicare Advantage - 5.0-6.5%, Administrative - 3.0%	1% Increase Medical - 6.0-7.5%, Pharmacy - 6.0-10.5% Medicare Advantage - 6.0-7.5%, Administrative - 4.0%
Net OPEB liability	\$ 113,774,899	\$ 138,173,080	\$ 170,252,360

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

2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2020, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$74,294 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Board reported an asset of \$190,986 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The total OPEB asset was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial

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assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2020 and 2019, the Board's proportion was 0.4426% and 0.4391%, respectively.

The Board reported \$74,294 as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended</u> <u>June 30:</u>		
2021	\$	76,861
2022		54,809
2023		40,004
2024		24,946
2025		34,537
Thereafter		<u>(3,785)</u>
	<u>\$</u>	<u>227,373</u>

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

Inflation	3.0%
Salary increases	3.5% to 8.1%, including inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

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

	<u>1%</u> <u>Decrease</u> <u>(2.75%)</u>	<u>Discount</u> <u>Rate</u> <u>(3.75%)</u>	<u>1%</u> <u>Increase</u> <u>(4.75%)</u>
Net DIPNC OPEB asset	\$ 161,760	\$ 190,986	\$ 219,384

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

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

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

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

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

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

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB (benefit) expense	\$ (2,206,828)	\$ 179,940	\$ (2,026,888)
OPEB liability (asset)	138,173,080	(190,986)	137,982,094
Proportionate share of the net OPEB liability (asset)	0.4367%	0.4426%	
Deferred outflows of resources			
Differences between expected and actual experience	-	195,107	195,107
Changes of assumptions	6,641,249	21,157	6,662,406
Net difference between projected and actual earnings on plan investments	92,012	36,378	128,390
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,387,868	3,649	5,391,517
Board contributions subsequent to the measurement date	4,806,849	74,294	4,881,143
Deferred inflows of resources			
Differences between expected and actual experience	6,965,664	-	6,965,664
Changes of assumptions	41,540,884	19,594	41,560,478
Changes in proportion and differences between Board contributions and proportionate share of contributions	8,244,188	9,325	8,253,513

**Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

(2) Payables

Payables as of June 30, 2020 are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 597,465	\$ 416,393	\$ 1,013,858
Other governmental	<u>34,259</u>	<u>1,490,274</u>	<u>1,524,533</u>
Total governmental activities	<u>\$ 631,724</u>	<u>\$ 1,906,667</u>	<u>\$ 2,538,391</u>
Business-type activities:			
School Food Service	<u>\$ 6,400</u>	<u>\$ -</u>	<u>\$ 6,400</u>

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

(3) Unearned Revenues

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

Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 107,732</u>

(4) Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,541,607	\$ 7,069,687
Changes of assumptions	12,199,083	41,560,478
Difference between projected and actual earnings on plan investments	1,124,414	-
Change in proportion and differences between employer contributions and proportionate share of contributions	5,498,376	8,792,166
Board contributions subsequent to the measurement date	<u>14,517,129</u>	<u>-</u>
Totals	<u>\$ 37,880,609</u>	<u>\$ 57,422,331</u>

(5) Risk Management

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

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an “all risk” perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption, and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board does not carry supplemental flood insurance in case of natural disasters since there are no Board owned properties in flood zones.

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

In Accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond of \$20,000 per employee.

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

(6) Contingent Liabilities

At June 30, 2020, the Board was a defendant to various lawsuits. In the opinion of the Board’s management and the Board’s attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the Board’s financial position.

(7) Long-Term Obligations

(a) Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The state has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price. During the fiscal years ended June 30, 2018 and June 30, 2019, the Board entered into installment purchase contracts to finance the purchase of the school buses. The buses are pledged as collateral for the debt while the debt is outstanding. The financing contracts require only principal payments at the beginning of each contract year.

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

<u>Year Ending</u> <u>June 30</u>	
2021	\$ 522,562
2022	<u>196,536</u>
	<u>\$ 719,098</u>

Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020

(b) Long-Term Obligation Activity

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

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 7,434,918	\$ 5,284,417	\$ 5,209,669	\$ 7,509,666	\$ 3,075,858
Net pension liability	48,302,316	2,535,575	-	50,837,891	-
Net OPEB liability	123,571,779	11,578,221	-	135,150,000	-
Installment purchases	<u>1,350,446</u>	<u>-</u>	<u>631,348</u>	<u>719,098</u>	<u>522,562</u>
	<u>\$180,659,459</u>	<u>\$14,188,544</u>	<u>\$ 631,348</u>	<u>\$194,216,655</u>	<u>\$ 3,598,420</u>
Business-type activities:					
Compensated absences	\$ 155,796	\$ 122,080	\$ 121,009	\$ 156,867	\$ 68,312
Net pension liability	1,071,921	51,450	-	1,123,371	-
Net OPEB liability	<u>2,788,144</u>	<u>234,936</u>	<u>-</u>	<u>3,023,080</u>	<u>-</u>
	<u>\$ 4,015,861</u>	<u>\$ 287,457</u>	<u>\$ -</u>	<u>\$ 4,303,318</u>	<u>\$ 68,312</u>

Compensated absences, net pension liability, and net OPEB liabilities for governmental activities are typically liquidated by the State Public School Fund.

(8) Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

From the Child Care Fund to the Individual Schools Fund for co-curricular costs	<u>\$ 226,976</u>
From the State Public School Fund to the School Food Service Fund for additional costs related to COVID-19	<u>\$ 222,444</u>
From the Individual Schools Fund to the Restricted Revenues Fund for technology fees collected by the schools	<u>\$ 147,621</u>

Balances due to/from other funds at June 30, 2020 consist of the following:

From the Restricted Revenues Fund to the Individual School Fund for investments in STIF	<u>\$ 663,157</u>
From the Capital Outlay Fund to the General Fund for reimbursement of capital outlay costs	<u>\$ 503,000</u>

C. Fund Balance

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

Restrictions for the stabilization by state statute is required by the North Carolina General Statutes. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". The formula is "appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of

**Board of Education of Moore County Schools
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2020**

liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

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

Total fund balance – General Fund	\$ 3,486,330
Less:	
Inventories	174,525
Stabilization by State Statute	503,725
Appropriated Fund Balance in 2020-21 Budget	<u>175,000</u>
Remaining Fund Balance	<u>\$ 2,633,080</u>

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

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

3. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus (“COVID-19”) to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. The COVID-19 pandemic has impacted and may continue to impact our Board, including employees, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Required Supplementary Information

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

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

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

Schedule 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability	0.5012%	0.4959%	0.5074%	0.5069%	0.4871%	0.4846%	0.4889%
Board's proportionate share of the net pension liability	\$ 51,961,262	\$ 49,374,237	\$ 40,257,767	\$ 46,587,508	\$ 17,949,125	\$ 5,681,083	\$ 29,675,412
Board's covered payroll	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508	\$ 68,355,417	\$ 65,727,081	\$ 67,156,722
Board's proportionate share of the net pension liability as a percentage of its covered payroll	68.49%	68.42%	57.24%	67.08%	26.26%	8.64%	44.19%
Plan fiduciary net position as a percentage of the total pension liability	92.01%	91.89%	89.51%	87.32%	94.64%	98.24%	90.60%

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

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

Schedule 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 9,635,986	\$ 9,143,585	\$ 7,630,852	\$ 6,895,240	\$ 6,215,096	\$ 6,124,235	\$ 5,598,964	\$ 5,491,510	\$ 4,602,547	\$ 3,152,218
Contributions in relation to the contractually required contribution	<u>9,635,986</u>	<u>9,143,585</u>	<u>7,630,852</u>	<u>6,895,240</u>	<u>6,215,096</u>	<u>6,124,235</u>	<u>5,598,964</u>	<u>5,491,510</u>	<u>4,602,547</u>	<u>3,152,218</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Board's covered payroll	\$ 75,596,199	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508	\$ 68,355,417	\$ 65,727,081	\$ 67,156,722	\$ 63,070,283	\$ 65,696,769
Contributions as a percentage of covered payroll	12.75%	12.05%	10.58%	9.80%	8.95%	8.96%	8.52%	8.18%	7.30%	4.80%

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

Schedule 3

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.4367%	0.4436%	0.4624%	0.4368%
Board's proportionate share of the net OPEB liability	\$ 138,173,080	\$ 126,359,923	\$ 151,611,555	\$ 190,023,492
Board's covered payroll	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	182.13%	175.12%	215.55%	273.63%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	3.52%	2.41%

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

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

Schedule 4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 4,806,849	\$ 4,664,791	\$ 4,282,470	\$ 4,114,308	\$ 3,822,094	\$ 3,674,541	\$ 3,479,218	\$ 3,493,998	\$ 3,093,109	\$ 3,171,518
Contributions in relation to the contractually required contribution	<u>4,806,849</u>	<u>4,664,791</u>	<u>4,282,470</u>	<u>4,114,308</u>	<u>3,822,094</u>	<u>3,674,541</u>	<u>3,479,218</u>	<u>3,493,998</u>	<u>3,093,109</u>	<u>3,171,518</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Board's covered payroll	\$75,596,199	\$75,866,969	\$72,158,189	\$70,335,672	\$69,445,508	\$68,355,417	\$65,727,081	\$67,156,722	\$63,070,283	\$65,696,769
Contributions as a percentage of covered payroll	6.36%	6.15%	5.93%	5.85%	5.50%	5.38%	5.29%	5.20%	4.90%	4.83%

