

**Mooreville Graded
School District**

Financial Report

Year Ended June 30, 2022

MOORESVILLE GRADED SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Mooreville Graded School District
Mooreville, North Carolina

Opinions

We have audited accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mooreville Graded School District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise of the Mooreville Graded School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mooreville Graded School District as of June 30, 2022, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Federal Grants Fund, and the Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mooreville Graded School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Mooreville Graded School District's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mooresville Graded School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mooresville Graded School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedule of the Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 55 to 60, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mooresville Graded School District's basic financial statements. The individual fund budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, individual fund budgetary schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022 on our consideration of Mooresville Graded School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of Mooresville Graded School District's 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 Mooresville Graded School District's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 11, 2022
Elon, North Carolina
(336) 380-4123

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

This section of the Mooresville Graded School District's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

Mooresville Graded School District continues to feel the effects of the pandemic with staffing shortages primarily in the areas of teaching and bus driving, however, the district was able to enjoy a full year of in-person learning for the 2021/2022 school year. MGSD continues to receive federal funding from the American Rescue Plan and is able to utilize this funding to aid in learning loss. We have continued the use of 1:1 technology by providing each student with iPads and Mac Books.

Overview of the Financial Statements

The audited financial statements of the Mooresville Graded School District consist of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for non-major governmental funds and budgetary statements for enterprise funds*

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

The second type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary funds, and fiduciary fund. 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 the financial resources of each of the Board's major funds.

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Government-wide Statements

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

The two government-wide statements report the Board's net position and how they have changed. Net position – the difference between the Board's assets and liabilities – is one way to measure the unit's financial health or position.

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

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

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

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

Fund Financial Statements

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

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

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Mooresville Graded School District 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 – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps 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 funds statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Other Special Revenue Fund and the Federal Grants Fund.

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

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

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

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Mooresville Graded School District has one fiduciary fund – the Administrative Fund, which is a scholarship fund under the control of the administrative unit. This is accounted for as a private purpose trust fund.

The fiduciary fund statements are shown as Exhibits 9 and 10 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities exceeded assets by \$7,547,127 as of June 30, 2022. The largest component of net position, other than unrestricted net position, is net investment in capital assets, of \$59,465,563.

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Following is a summary of the Statement of Net Position:

Table 1						
Condensed Statement of Net Position						
As of June 30, 2022 and 2021						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current assets	\$ 26,194,624	\$ 33,105,439	\$ 4,294,013	\$ 2,770,386	\$ 30,488,637	\$ 35,875,825
Capital assets	76,318,010	51,159,772	277,982	272,210	76,595,992	51,431,982
Total assets	<u>102,512,634</u>	<u>84,265,211</u>	<u>4,571,995</u>	<u>3,042,596</u>	<u>107,084,629</u>	<u>87,307,807</u>
Deferred outflow s of resources	<u>18,681,491</u>	<u>16,287,801</u>	<u>545,944</u>	<u>475,990</u>	<u>19,227,435</u>	<u>16,763,791</u>
Current liabilities	7,134,495	4,314,811	75,418	96,326	7,209,913	4,411,137
Long-term liabilities	<u>92,346,585</u>	<u>105,100,823</u>	<u>2,185,439</u>	<u>2,454,951</u>	<u>94,532,024</u>	<u>107,555,774</u>
Total liabilities	<u>99,481,080</u>	<u>109,415,634</u>	<u>2,260,857</u>	<u>2,551,277</u>	<u>101,741,937</u>	<u>111,966,911</u>
Deferred inflow s of resources	<u>31,205,317</u>	<u>26,824,502</u>	<u>911,937</u>	<u>783,913</u>	<u>32,117,254</u>	<u>27,608,415</u>
Net investment in						
capital assets	59,187,581	31,236,885	277,982	272,210	59,465,563	31,509,095
Restricted net position	6,215,673	18,663,220	937	2,788	6,216,610	18,666,008
Unrestricted net position	<u>(74,895,526)</u>	<u>(85,587,229)</u>	<u>1,666,226</u>	<u>(91,602)</u>	<u>(73,229,300)</u>	<u>(85,678,831)</u>
Total net assets	<u>\$ (9,492,272)</u>	<u>\$ (35,687,124)</u>	<u>\$ 1,945,145</u>	<u>\$ 183,396</u>	<u>\$ (7,547,127)</u>	<u>\$ (35,503,728)</u>