Board of Education of Moore County Schools
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Asset
Disability Income Plan of North Carolina
Last Four Fiscal Years*

Schedule 5

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.4426%	0.4391%	0.4482%	0.4524%
Board's proportionate share of the net OPEB asset	\$ 190,986	\$ 133,381	\$ 273,946	\$ 280,989
Board's covered payroll	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.25%	0.18%	0.39%	0.40%
Plan fiduciary net position as a percentage of the net OPEB asset	116.47%	116.37%	116.23%	116.06%

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

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

Schedule 6

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 74,294	\$ 104,158	\$ 99,098	\$ 259,707	\$ 279,832	\$ 274,419	\$ 283,492	\$ 290,068	\$ 321,683	\$ 334,521
Contributions in relation to the contractually required contribution	<u>74,294</u>	<u>104,158</u>	<u>99,098</u>	<u>259,707</u>	<u>279,832</u>	<u>274,419</u>	<u>283,492</u>	<u>290,068</u>	<u>321,683</u>	<u>334,521</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 75,596,199	\$ 75,866,969	\$ 72,158,189	\$ 70,335,672	\$ 69,445,508	\$ 68,355,417	\$ 65,727,081	\$ 67,156,722	\$ 63,070,283	\$ 65,696,769
Contributions as a percentage of covered payroll	0.10%	0.14%	0.14%	0.37%	0.40%	0.40%	0.43%	0.43%	0.51%	0.51%



Individual Fund Statements and Schedules

Board of Education of Moore County Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Outlay Fund
For the Fiscal Year Ended June 30, 2020

Schedule 7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 631,348	\$ 631,348	\$ -
Moore County:			
General county revenues	750,000	750,000	-
Other:			
Other local	-	73,133	73,133
Total revenues	<u>1,381,348</u>	<u>1,454,481</u>	<u>73,133</u>
Expenditures:			
Debt service:			
Principal retirements	631,348	631,348	-
Capital outlay:			
Land, buildings, and site improvements		1,285,747	
Furnishings and equipment		8,987	
Vehicles and other		69,080	
Total capital outlay	<u>1,532,596</u>	<u>1,363,814</u>	<u>168,782</u>
Total expenditures	<u>2,163,944</u>	<u>1,995,162</u>	<u>168,782</u>
Revenues under expenditures	<u>(782,596)</u>	<u>(540,681)</u>	<u>241,915</u>
Other financing sources:			
Installment purchase obligations issued	-	-	-
Fund balance appropriated	<u>782,596</u>	<u>-</u>	<u>(782,596)</u>
Net change in fund balance	<u>\$ -</u>	<u>(540,681)</u>	<u>\$ (540,681)</u>
Fund balance:			
Beginning of year		<u>1,011,665</u>	
End of year		470,984	
Amounts reported on the Statement of Revenue, Expenditures and Changes in Fund Balance are different from the Budget and Actual Statement due to capital outlay activity incurred by Moore County on behalf of the Board:			
Capital outlay contributed to the Board		72,950,845	
County expenditures - financed through public school bonds		(72,456,282)	
County expenditures - financed through Public School Building Capital Fund - Lottery Funds		<u>(494,563)</u>	
Fund balance, end of year		<u>\$ 470,984</u>	

Board of Education of Moore County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
School Food Service Fund
For the Fiscal Year Ended June 30, 2020

Schedule 8

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Food sales	\$ 1,635,000	\$ 1,583,850	\$ (51,150)
Operating expenditures:			
Business support services:			
Purchase of food		1,239,342	
Donated commodities		268,637	
Salaries and benefits		2,462,838	
Materials and supplies		186,579	
Repairs and maintenance		7,892	
Contracted services		8,888	
Non-capitalized equipment		144,224	
Other		32,859	
Total business support services	<u>5,485,000</u>	<u>4,351,259</u>	<u>1,133,741</u>
Operating loss	<u>(3,850,000)</u>	<u>(2,767,409)</u>	<u>1,082,591</u>
Nonoperating revenues:			
Federal reimbursements		2,029,555	
Federal commodities		268,637	
State reimbursements		5,461	
Interest earned		30,376	
Total nonoperating revenues	<u>3,805,000</u>	<u>2,334,029</u>	<u>(1,470,971)</u>
Excess of revenues under expenditures before other financing sources	(45,000)	(433,380)	(388,380)
Other financing sources:			
Transfers from other funds	<u>45,000</u>	<u>222,444</u>	<u>177,444</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>(210,936)</u>	<u>\$ (210,936)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(13,932)	
Equipment purchases		80,139	
Contributed capital		364,297	
Increase in inventories		78,512	
Increase in net OPEB asset		1,146	
Decrease in deferred outflows of resources		(40,897)	
Increase in compensated absences payable		(1,071)	
Increase in net pension liability		(51,450)	
Increase in net OPEB liability		(234,936)	
Decrease in deferred inflows of resources		<u>287,244</u>	
Change in net deficit (full accrual)		<u>\$ 258,116</u>	

Board of Education of Moore County Schools
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Child Care Fund
For the Fiscal Year Ended June 30, 2020

Schedule 9

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Operating revenues:			
Child care fees	<u>\$ 750,000</u>	<u>\$ 565,279</u>	<u>\$ (184,721)</u>
Operating expenditures:			
Regular community service:			
Salaries and benefits	<u>338,303</u>	<u>338,303</u>	<u>-</u>
Excess of revenues over expenditures before other financing uses	411,697	226,976	(184,721)
Other financing uses:			
Transfers to other funds	<u>(411,697)</u>	<u>(226,976)</u>	<u>184,721</u>
Revenues over (under) expenditures and other uses	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Board of Education of Moore County Schools
Sandhills Region Education Consortium (SREC) Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2020**

Schedule 10

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
ASSETS				
Cash and cash equivalents	<u>\$ 313,381</u>	<u>\$ 216,875</u>	<u>\$ 171,516</u>	<u>\$ 358,740</u>
LIABILITIES				
Due to Sandhill's Region Education Consortium (SREC)	<u>\$ 313,381</u>	<u>\$ 216,875</u>	<u>\$ 171,516</u>	<u>\$ 358,740</u>



Statistical Section

STATISTICAL SECTION (UNAUDITED)

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

CONTENTS

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

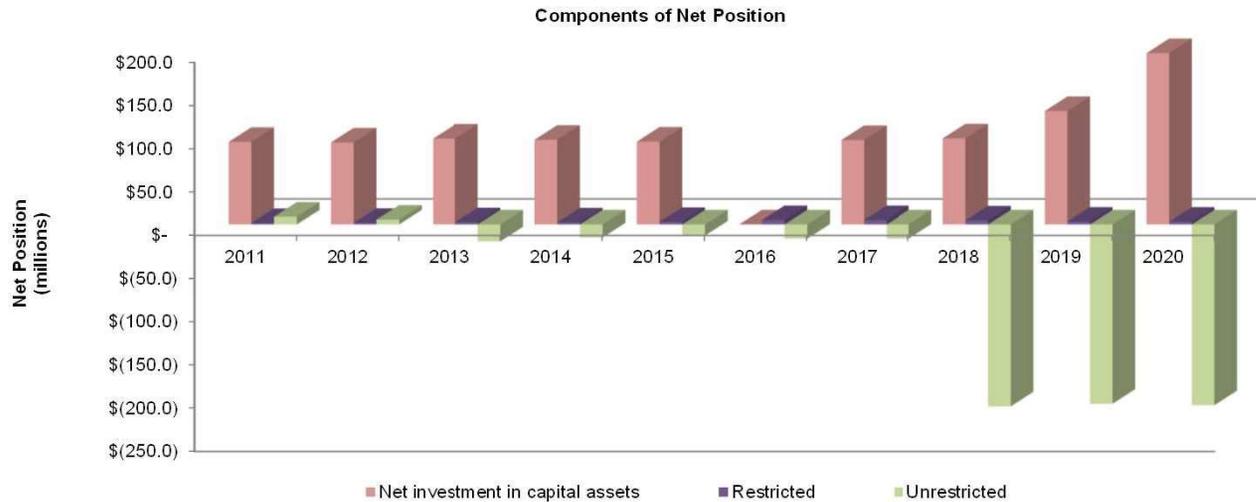
These schedules offer demographic and economic indicators to help the reader understand the environment in which the Board's financial activities are conducted.