Note that net position of governmental activities increased by \$26,194,852 during the year. Also note that the Board carries capital assets for which Iredell County carries the offsetting debt.

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

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

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
For the Fiscal Years Ended June 30, 2022 and 2021						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 257,834	\$ 52,371	\$ 565,255	\$ 247,069	\$ 823,089	\$ 299,440
Operating grants and contributions	47,305,531	40,334,311	4,323,991	2,094,814	51,629,522	42,429,125
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Other revenues	40,100,184	28,164,938	(1,053)	5,934	40,099,131	28,170,872
Total revenues	<u>87,663,549</u>	<u>68,551,620</u>	<u>4,888,193</u>	<u>2,347,817</u>	<u>92,551,742</u>	<u>70,899,437</u>
Expenses:						
Governmental activities:						
Instructional services	49,810,629	51,877,618	-	-	49,810,629	51,877,618
System-wide support services	9,184,178	14,217,122	-	-	9,184,178	14,217,122
Ancillary services	590,635	403,482	-	-	590,635	403,482
Non-programmed charges	1,359,901	1,333,457	-	-	1,359,901	1,333,457
Interest on long-term debt	361,261	209,300	-	-	361,261	209,300
Depreciation	44,603	41,406	-	-	44,603	41,406
Business-type activities:						
School food service	-	-	3,072,271	2,249,817	3,072,271	2,249,817
Child care	-	-	171,663	408,322	171,663	408,322
Total expenses	<u>61,351,207</u>	<u>68,082,385</u>	<u>3,243,934</u>	<u>2,658,139</u>	<u>64,595,141</u>	<u>70,740,524</u>
Transfers in (out)	<u>(117,490)</u>	<u>(356,603)</u>	<u>117,490</u>	<u>356,603</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	26,194,852	112,632	1,761,749	46,281	27,956,601	158,913
Beginning net position	<u>(35,687,124)</u>	<u>(35,799,756)</u>	<u>183,396</u>	<u>137,115</u>	<u>(35,503,728)</u>	<u>(35,662,641)</u>
Ending net position	<u>\$ (9,492,272)</u>	<u>\$ (35,687,124)</u>	<u>\$ 1,945,145</u>	<u>\$ 183,396</u>	<u>\$ (7,547,127)</u>	<u>\$ (35,503,728)</u>

Total governmental activities generated revenues of \$87.7 million while expenses in this category totaled \$61.4 million for the year ended June 30, 2022. Comparatively, revenues were \$68.6 million and expenses totaled \$68.1 million for the year ended June 30, 2021. After transfers to the business-type activities, the increase in net position stands at \$26,194,852 at June 30, 2022, compared to an

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2022**

increase of \$112,632 in 2021. Instructional services comprised 54% of total governmental-type expenses while system-wide support services made up 13% of those expenses for 2022. County funding comprised 40% of total governmental revenue in 2022. In 2021, county funding was 36%. Much of the remaining 62% of total governmental revenue for 2022 consists of restricted State and federal money. Business-type activities generated revenue of \$4.9 million and had expenses of \$3.2 million. Net position increased in the business-type activities by \$1,761,749, after transfers in from the governmental activities of \$117,490.

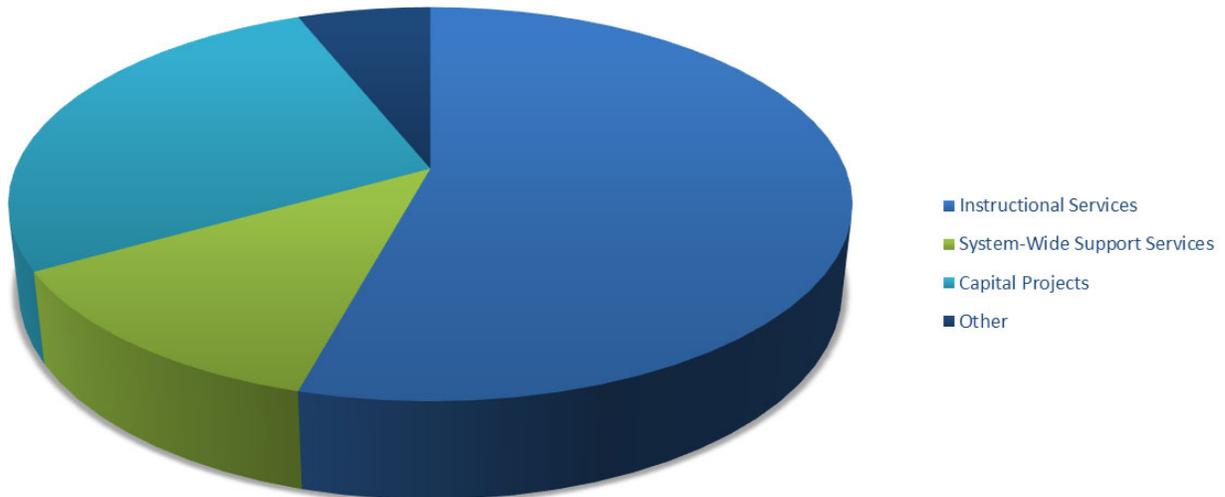
Financial Analysis of the Board’s Funds

Governmental Funds: The focus of Mooresville Graded School District’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 \$19,134,409, a \$9,656,205 decrease from last year. The General Fund increased by \$1,317,817.

Proprietary Funds: The Board’s business-type funds had a combined increase in net position in the past year. The School Food Service Fund reflected a increase in net position of \$1,493,141 while the Child Care Fund’s net position increased by \$268,608.

Categorization of Expenditures for Governmental Funds



Expenditures are presented on the modified accrual basis of accounting.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in expenditures.

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Capital Assets

Capital assets increased by \$25,221,499 (49%) from the previous year. This was due to current year capital additions exceeding depreciation expense. The largest capital increases were for renovations at Park View and South Elementary Schools, and the construction of a new Selma Burke Middle School. The following is a summary of the capital assets, net of depreciation at year-end.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Land	\$ 7,880,345	\$ 7,880,345	\$ -	\$ -	\$ 7,880,345	\$ 7,880,345
Construction in progress	28,938,643	1,073,555	-	-	28,938,643	1,073,555
Buildings and improvements	39,198,161	41,945,314	-	-	39,198,161	41,945,314
Equipment and furniture	116,484	90,168	277,982	272,210	394,466	362,378
Vehicles	184,377	170,390	-	-	184,377	170,390
Total	<u>\$ 76,318,010</u>	<u>\$ 51,159,772</u>	<u>\$ 277,982</u>	<u>\$ 272,210</u>	<u>\$ 76,595,992</u>	<u>\$ 51,431,982</u>

Debt Outstanding

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. Iredell County holds the majority of the debt issued for school construction.

Economic Factors

County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the Board. The following factors have positively affected the economic outlook of Iredell County.

- Iredell County enjoys its close proximity to Charlotte and Lake Norman drawing many to relocate here.
- Iredell County maintains one of the lower property tax rates (53.75) in the state.
- Our County Commissioners understand the value of good schools to attract new business and industry to our county.