Operating Information

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 98,242,320	\$ 95,096,366	\$ 94,437,917	\$ 98,964,946	\$ 97,717,459	\$ 95,662,149	\$ 97,564,036	\$ 99,445,548	\$ 131,152,831	\$ 197,636,773
Restricted	1,660,503	1,721,790	1,764,257	2,520,812	2,303,314	2,941,350	5,053,399	4,622,632	3,305,894	3,181,068
Unrestricted	3,416,636	7,022,464	3,778,723	(20,881,713)	(16,346,459)	(14,300,996)	(17,854,581)	(207,988,313)	(205,231,514)	(206,775,650)
Total net position (deficit)	103,319,459	103,840,620	99,980,897	80,604,045	83,674,314	84,302,503	84,762,854	(103,920,133)	(70,772,789)	(5,957,809)
Business-Type Activities										
Net investment in capital assets	404,832	378,443	387,002	312,329	190,103	105,563	52,903	10,764	9,075	439,579
Restricted	-	-	-	-	-	-	-	5,994	3,048	4,194
Unrestricted	1,872,977	1,939,712	1,823,464	1,323,778	1,303,933	1,430,703	1,470,522	(2,590,300)	(2,295,052)	(2,468,586)
Total net position (deficit)	2,277,809	2,318,155	2,210,466	1,636,107	1,494,036	1,536,266	1,523,425	(2,573,542)	(2,282,929)	(2,024,813)
Total Primary Government										
Net investment in capital assets	95,474,809	94,824,919	99,277,275	97,907,562	95,767,712	-	97,616,939	99,456,312	131,161,906	198,076,352
Restricted	1,721,790	1,764,257	2,520,812	2,303,314	2,941,350	5,053,399	5,053,399	4,628,626	3,308,942	3,185,262
Unrestricted	8,962,176	5,602,187	(19,557,935)	(15,042,526)	(12,870,293)	(16,384,059)	(16,384,059)	(210,578,613)	(207,526,566)	(209,244,236)
Total net position (deficit)	\$105,597,268	\$106,158,775	\$102,191,363	\$82,240,152	\$85,168,350	\$85,838,769	\$86,286,279	\$ (106,493,675)	\$ (73,055,718)	\$ (7,982,622)



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

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

	2011	2012	2013	2014
Expenses				
Governmental activities:				
Instructional programs	\$ 81,502,355	\$ 81,565,170	\$ 88,415,171	\$ 85,252,288
System-wide support services	20,287,570	19,559,225	21,046,565	20,969,775
Ancillary Services	115,119	70,888	52,346	32,480
Non-programmed charges	733,737	653,689	672,453	750,630
Interest on long-term debt	27,381	11,686	1,816	-
Unallocated depreciation expense	3,257,366	3,212,969	3,425,084	2,266,594
Total governmental activities expenses	105,923,528	105,073,627	113,613,435	109,271,767
Business-type activities:				
School food service	4,854,111	4,850,298	5,039,864	4,894,352
Child care	418,368	523,966	463,396	420,404
Total business-type activities expense	5,272,479	5,374,264	5,503,260	5,314,756
Total school district expenses	111,196,007	110,447,891	119,116,695	114,586,523
Program revenues				
Governmental activities:				
Charges for services:				
School-based support	3,696,861	3,887,759	3,879,374	4,600,367
Operating grants and contributions	73,988,101	72,656,364	74,707,804	74,015,512
Capital grants and contributions	985,446	604,379	1,120,038	690,115
Total governmental activities program revenue	78,670,408	77,148,502	79,707,216	79,305,994
Business-type activities:				
Charges for services	2,287,165	2,260,682	2,101,236	2,059,654
Operating grants and contributions	3,079,606	3,217,588	3,395,029	3,348,364
Capital grants and contributions	-	-	-	-
Total business-type activities program revenue	5,366,771	5,478,270	5,496,265	5,408,018
Total school district program revenues	84,037,179	82,626,772	85,203,481	84,714,012
Net (expense) revenue				
Governmental activities	(27,253,120)	(27,925,125)	(33,906,219)	(29,965,773)
Business-type activities	94,292	104,006	(6,995)	93,262
Total school district net (expense) revenue	\$ (27,158,828)	\$ (27,821,119)	\$ (33,913,214)	\$ (29,872,511)

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

2015	2016	2017	2018	2019	2020
\$ 83,732,800	\$ 86,377,847	\$ 92,727,719	\$ 102,176,474	\$ 95,725,444	\$ 100,905,904
21,396,449	20,653,772	21,243,718	24,060,722	21,425,426	26,240,015
-	-	11,722	13,820	88,220	298,697
868,210	1,036,153	1,238,723	1,576,934	1,863,656	2,245,702
-	-	-	-	-	-
3,676,490	3,402,437	3,924,812	4,157,778	4,216,186	4,488,939
<u>109,673,949</u>	<u>111,470,209</u>	<u>119,146,694</u>	<u>131,985,728</u>	<u>123,318,932</u>	<u>134,179,257</u>
4,698,747	4,866,460	4,782,552	4,764,188	4,477,277	4,246,504
416,058	450,868	447,062	424,531	420,718	338,303
<u>5,114,805</u>	<u>5,317,328</u>	<u>5,229,614</u>	<u>5,188,719</u>	<u>4,897,995</u>	<u>4,584,807</u>
<u>114,788,754</u>	<u>116,787,537</u>	<u>124,376,308</u>	<u>137,174,447</u>	<u>128,216,927</u>	<u>138,764,064</u>
4,907,425	5,131,853	4,846,890	5,346,752	5,509,758	3,995,595
76,320,453	77,075,968	78,199,739	80,430,502	84,547,421	87,665,899
<u>643,267</u>	<u>154,538</u>	<u>246,808</u>	<u>558,092</u>	<u>686,818</u>	<u>631,348</u>
<u>81,871,145</u>	<u>82,362,359</u>	<u>83,293,437</u>	<u>86,335,346</u>	<u>90,743,997</u>	<u>92,292,842</u>
1,865,596	2,108,407	2,024,771	2,099,883	1,993,415	2,149,129
3,261,914	3,399,115	3,324,229	3,232,874	3,395,980	2,303,653
-	-	-	-	-	-
<u>5,127,510</u>	<u>5,507,522</u>	<u>5,349,000</u>	<u>5,332,757</u>	<u>5,389,395</u>	<u>4,452,782</u>
<u>86,998,655</u>	<u>87,869,881</u>	<u>88,642,437</u>	<u>91,668,103</u>	<u>96,133,392</u>	<u>96,745,624</u>
(27,802,804)	(29,107,850)	(35,853,257)	(45,650,382)	(32,574,935)	(41,886,415)
<u>12,705</u>	<u>190,194</u>	<u>119,386</u>	<u>144,038</u>	<u>491,400</u>	<u>(132,025)</u>
<u>\$ (27,790,099)</u>	<u>\$ (28,917,656)</u>	<u>\$ (35,733,871)</u>	<u>\$ (45,506,344)</u>	<u>\$ (32,083,535)</u>	<u>\$ (42,018,440)</u>

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

	2011	2012	2013	2014
Net (expense) revenue				
Governmental activities	\$ (27,253,120)	\$ (27,925,125)	\$ (33,906,219)	\$ (29,965,773)
Business-type activities	94,292	104,006	(6,995)	93,262
Total school district net (expense) revenue	<u>(27,158,828)</u>	<u>(27,821,119)</u>	<u>(33,913,214)</u>	<u>(29,872,511)</u>
General revenues and other changes in net position				
Governmental activities:				
Unrestricted county appropriations - operating	25,540,140	25,540,140	25,540,140	25,165,140
Unrestricted county appropriations - capital	711,932	711,932	711,932	711,932
Unrestricted county appropriations - contributed capital	2,934,174	-	2,295,633	4,528,109
Unrestricted State and Federal appropriations - operating	633,304	589,602	772,137	749,191
Unrestricted State and Federal appropriations - capital	-	-	-	2,306,406
Investment earnings, unrestricted	4,000	4,068	53,051	41,504
Miscellaneous, unrestricted	883,993	739,665	565,348	498,143
Extraordinary item	-	-	-	(17,204)
Transfers	101,624	75,637	108,255	115,927
Total governmental activities	<u>30,809,167</u>	<u>27,661,044</u>	<u>30,046,496</u>	<u>34,099,148</u>
Business-type activities:				
Unrestricted county appropriations - contributed capital	-	-	-	-
Investment earnings, unrestricted	15,560	11,977	7,561	7,036
Transfers	(101,624)	(75,637)	(108,255)	(115,927)
Total business-type activities	<u>(86,064)</u>	<u>(63,660)</u>	<u>(100,694)</u>	<u>(108,891)</u>
Change in net position (deficit)				
Governmental activities	3,556,047	(264,081)	(3,859,723)	4,133,375
Business-type activities	8,228	40,346	(107,689)	(15,629)
Total school district change in net position (deficit)	<u>\$ 3,564,275</u>	<u>\$ (223,735)</u>	<u>\$ (3,967,412)</u>	<u>\$ 4,117,746</u>

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

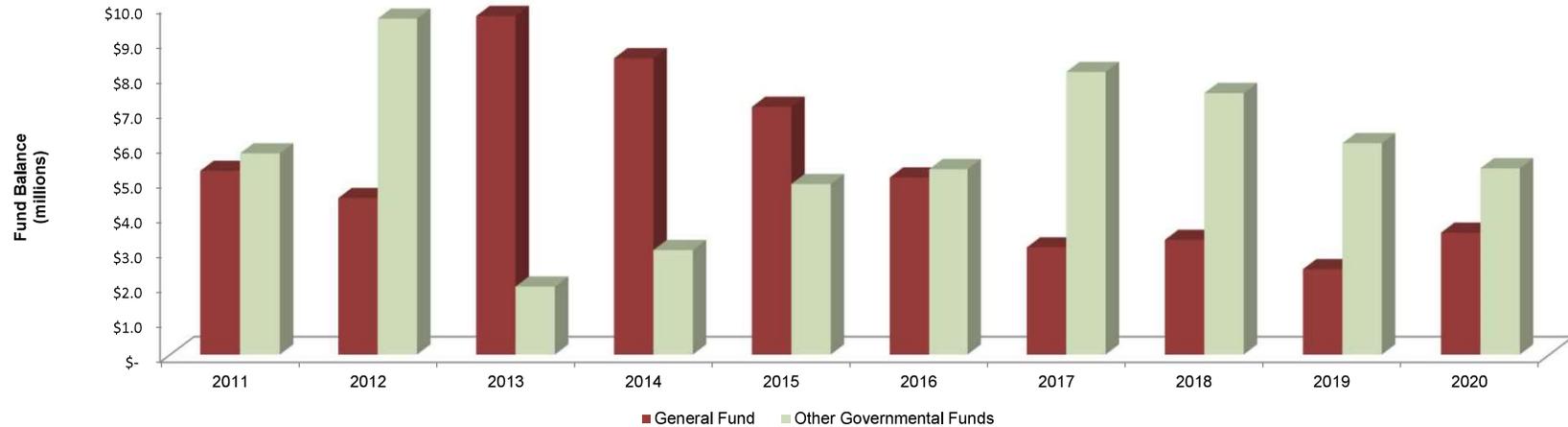
(Continued)