Impact of Coronavirus on School

During the fiscal year, the state and nation continued to be affected by the coronavirus (COVID-19) pandemic. Educational services returned to the traditional classroom environment. The Board incurred additional expenses as a result of COVID-19 including: purchase of personal protective equipment, remote learning educational tools, learning loss remediation as a result of the online

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

learning challenges and an increase in salaries due to Board's expansions of summer school programs and hiring, retention and COVID-19 bonuses. The Board received significant grants from the federal government to assist with these additional expenses incurred due to the world-wide pandemic.

Requests for Information

This report is intended to provide a summary of the financial condition of Mooresville Graded School District. Questions or requests for additional information should be addressed to:

Angie Davis, Chief Financial Officer
Mooresville Graded School District
305 North Main Street
Mooresville, NC 28115

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 21,020,680	\$ 4,065,216	\$ 25,085,896
Restricted cash	647,090	-	647,090
Due from other governments	4,384,145	53,942	4,438,087
Receivables (net)	81,210	9,607	90,817
Taxes receivable, net	29,430	-	29,430
OPEB asset	32,069	937	33,006
Inventories	-	164,311	164,311
Capital assets:			
Land and construction in progress	36,818,988	-	36,818,988
Other capital assets, net of depreciation	39,499,022	277,982	39,777,004
Total capital assets	76,318,010	277,982	76,595,992
Total assets	102,512,634	4,571,995	107,084,629
DEFERRED OUTFLOWS OF RESOURCES	18,681,491	545,944	19,227,435
LIABILITIES			
Accounts payable and accrued expenses	7,134,495	11,098	7,145,593
Unavailable revenues	-	64,320	64,320
Long-term liabilities:			
Net pension liability	10,417,319	304,433	10,721,752
Net OPEB liability	60,404,628	1,765,252	62,169,880
Due within one year	3,937,355	51,456	3,988,811
Due in more than one year	17,587,283	64,298	17,651,581
Total liabilities	99,481,080	2,260,857	101,741,937
DEFERRED INFLOWS OF RESOURCES	31,205,317	911,937	32,117,254
NET POSITION			
Net investment in capital assets, net	59,187,581	277,982	59,465,563
Restricted for:			
Individual school activities	525,958	-	525,958
Stabilization by State statute	240,716	-	240,716
School Capital Outlay	5,416,930	-	5,416,930
DIPNC OPEB plan	32,069	937	33,006
Unrestricted	(74,895,526)	1,666,226	(73,229,300)
Total net position	\$ (9,492,272)	\$ 1,945,145	\$ (7,547,127)

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 31,630,514	\$ 159,489	\$ 27,973,360	\$ -	\$ (3,497,665)	\$ -	\$ (3,497,665)
Special populations	6,622,414	-	6,121,522	-	(500,892)	-	(500,892)
Alternative programs	3,326,445	-	3,278,729	-	(47,716)	-	(47,716)
School leadership	3,775,320	-	1,830,172	-	(1,945,148)	-	(1,945,148)
Co-curricular services	650,767	-	1,615	-	(649,152)	-	(649,152)
School-based support	3,805,169	-	3,240,144	-	(565,025)	-	(565,025)
System-wide support services							
Support and development	894,691	-	197,071	-	(697,620)	-	(697,620)
Technology support	755,820	-	24,439	-	(731,381)	-	(731,381)
Operational support	5,246,664	98,345	3,604,268	-	(1,544,051)	-	(1,544,051)
Financial and human resource services	6,969	-	2,153	-	(4,816)	-	(4,816)
Accountability	2,986	-	-	-	(2,986)	-	(2,986)
System-wide pupil support	610,797	-	-	-	(610,797)	-	(610,797)
Policy, leadership and public relations	1,666,251	-	227,841	-	(1,438,410)	-	(1,438,410)
Ancillary services	590,635	-	108,603	-	(482,032)	-	(482,032)
Non-programmed charges	1,359,901	-	695,614	-	(664,287)	-	(664,287)
Interest on long-term debt	361,261	-	-	-	(361,261)	-	(361,261)
Unallocated depreciation expense**	44,603	-	-	-	(44,603)	-	(44,603)
Total governmental activities	61,351,207	257,834	47,305,531	-	(13,787,842)	-	(13,787,842)
Business-type activities:							
School food service	3,072,271	124,984	4,323,991	-	-	1,376,704	1,376,704
Child care	171,663	440,271	-	-	-	268,608	268,608
Total business-type activities	3,243,934	565,255	4,323,991	-	-	1,645,312	1,645,312
Total primary government	\$ 64,595,141	\$ 823,089	\$ 51,629,522	\$ -	(13,787,842)	1,645,312	(12,142,530)
General revenues:							
Unrestricted county appropriations - operating					19,493,777	-	19,493,777
Unrestricted county appropriations - capital					15,838,329	-	15,838,329
Investment earnings, unrestricted					10,272	5,703	15,975
Miscellaneous, unrestricted					4,757,806	(6,756)	4,751,050
Transfers					(117,490)	117,490	-
Total general revenues and transfers					39,982,694	116,437	40,099,131
Change in net position					26,194,852	1,761,749	27,956,601
Net position-beginning					(35,687,124)	183,396	(35,503,728)
Net position-ending					\$ (9,492,272)	\$ 1,945,145	\$ (7,547,127)

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

**MOORESVILLE GRADED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022**

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
ASSETS							
Cash and cash equivalents	\$ 6,057,802	\$ -	\$ 525,958	\$ 6,653,703	\$ -	\$ 7,783,217	\$ 21,020,680
Restricted cash	-	-	-	647,090	-	-	647,090
Receivables (net)	-	-	-	-	-	81,210	81,210
Due from other governments	118,500	-	-	4,254,069	-	11,576	4,384,145
Taxes receivable (net)	29,430	-	-	-	-	-	29,430
Total assets	<u>\$ 6,205,732</u>	<u>\$ -</u>	<u>\$ 525,958</u>	<u>\$ 11,554,862</u>	<u>\$ -</u>	<u>\$ 7,876,003</u>	<u>\$ 26,162,555</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 677,111	\$ -	\$ -	\$ 6,137,932	\$ -	\$ 183,673	\$ 6,998,716
Deferred inflows of resources	29,430	-	-	-	-	-	29,430
Fund balances:							
Restricted:							
Stabilization by State statute	147,930	-	-	-	-	92,786	240,716
School capital outlay	-	-	-	5,416,930	-	-	5,416,930
Individual schools	-	-	525,958	-	-	-	525,958
Assigned:							
Special revenues	-	-	-	-	-	7,599,544	7,599,544
Unassigned	5,351,261	-	-	-	-	-	5,351,261
Total fund balances	<u>5,499,191</u>	<u>-</u>	<u>525,958</u>	<u>5,416,930</u>	<u>-</u>	<u>7,692,330</u>	<u>19,134,409</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,205,732</u>	<u>\$ -</u>	<u>\$ 525,958</u>	<u>\$ 11,554,862</u>	<u>\$ -</u>	<u>\$ 7,876,003</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Net OPEB asset

Deferred outflows of resources related to pensions

Deferred outflows of resources related to OPEB

Taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds.