2015	2016	2017	2018	2019	2020
\$ (27,802,804)	\$ (29,107,850)	\$ (35,853,257)	\$ (45,650,382)	\$ (32,574,935)	\$ (41,886,415)
12,705	190,194	119,386	144,038	491,400	(132,025)
(27,790,099)	(28,917,656)	(35,733,871)	(45,506,344)	(32,083,535)	(42,018,440)
25,315,140	26,265,140	27,029,515	30,341,352	29,500,000	31,089,133
1,200,000	750,000	2,921,000	750,000	750,000	750,000
1,854,627	611,273	3,529,202	4,649,014	32,641,008	72,456,282
858,527	717,135	649,311	859,922	984,130	1,263,792
528,692	704,670	1,533,006	1,002,796	900,221	494,563
44,432	58,988	43,608	56,745	100,817	61,516
909,559	469,948	460,498	501,087	614,614	581,577
-	-	-	-	-	-
162,096	158,885	147,468	204,126	231,489	4,532
30,873,073	29,736,039	36,313,608	38,365,042	65,722,279	106,701,395
-	-	-	-	-	364,297
7,320	10,921	15,241	20,996	30,702	30,376
(162,096)	(158,885)	(147,468)	(204,126)	(231,489)	(4,532)
(154,776)	(147,964)	(132,227)	(183,130)	(200,787)	390,141
3,070,269	628,189	460,351	(7,285,340)	33,147,344	64,814,980
(142,071)	42,230	(12,841)	(39,092)	290,613	258,116
\$ 2,928,198	\$ 670,419	\$ 447,510	\$ (7,324,432)	\$ 33,437,957	\$ 65,073,096

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

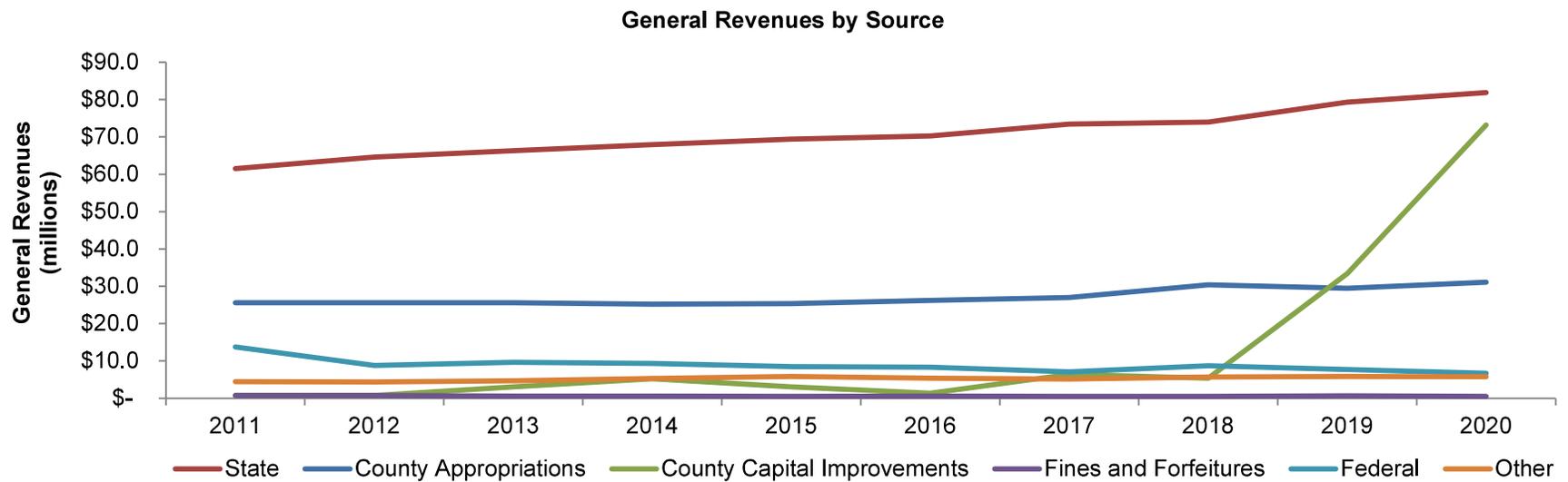
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable										
Inventories	\$ 531,953	\$ 500,029	\$ 479,519	\$ 481,082	\$ 325,147	\$ 242,577	\$ 231,962	\$ 374,044	\$ 308,041	\$ 174,525
Prepays	-	68,156	-	22,449	44,956	44,956	44,956	22,507	-	-
Restricted										
Stabilization by state statute	60,450	39,240	37,963	423,556	313,143	85,400	54,047	45,077	16,253	503,725
Assigned										
Subsequent year's expenditures	2,000,000	2,000,000	4,000,000	2,800,000	2,800,000	3,500,000	700,000	613,500	-	175,000
Unassigned	2,666,743	1,872,459	5,175,158	4,756,526	3,608,604	1,196,096	2,034,697	2,226,781	2,119,016	2,633,080
Total general fund	\$ 5,259,146	\$ 4,479,884	\$ 9,692,640	\$ 8,483,613	\$ 7,091,850	\$ 5,069,029	\$ 3,065,662	\$ 3,281,909	\$ 2,443,310	\$ 3,486,330
All other governmental funds										
Nonspendable										
Prepays	\$ -	\$ 90,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Stabilization by state statute	951,231	798,467	723,168	1,001,635	812,221	16,577	24,000	179,808	45,705	502,885
School capital outlay	12,290	163,518	292,092	276,815	818,299	831,542	3,130,664	2,202,571	1,011,665	1,488
Individual schools	636,532	721,842	711,034	818,806	1,143,362	2,007,831	1,844,688	1,927,224	2,101,938	1,986,178
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Other special programs	4,158,643	7,843,149	219,387	892,599	2,105,237	2,450,340	3,090,865	3,176,199	2,891,400	2,839,679
Total all other governmental funds	\$ 5,758,696	\$ 9,617,296	\$ 1,945,681	\$ 2,989,855	\$ 4,879,119	\$ 5,306,290	\$ 8,090,217	\$ 7,485,802	\$ 6,050,708	\$ 5,330,230

Governmental Fund Balances



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

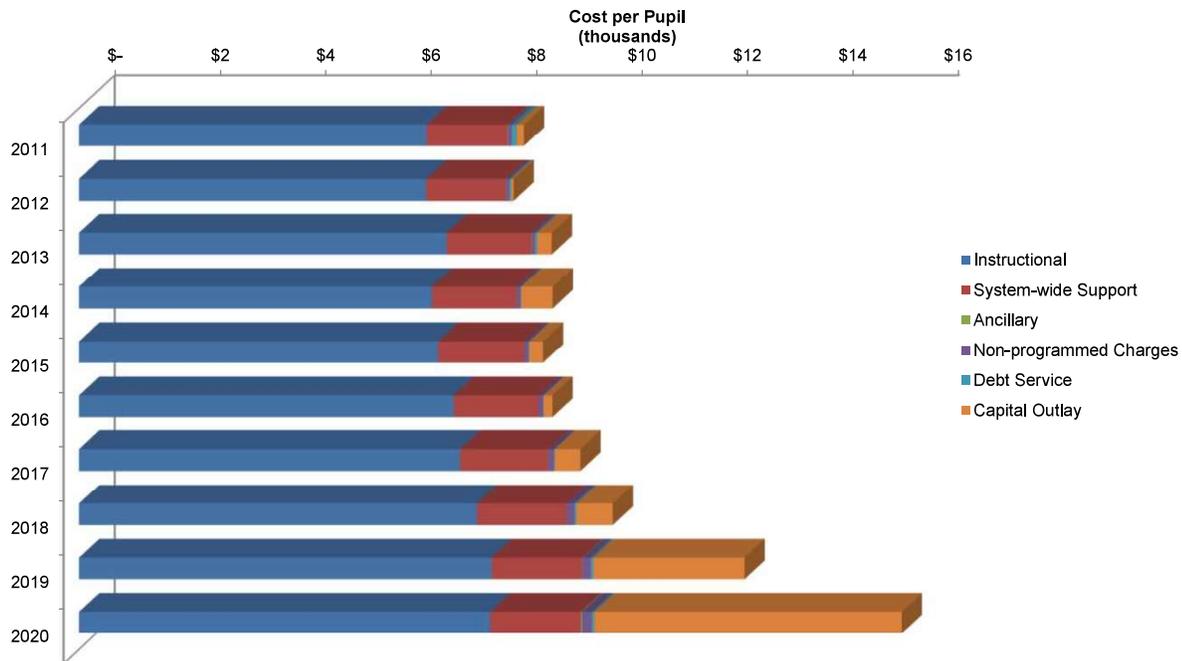
<u>Fiscal Year</u>	<u>State</u>	<u>County Appropriations</u>	<u>County Capital Improvements</u>	<u>Fines and Forfeitures</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
2011	61,526,177	25,540,140	711,932	743,036	13,760,999	4,478,493	\$ 106,760,777
2012	64,612,523	25,540,140	711,932	739,665	8,813,256	4,407,393	104,824,909
2013	66,309,681	25,540,140	3,007,565	565,348	9,630,298	4,708,425	109,761,457
2014	67,900,980	25,165,140	5,240,041	537,579	9,310,244	5,284,435	113,438,419
2015	69,426,151	25,315,140	3,054,627	489,317	8,421,639	5,856,143	112,563,017
2016	70,273,960	26,265,140	1,361,273	526,936	8,266,285	5,404,123	112,097,717
2017	73,387,497	27,029,515	6,450,202	501,202	7,124,581	5,104,670	119,597,667
2018	74,032,180	30,341,352	5,399,014	501,087	8,717,088	5,699,294	124,690,015
2019	79,334,781	29,500,000	33,391,008	614,614	7,728,339	5,829,908	156,398,650
2020	81,849,962	31,089,133	73,206,282	508,444	6,734,495	5,725,925	199,114,241



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

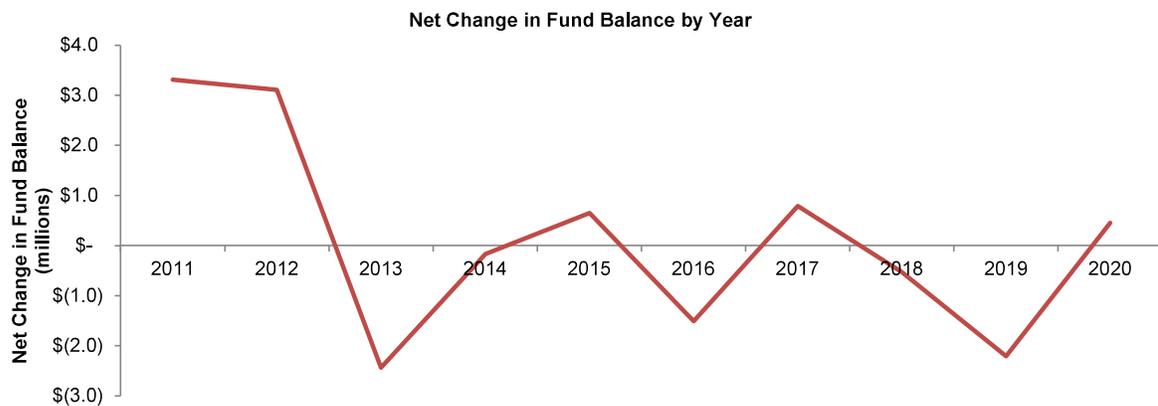
Fiscal Year	Average Daily Membership	Instructional Services	System-wide Support Services	Ancillary Services	Non-programmed Charges	Debt Service		Capital Outlay	Total
						Principal	Interest		
2011	12,378	\$ 6,585 81,505,757	\$ 1,531 18,955,216	\$ 9 115,119	\$ 69 850,737	\$ 90 1,117,926	\$ 2 27,381	\$ 137 1,690,217	\$ 8,423 104,262,353
2012	12,371	6,575 81,343,140	1,508 18,657,842	6 70,888	60 744,689	33 406,655	1 11,686	45 555,661	8,228 101,790,561
2013	12,609	6,961 87,769,382	1,607 20,265,186	4 52,346	63 788,453	41 520,828	- -	275 3,471,048	8,951 112,867,243
2014	12,723	6,685 85,054,153	1,605 20,418,224	3 32,480	69 882,630	11 140,115	- -	594 7,563,792	8,967 114,091,394
2015	12,802	6,799 87,040,395	1,634 20,918,471	- -	79 1,017,210	11 140,118	- -	261 3,338,404	8,784 112,454,598
2016	12,703	7,093 90,100,524	1,604 20,377,629	- -	94 1,194,357	3 42,472	- -	168 2,139,645	8,963 113,854,627
2017	12,578	7,214 90,737,919	1,670 21,010,494	1 11,722	109 1,376,813	10 130,022	- -	487 6,122,135	9,492 119,389,105
2018	12,541	7,533 94,474,274	1,705 21,377,659	1 13,820	141 1,770,687	36 456,048	- -	689 8,636,008	10,105 126,728,496
2019	12,668	7,811 98,945,264	1,710 21,663,343	7 88,220	160 2,027,519	50 631,348	- -	2,863 36,268,276	12,601 159,623,970
2020	12,743	7,782 99,160,285	1,718 21,892,663	23 293,522	186 2,370,238	50 631,348	- -	5,832 74,314,659	15,590 198,662,715

Cost per Pupil by Function



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

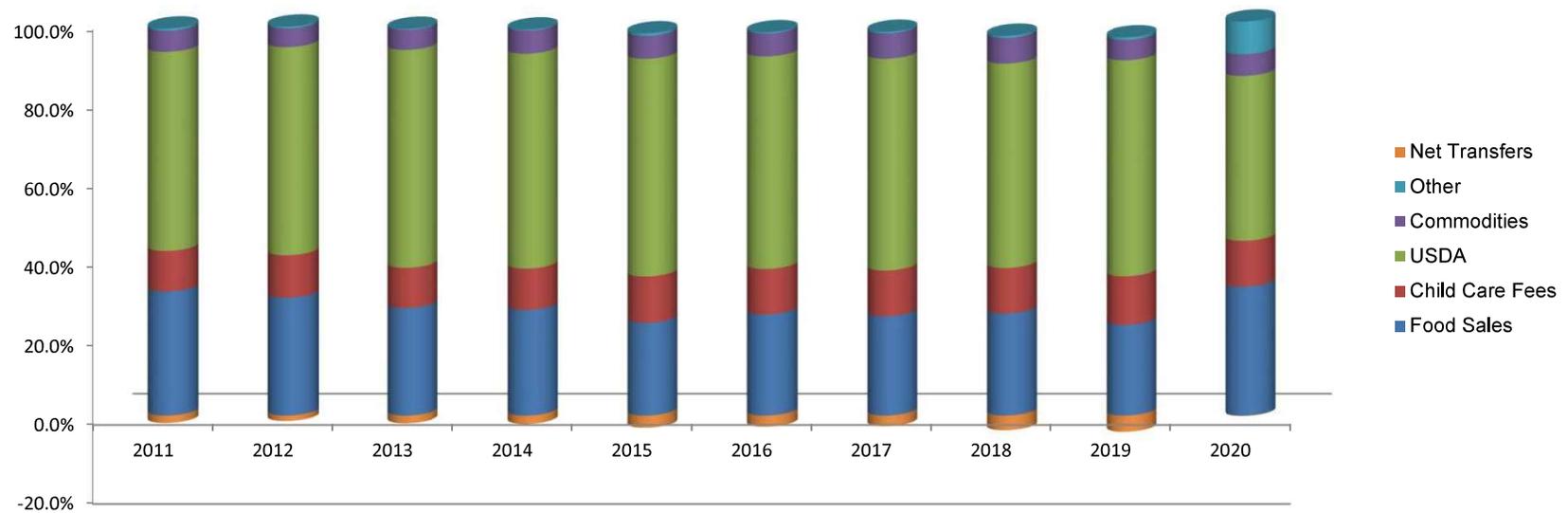
Fiscal Year	Excess of Revenues over (under) Expenditures	Transfers In	Transfers Out	Installment Purchases and Capitalized Leases	Insurance Proceeds	Total Other Financing Sources (Uses)	Net Change in Fund Balance	Debt Service As a Percentage of Noncapital Expenditures
2011	\$ 2,498,424	\$ 146,624	\$ (45,000)	\$ 712,782	\$ -	\$ 814,406	\$3,312,830	1.38%
2012	3,034,348	75,637	-	-	-	75,637	3,109,985	0.43%
2013	(3,105,786)	108,255	-	560,459	-	668,714	(2,437,072)	0.46%
2014	(652,975)	160,927	(45,000)	-	370,632	486,559	(166,416)	0.13%
2015	108,419	207,096	(45,000)	-	382,921	545,017	653,436	0.13%
2016	(1,756,910)	203,885	(45,000)	84,945	-	243,830	(1,513,080)	0.04%
2017	208,562	192,468	(45,000)	435,145	-	582,613	791,175	0.11%
2018	(2,038,481)	249,126	(45,000)	1,304,105	-	1,508,231	(530,250)	0.38%
2019	(3,225,320)	276,489	(45,000)	786,141	-	1,017,630	(2,207,690)	0.51%
2020	451,526	226,976	(222,444)	-	-	4,532	456,058	0.49%