76,318,010

32,069

10,130,832

8,550,659

29,430

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability

Net OPEB liability

Deferred inflows of resources related to pensions

Deferred inflows of resources related to OPEB

Net position of governmental activities

(21,660,417)

(10,417,319)

(60,404,628)

(13,600,431)

(17,604,886)

\$ (9,492,272)

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	Other Special Revenue	
REVENUES							
State of North Carolina	\$ -	\$ 38,737,837	\$ -	\$ 113,428	\$ -	\$ -	\$ 38,851,265
Iredell County	19,493,777	-	-	15,838,329	-	-	35,332,106
U.S. Government	-	1,188,470	-	-	7,496,714	547,734	9,232,918
Other	280,082	-	1,155,708	10,272	-	2,830,345	4,276,407
Total revenues	19,773,859	39,926,307	1,155,708	15,962,029	7,496,714	3,378,079	87,692,696
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	3,142,867	24,538,735	1,069,502	8,836	3,434,625	244,525	32,439,090
Special populations	715,103	5,162,286	-	-	959,236	580,955	7,417,580
Alternative programs	257,958	1,667,910	-	-	1,610,819	57,065	3,593,752
School leadership	2,462,445	1,830,172	-	-	-	-	4,292,617
Co-curricular services	660,773	1,615	-	-	-	77,547	739,935
School-based support	780,285	2,888,689	-	-	351,455	265,003	4,285,432
System-wide support services:							
Support and development	820,211	197,071	-	-	-	-	1,017,282
Technology support	756,394	24,439	-	-	-	78,550	859,383
Operational support	3,718,772	3,201,028	-	192,635	403,240	216,802	7,732,477
Financial and human resource services	685,680	2,153	-	-	-	6,655	694,488
Accountability	7,924	-	-	-	-	-	7,924
System-wide pupil support	-	-	-	-	-	3,395	3,395
Policy, leadership and public relations	1,666,721	227,841	-	-	-	-	1,894,562
Ancillary services	228,697	66,878	-	-	41,725	334,265	671,565
Non-programmed charges	1,333,874	-	-	-	695,614	26,027	2,055,515
Debt service:							
Principal payments	1,178,271	-	-	1,614,187	-	-	2,792,458
Interest and other charges	40,067	-	-	339,376	-	-	379,443
Capital outlay	-	-	-	26,354,513	-	-	26,354,513
Total expenditures	18,456,042	39,808,817	1,069,502	28,509,547	7,496,714	1,890,789	97,231,411
Revenues over (under) expenditures	1,317,817	117,490	86,206	(12,547,518)	-	1,487,290	(9,538,715)
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	-	(117,490)	-	-	-	-	(117,490)
Net change in fund balance	1,317,817	-	86,206	(12,547,518)	-	1,487,290	(9,656,205)
Fund balances-beginning	4,181,374	-	439,752	17,964,448	-	6,205,040	28,790,614
Fund balances-ending	\$ 5,499,191	\$ -	\$ 525,958	\$ 5,416,930	\$ -	\$ 7,692,330	\$ 19,134,409

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ (9,656,205)
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 outlays exceeded depreciation expense in the current period.	25,158,238
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue	(29,147)
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	2,206,912
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	5,666,022
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	365,371
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 issuance costs, 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.	2,810,640
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(2,596,870)
Net OPEB expense	2,231,108
Compensated absences	38,783
	<hr/>
Total changes in net position of governmental activities	<u><u>\$ 26,194,852</u></u>

**MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022**

Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	20,829,870	19,602,660	19,493,777	(108,883)
U.S. Government	-	-	-	-
Other	-	254,210	280,082	25,872
Total revenues	<u>20,829,870</u>	<u>19,856,870</u>	<u>19,773,859</u>	<u>(83,011)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	6,075,278	3,605,278	3,142,867	462,411
Special populations	408,911	721,611	715,103	6,508
Alternative programs	345,782	317,482	257,958	59,524
School leadership	2,477,871	2,487,871	2,462,445	25,426
Co-curricular services	654,874	724,874	660,773	64,101
School-based support	645,067	797,967	780,285	17,682
System-wide support services:				
Support and development	766,965	820,565	820,211	354
Special population support and development	-	-	-	-
Technology support	788,932	758,932	756,394	2,538
Operational support	4,468,855	4,286,217	3,718,772	567,445
Financial and human resource services	542,532	688,532	685,680	2,852
Accountability	12,000	9,000	7,924	1,076
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	1,672,474	1,728,474	1,666,721	61,753
Ancillary services	319,282	251,282	228,697	22,585
Non-programmed charges	1,376,047	1,436,447	1,333,874	102,573
Debt service:				
Principal payments	-	1,182,271	1,178,271	4,000
Interest payments	-	40,067	40,067	-
Total expenditures	<u>20,554,870</u>	<u>19,856,870</u>	<u>18,456,042</u>	<u>1,400,828</u>
Revenues over (under) expenditures	275,000	-	1,317,817	1,317,817
Other financing sources (uses):				
Transfers to other funds	(275,000)	-	-	-
Revenues over (under) expenditures and other sources	-	-	1,317,817	1,317,817
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	1,317,817	<u>\$ 1,317,817</u>
Fund balances, beginning of year			4,181,374	
Fund balances, end of year			<u>\$ 5,499,191</u>	