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

Fiscal Year	Food Sales	Child Care Fees	USDA Reimbursements	Donated Commodities	Other	Net Transfers	Total
2011	\$ 1,722,173	\$ 564,992	\$ 2,769,553	\$ 294,343	\$ 31,270	\$ (101,624)	\$ 5,280,707
2012	1,661,079	599,603	2,938,508	266,243	24,814	(75,637)	5,414,610
2013	1,529,585	571,651	3,102,079	285,802	14,709	(108,255)	5,395,571
2014	1,478,323	581,331	3,015,593	324,474	15,333	(115,927)	5,299,127
2015	1,242,442	623,154	2,926,469	307,852	34,913	(162,096)	4,972,734
2016	1,453,654	654,753	3,061,168	330,040	18,828	(158,885)	5,359,558
2017	1,385,241	639,530	2,962,275	354,548	22,647	(147,468)	5,216,773
2018	1,426,226	637,657	2,863,580	361,426	28,864	(204,126)	5,113,627
2019	1,296,208	697,207	3,098,058	293,355	35,269	(231,489)	5,188,608
2020	1,583,850	565,279	2,029,555	268,637	400,134	(4,532)	4,842,923

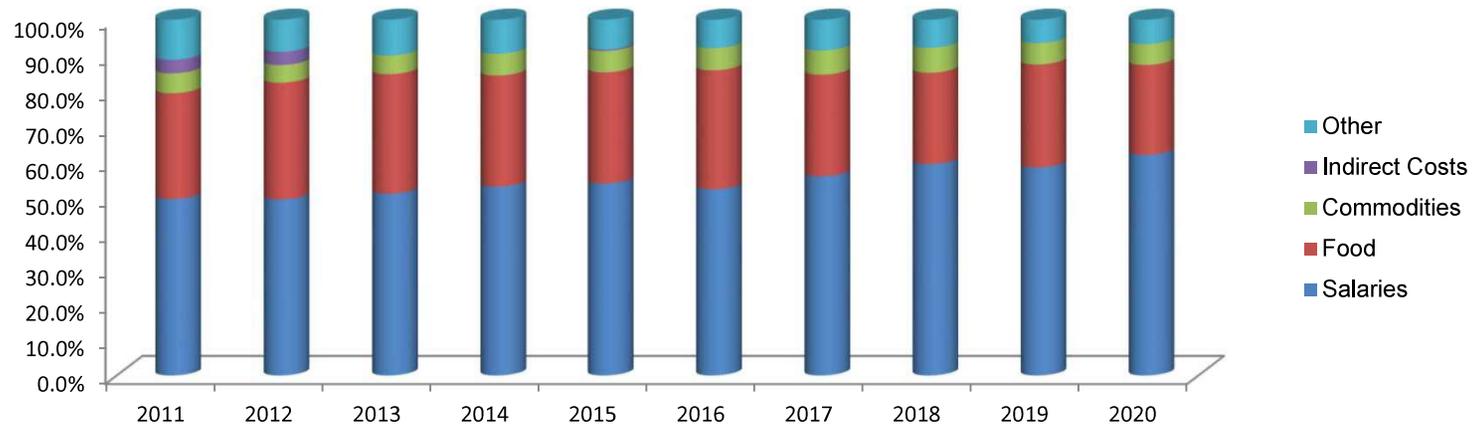
Proprietary Fund Revenues as a Percentage of Total



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

Fiscal Year	Salaries and Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
2011	\$ 2,615,109	\$ 1,567,677	\$ 294,343	\$ 200,000	\$ 595,350	\$ 5,272,479
2012	2,658,654	1,764,136	266,243	200,000	485,231	5,374,264
2013	2,811,198	1,849,727	285,802	-	556,533	5,503,260
2014	2,820,989	1,659,804	324,474	-	509,489	5,314,756
2015	2,759,701	1,598,655	307,852	19,854	428,743	5,114,805
2016	2,781,832	1,779,451	330,040	-	426,005	5,317,328
2017	2,926,894	1,494,511	354,548	-	453,661	5,229,614
2018	3,081,259	1,334,666	361,426	-	411,368	5,188,719
2019	2,863,368	1,418,837	293,355	-	322,435	4,897,995
2020	2,841,105	1,160,830	268,637	-	314,235	4,584,807

Proprietary Expenses as a Percentage of Total



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

Fiscal Year	Governmental Activities	Business- type Activities	Total Primary Government	Per Student
	Installment Purchases	Installment Purchases		
2011	\$ 645,440	\$ -	\$ 645,440	\$ 52.14
2012	238,786	-	238,786	19.30
2013	280,233	-	280,233	22.22
2014	140,115	-	140,115	11.01
2015	140,118	-	140,118	10.95
2016	42,473	-	42,473	3.34
2017	347,596	-	347,596	27.64
2018	1,195,653	-	1,195,653	95.34
2019	1,350,446	-	1,350,446	106.60
2020	719,098	-	719,098	56.43

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

Fiscal Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Less: Abatements	Actual Taxable Assessed Value (1)	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (2)	Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Utilities and Other						
2011	321,037	11,898,339	726,928	154,515	1,306,623	40,151	11,754,045	0.465	11,640,000	101%
2012	335,301	12,028,871	765,752	159,780	1,341,543	45,997	11,902,164	0.465	11,852,093	100%
2013	332,786	12,269,515	810,645	161,752	1,435,350	80,421	12,058,927	0.465	11,984,766	101%
2014	324,616	12,362,197	1,088,687	161,475	1,470,691	50,551	12,415,733	0.465	12,120,800	102%
2015	327,018	12,533,473	859,941	156,354	1,478,800	31,683	12,366,303	0.465	12,325,600	100%
2016	334,158	12,170,136	897,122	179,536	1,602,825	13,122	11,965,005	0.465	12,006,812	100%
2017	380,414	12,377,743	950,352	185,741	1,652,895	(417)	12,241,772	0.465	12,213,976	100%
2018	513,948	12,591,779	964,137	195,626	1,670,345	97,458	12,497,687	0.465	12,213,976	102%
2019	477,431	12,784,249	1,042,386	201,007	1,675,803	26,894	12,802,376	0.465	12,544,513	102%
2020	557,477	13,863,927	1,061,383	212,930	1,815,745	71,059	13,808,913	0.510	13,761,278	100%

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

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

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

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

	Year Taxes are Payable									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Direct Rates</u>										
County General	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.4650	0.5100
Advanced Life Support (ALS)	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0300	0.0300	0.0400	0.0400
<u>Municipality Rates</u>										
Aberdeen	0.4300	0.4300	0.4300	0.4300	0.4300	0.4300	0.4700	0.4700	0.4700	0.4900
Cameron	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750	0.5750
Carthage	0.4000	0.4000	0.4000	0.4000	0.4300	0.4950	0.4950	0.4950	0.4950	0.5050
Carthage Tag Fee	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Foxfire	0.3200	0.0320	0.3500	0.3500	0.3500	0.3800	0.3800	0.3800	0.3800	0.3800
Pinebluff	0.3700	0.3700	0.3700	0.3700	0.3700	0.3800	0.3900	0.3900	0.3900	0.3900
Pinehurst	0.2800	0.2800	0.2800	0.2800	0.2800	0.2900	0.2950	0.2950	0.2950	0.3000
Robbins	0.6600	0.6600	0.6400	0.6400	0.6400	0.6400	0.6200	0.6200	0.6400	0.7500
Robbins Tag Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.0000	10.00
Southern Pines	0.3500	0.3500	0.3500	0.3500	0.3700	0.3800	0.3800	0.4000	0.4000	0.4000
Taylortown	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.5000
Vass	0.4800	0.4800	0.4800	0.4800	0.4900	0.4900	0.4900	0.5000	0.5150	0.5150
Whispering Pines	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700	0.3700
<u>Fire Districts</u>										
Southern Pines	0.0890	0.0890	0.0890	0.0890	0.0890	0.0800	0.0850	0.0900	0.0950	0.0950
Crestline	0.0830	0.0850	0.0830	0.0830	0.0830	0.0800	0.0850	N/A	N/A	N/A
Pinebluff	0.0840	0.0890	0.0860	0.0860	0.0860	0.0800	0.0850	0.0900	0.0950	0.0950
Pinehurst	0.0840	0.0840	0.0840	0.0840	0.0840	0.0800	0.0850	0.0900	0.0950	0.0950
Seven Lakes	0.0380	0.0400	0.0400	0.0400	0.0400	0.0800	0.0850	0.0900	0.0950	0.0950
West End	0.0600	0.0590	0.0590	0.0590	0.0690	0.0800	0.0850	0.0900	0.0950	0.0950
Eastwood	0.0690	0.0700	0.0700	0.0700	0.0700	0.0800	0.0850	0.0900	0.0950	0.0950
Circle V	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robbins	0.0630	0.0610	0.0630	0.0630	0.0630	0.0800	0.0850	0.0900	0.0950	0.0950
Carthage	0.0620	0.0670	0.0640	0.0640	0.0640	0.0800	0.0850	0.0900	0.0950	0.0950
Cameron	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Highfalls	0.0490	0.0660	0.0660	0.0660	0.0660	0.0800	0.0850	0.0900	0.0950	0.0950
Eagle Springs	0.0710	0.0780	0.0750	0.0750	0.0750	0.0800	0.0850	0.0900	0.0950	0.0950
Aberdeen	0.0900	0.0930	0.0920	0.0920	0.0920	0.0800	0.0850	0.0900	0.0950	0.0950
Crains Creek	0.1080	0.1110	0.1110	0.1110	0.1110	0.0800	0.0850	0.0900	0.0950	0.0950
PH Munic Service	0.0500	0.0500	0.0500	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Whispering Pines	0.0550	0.0580	0.0580	0.0580	0.0580	0.0800	0.0850	0.0900	0.0950	0.0950
V Cypress Point	0.0800	0.0790	0.0810	0.0810	0.0810	0.0800	0.0850	0.0900	0.0950	0.0950
Westmoore	0.5700	0.0710	0.0700	0.0700	0.0700	0.0800	0.0850	0.0900	0.0950	0.0950

N/A - not applicable

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

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

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

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

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

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

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

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$ 114,004,019	1	0.82%	\$ -		
Resorts of Pinehurst	98,294,730	2	0.71%	174,415,760	1	1.48%
Pinehurst, Inc	47,731,470	3	0.35%			
Lee Electrical Construction Inc	45,313,513	4	0.33%			
Morganton Park, LLC	36,665,150	5	0.27%			
Pinehurst Surgical Clinic	28,766,340	6	0.21%	27,156,035	5	0.24%
Pinehurst Medical Group, LLC	28,418,020	7	0.21%			
SBV Southern Pines LLC	26,491,130	8	0.18%			
Hawthorne Pinecrest, LLC	25,209,160	9	0.18%			
Randolph Electric Memb Corp	24,770,684	10	0.18%			
Progress Energy				69,271,164	2	0.59%
Forest Creek Holding Co., LLC				48,534,096	3	0.41%
Kirkpatrick, James R - Aberdeen Commons				28,974,110	4	0.25%
Country Club of North Carolina				23,477,963	9	0.20%
WRI Pinecrest Plaza				24,344,970	8	0.20%
Carolina Telephone & Telegraph				25,821,098	6	0.22%
Pine Needles				24,469,134	7	0.21%
Woodlake Partners				19,904,040	10	0.17%
Total	<u>\$ 475,664,216</u>		<u>3.44%</u>	<u>\$ 466,368,370</u>		<u>3.97%</u>

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

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

Fiscal Year	Taxes Levied for the Fiscal Year (net)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	54,684	54,236	99%	437	54,673	100%
2012	55,370	54,870	99%	490	55,360	100%
2013	56,115	55,771	99%	332	56,103	100%
2014	57,793	57,539	100%	239	57,778	100%
2015	57,654	57,316	99%	236	57,552	100%
2016	55,773	55,524	100%	225	55,749	100%
2017	57,064	56,753	99%	250	57,003	100%
2018	58,326	57,993	99%	254	58,247	100%
2019	59,693	59,404	100%	207	59,611	100%
2020	70,494	70,067	99%	-	70,067	99%

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

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

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Limited Obligation Bonds	Notes Payable	Unamortized Premium	USDA Bonds	Federal/State Revolving Loan	Notes Payable	Limited Obligation Bonds	Unamortized Premium			
2011	84,650	-	25	29,830	244	3,057	9,219	1,218	1,486	8,590	633	138,952	4.04%	1,576
2012	79,945	-	-	27,980	198	2,864	12,513	14,909	1,014	8,305	601	148,329	4.04%	1,651
2013	69,444	-	381	26,080	150	2,671	12,394	21,387	513	8,010	570	141,600	3.79%	1,541
2014	64,805	-	352	24,085	101	2,479	12,218	20,452	219	7,705	538	132,954	3.43%	1,433
2015	60,230	-	235	22,040	51	2,286	12,035	20,951	149	7,385	506	125,868	3.05%	1,339
2016	51,260	-	449	19,955	-	10,123	11,845	19,769	561	7,050	475	121,487	2.81%	1,288
2017	46,535	-	278	19,374	-	7,732	11,592	18,806	413	15,811	309	120,850	2.52%	1,262
2018	43,350	-	205	17,080	31,000	7,058	11,368	17,624	341	15,193	298	143,517	2.83%	1,476
2019	105,200	-	361	15,251	45,262	12,221	11,143	16,441	267	14,563	287	220,996	*	2,186
2020	136,950	-	366	13,418	42,922	15,812	10,911	15,259	192	13,916	277	250,023	*	2,429

* 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, 2020.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Property Value (1)</u>	<u>Per Capita (2)</u>
2011	84,650	0.73%	960
2012	79,945	0.67%	890
2013	70,053	0.58%	762
2014	64,805	0.53%	699
2015	60,230	0.49%	641
2016	51,260	0.43%	543
2017	46,535	0.38%	486
2018	43,350	0.35%	446
2019	105,200	0.82%	1,041
2020	136,950	0.99%	1,330

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

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

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

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

	Year Taxes are Payable									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 940,323,608	\$ 952,173,124	\$ 964,714,170	\$ 993,258,652	\$ 989,304,259	\$ 957,200,393	\$ 979,341,759	\$ 999,814,982	\$1,024,190,107	\$ 1,104,712,965
Total net debt applicable to limit	114,749,183	108,122,596	96,054,408	89,342,769	82,555,861	71,664,012	66,186,977	214,635,261	224,074,310	213,655,767
Legal Debt Margin	\$ 825,574,425	\$ 844,050,528	\$ 868,659,762	\$ 903,915,883	\$ 906,748,398	\$ 885,536,381	\$ 913,154,782	\$ 785,179,721	\$ 800,115,797	\$ 891,057,198
Total net debt applicable to the limit as a percentage of debt	12.2%	11.4%	10.0%	9.0%	8.3%	7.5%	6.8%	21.5%	21.9%	19.3%
Legal Debt Margin Calculation for Fiscal Year 2018										
Appraised valuation - June 30, 2019	<u>\$ 13,808,912,063</u>									
Debt limit - eight percent (8%) of appraised value	<u>1,104,712,965</u>									
Gross Debt										
Total bonded debt	147,861,378									
Limited obligation bonds	27,334,000									
Authorized and unissued bonds	20,000,000									
Federal/State revolving loan	15,259,206									
Notes payable	43,114,054									
Capital lease	365,767									
Gross debt	<u>253,934,405</u>									
Statutory Deductions	(40,278,638)									
Net debt	<u>213,655,767</u>									
Legal debt margin	<u>891,057,198</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, 2020.

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

Employer	2020			2011		
	Employees (Note)	Rank	Percentage of Total County Employment	Employees (Note)	Rank	Percentage of Total County Employment
Moore Regional Hospital	1,000 & over	1	*	1000 & over	1	*
Moore County Schools	1,000 & over	2	*	1000 & over	2	*
Pinehurst, Llc	1,000 & over	3	*	500 - 999	3	*
County of Moore	500 - 999	4	*	500 - 999	4	*
Sandhills Community College	500 - 999	5	*	500 - 999	5	*
Pinehurst Medical Clinic Inc	500 - 999	6	*	250 - 499	7	*
Trinity Health Senior Communities	500 - 999	7	*			
Pinehurst Surgical Clinic, PA	250 - 499	8	*	250 - 499	9	*
Lee Electrical Construction Inc	250 - 499	9	*	250 - 499	10	*
Harris Teeter	250 - 499	10	*			
Wal-Mart Associates				250 - 499	6	*
St. Joseph of the Pines Hospital, Inc				250 - 499	8	*

* Information not available

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

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
2011	88,177	3,438,011	38,477	12,491	9.0%
2012	89,802	3,669,496	40,636	12,477	9.2%
2013	91,912	3,732,881	40,758	12,707	8.8%
2014	92,763	3,873,244	41,613	13,009	6.7%
2015	93,984	4,125,534	43,725	13,130	5.7%
2016	94,352	4,327,275	45,181	12,993	5.4%
2017	95,776	4,793,730	49,286	12,792	4.9%
2018	97,264	5,063,095	51,307	12,856	4.0%
2019	101,088	*	*	12,759	3.9%
2020	102,950	*	*	12,835	5.5%

* 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, 2020.

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

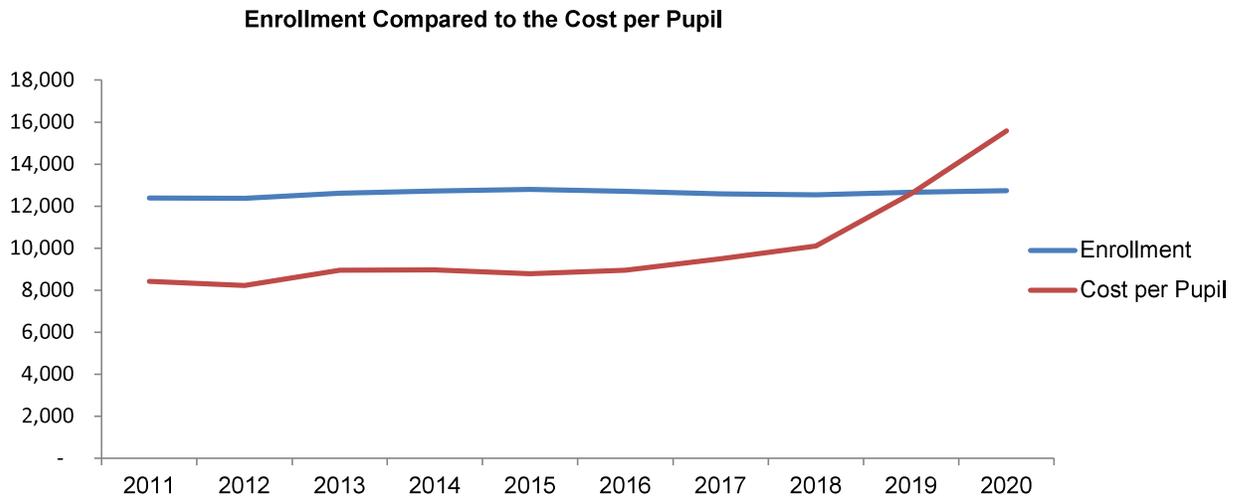
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>School and School Based Support</u>										
Principals	24	23	23	23	23	23	23	23	23	24
Assistant Principals	26	23	27	28	27	28	29	28	28	29
Elementary Teachers	389	375	400	390	379	595	604	596	597	583
Secondary Teachers	118	117	117	112	107	113	104	105	105	106
Teacher Assistants	268	230	241	222	220	198	186	186	188	181
Other Teachers	320	294	328	331	332	114	119	117	112	112
Guidance Counselors	28	30	34	34	33	34	39	40	42	37
Psychological	10	11	11	11	10	9	9	11	11	10
Librarian / Audiovisual	23	22	22	22	22	20	22	22	21	22
Consultants	13	13	14	14	13	11	6	7	7	7
Other	65	58	63	69	70	72	91	94	101	106
Based Support	<u>1,284</u>	<u>1,196</u>	<u>1,280</u>	<u>1,256</u>	<u>1,236</u>	<u>1,217</u>	<u>1,232</u>	<u>1,229</u>	<u>1,235</u>	<u>1,217</u>
<u>Central Services</u>										
Administration and Management	8	7	9	9	11	9	8	7	7	8
Technicians	14	14	13	15	17	17	16	16	16	16
Clerical	81	76	76	77	78	85	91	89	90	98
Service Workers	188	176	183	179	163	165	169	180	173	186
Other	63	61	63	62	62	63	61	65	63	64
Total Central Services	<u>354</u>	<u>334</u>	<u>344</u>	<u>342</u>	<u>331</u>	<u>339</u>	<u>345</u>	<u>357</u>	<u>349</u>	<u>372</u>
Total Employees	<u><u>1,638</u></u>	<u><u>1,530</u></u>	<u><u>1,624</u></u>	<u><u>1,598</u></u>	<u><u>1,567</u></u>	<u><u>1,556</u></u>	<u><u>1,577</u></u>	<u><u>1,586</u></u>	<u><u>1,584</u></u>	<u><u>1,589</u></u>

Source: North Carolina Public Schools Statistical Profile

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Percentage Change</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Number of Schools</u>	<u>Graduating Class</u>
2011	12,378	1.16%	104,262,353	8,423	0.81%	24	829
2012	12,371	-0.06%	101,790,561	8,228	-2.32%	23	877
2013	12,609	1.92%	112,867,243	8,951	8.79%	23	826
2014	12,723	0.90%	114,091,394	8,967	0.18%	23	900
2015	12,802	0.62%	112,454,598	8,784	-2.04%	23	875
2016	12,703	-0.77%	113,854,627	8,963	2.03%	23	1,016
2017	12,578	-0.98%	119,389,105	9,492	5.90%	23	994
2018	12,541	-0.29%	126,728,496	10,105	6.46%	23	987
2019	12,668	1.01%	159,623,970	12,601	24.69%	23	1,008
2020	12,743	0.59%	198,662,715	15,590	23.72%	24	1,014

Source: North Carolina Public Schools Statistical Profile



Board of Education of Moore County Schools
Capital Assets
For the Year Ended June 30, 2020

Schools	Site Size (Acres)	Square Footage	Year First Built	Building Classrooms (1)	Mobile Unit Classrooms (2)	Capacity (3)	Final Enrollment
<u>Elementary Schools</u>							
Aberdeen Primary	7.790	53,681	1949	12	3	285	314
Aberdeen Elementary	18.940	76,217	1949	18	0	440	337
Cameron Elementary	26.400	79,962	1951	12	0	284	246
Carthage Elementary	16.810	77,397	1950	18	0	440	384
Highfalls (K-8)	22.000	68,362	1949	14	3	350	244
McDeeds Creek Elementary	38.710	117,693	2019	32	0	800	471
Pinehurst Elementary	11.060	78,759	1940	15	10	367	589
Robbins Elementary	28.910	50,372	1977	24	0	600	388
Sandhills Farm Life Elementary	14.000	73,442	1953	22	8	550	387
Southern Pines Elementary	11.500	88,054	1936	24	0	590	306
Southern Pines Primary	17.100	58,744	1950	16	2	400	297
Vass-Lakeview Elementary	30.420	99,274	1958	24	4	600	507
Westmoore (K-8)	32.300	63,734	1952	16	0	400	289
West End Elementary	38.590	56,039	1952	20	2	500	501
West Pine Elementary	25.420	70,500	2011	24	0	600	587
<u>Middle Schools</u>							
Crain's Creek Middle	49.000	89,456	2011	20	0	478	451
Elise Middle	27.600	53,376	1951	11	1	270	235
New Century Middle	40.000	98,731	1997	28	0	700	629
Southern Middle	67.140	99,331	1999	28	0	700	722
West Pine Middle	35.000	104,869	1997	28	6	700	834
<u>High Schools</u>							
North Moore High	51.000	118,130	1965	23	10	559	508
Pinecrest High	121.000	282,170	1969	66	17	1,650	2,091
Union Pines High	110.880	184,914	1963	43	18	1,068	1,336
<u>Alternative School</u>							
Community Learning Center @ Pinckney	20.5	16,303	1947	0	6	0	90

Source: Moore County Schools Facilities and Transportation Department

Notes:

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



Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Moore County Schools
Carthage, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Moore County Schools, North Carolina ("Board"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 19, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
January 19, 2021**

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

Board of Education
Moore County Schools
Carthage, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of Moore County Schools, North Carolina ("Board") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2020. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
January 19, 2021**

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

Board of Education
Moore County Schools
Carthage, North Carolina

Report on Compliance for Each Major State Program

We have audited the Board of Education of Moore County Schools, North Carolina ("Board") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
January 19, 2021**

There were no findings or questioned costs related to our audit of federal and state awards for the fiscal year ended June 30, 2019.

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2020**

Schedule 13

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	\$ 268,637
Total Non-Cash Assistance			<u>268,637</u>
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	418,887
National School Lunch Program	10.555	PRC 035	1,610,668
Total Cash Assistance			<u>2,029,555</u>
Total Child Nutrition Cluster			<u>2,298,192</u>
Total School Nutrition Program (Note 3)			<u>2,298,192</u>
<u>Total U.S. Department of Agriculture</u>			<u>2,298,192</u>
<u>U.S. Department of Education</u>			
Cash Assistance			
Direct Program:			
Impact Aid (School Assistance in Federally Affected Areas)	84.041		327,246
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	2,341,211
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	149,990
Total Title I Grants to Local Educational Agencies (Title I)			<u>2,491,201</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	2,186,893
Targeted Assistance	84.027	PRC 070	387,026
Special Needs Targeted Assistance	84.027	PRC 118	7,141
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	PRC 049	133,497
Targeted Assistance	84.173	PRC 119	14,401
Total Special Education Cluster			<u>2,728,958</u>
Career and Technical Education - Capacity Building Grants	84.048	PRC 017	139,827
Education for Homeless Children and Youth	84.196	PRC 026	24,449
English Language Acquisition Grant	84.365	PRC 104	37,958
Supporting Effective Instruction State Grants	84.367	PRC 103	264,238
Special Education - State Personnel Development	84.323	PRC 082	6,582
Twenty-First Century Community Learning Centers	84.287	PRC 110	-
Student Support and Academic Enrichment Program	84.424	PRC 108	179,130
<u>Total U.S. Department of Education</u>			<u>6,199,589</u>

**Board of Education of Moore County Schools
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2020**

**Schedule 13
(Continued)**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Army Youth Programs in Your Neighborhood	NONE		62,824
ROTC	NONE	PRC 031	135,600
			<hr/>
<u>Total U.S. Department of Defense</u>			198,424
 <u>U.S. Department of Treasury</u>			
Cash Assistance			
Passed-through the Office of State Budget and Management:			
NC Pandemic Recovery Office			
Passed-through the N.C. Department of Public Instruction:			
Coronavirus Relief Fund			
School Nutrition	21.019	PRC 125	260,390
			<hr/>
Total Federal Assistance			8,956,595
 State Grants:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 74,331,057
Driver Training - SPSF		PRC 012	234,903
School Technology Fund - SPSF		PRC 015	150,206
Career and Technical Education			
- State Months of Employment		PRC 013	3,913,878
- State Program Support Funds		PRC 014	452,230
State COVID-19 Supplemental Funds		PRC 154	498,759
Textbooks and Digital Resources		PRC 131	703,432
Passed-through Moore County			
Public School Building Capital Fund - Lottery Funds			494,563
			<hr/>
Total N.C. Department of Public Instruction			80,779,028
 <u>N.C. Department of Agriculture</u>			
State Kindergarten Breakfast Funds			5,461
 <u>N.C. Department of Health and Human Services</u>			
Division of Child Development and Early Education:			
NC Pre-Kindergarten Program			375,431
State School Nurse Initiative			49,953
 Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
School Buses Appropriation		PRC 120	631,348
			<hr/>
Total State Assistance			81,841,221
Total Federal and State Assistance			\$ 90,797,816

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Board of Education of Moore County Schools (the "Board") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2: Summary of Significant Account Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

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

Note 4: Non-cash Assistance

Included in the amounts reported on the Schedule of Expenditures of Federal and State Awards, the Board received non-cash assistance in the form of food commodities and school buses. Non-cash items with a fair value of \$899,985 were received during the year ended June 30, 2020. These non-cash items received were included in the determination of federal and state awards expended for the year ended June 30, 2020.