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022

Exhibit 5 (continued)

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 36,631,323	\$ 41,480,257	\$ 38,737,837	\$ (2,742,420)
Iredell County	-	-	-	-
U.S. Government	-	-	1,188,470	1,188,470
Other	-	-	-	-
Total revenues	<u>36,631,323</u>	<u>41,480,257</u>	<u>39,926,307</u>	<u>(1,553,950)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	22,960,194	25,736,617	24,538,735	1,197,882
Special populations	4,692,525	5,325,237	5,162,286	162,951
Alternative programs	1,484,039	1,668,795	1,667,910	885
School leadership	1,567,208	1,875,374	1,830,172	45,202
Co-curricular services	-	1,615	1,615	-
School-based support	2,599,674	3,011,403	2,888,689	122,714
System-wide support services:				
Support and development	171,743	197,855	197,071	784
Special population support and development	-	-	-	-
Technology support	10,445	24,439	24,439	-
Operational support	2,822,469	3,217,488	3,201,028	16,460
Financial and human resource services	-	2,153	2,153	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	199,054	228,431	227,841	590
Ancillary services	123,972	66,878	66,878	-
Non-programmed charges	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>36,631,323</u>	<u>41,356,285</u>	<u>39,808,817</u>	<u>1,547,468</u>
Revenues over (under) expenditures	-	123,972	117,490	(6,482)
Other financing sources (uses):				
Transfers to other funds	-	(123,972)	(117,490)	6,482
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022

Exhibit 5 (continued)

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	-	-	-	-
U.S. Government	10,451,251	11,537,275	7,496,714	(4,040,561)
Other	-	-	-	-
Total revenues	10,451,251	11,537,275	7,496,714	(4,040,561)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	4,494,071	4,616,386	3,434,625	1,181,761
Special populations	1,127,336	1,624,976	959,236	665,740
Alternative programs	1,778,594	2,624,420	1,610,819	1,013,601
School leadership	-	-	-	-
Co-curricular services	-	-	-	-
School-based support	582,776	550,300	351,455	198,845
System-wide support services:				
Support and development	-	-	-	-
Special population support and development	-	-	-	-
Technology support	-	-	-	-
Operational support	1,954,191	408,028	403,240	4,788
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services	40,799	42,426	41,725	701
Non-programmed charges	473,484	1,670,739	695,614	975,125
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	10,451,251	11,537,275	7,496,714	4,040,561
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	\$ -	\$ -	-	\$ -
Fund balances, beginning of year			-	
Fund balances, end of year			\$ -	

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022

Exhibit 5 (continued)

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 1,092,932	\$ -	\$ -	\$ -
Iredell County	835,245	-	-	-
U.S. Government	237,611	1,384,796	547,734	(837,062)
Other	-	3,233,642	2,830,345	(403,297)
Total revenues	<u>2,165,788</u>	<u>4,618,438</u>	<u>3,378,079</u>	<u>(1,240,359)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	288,297	787,996	244,525	543,471
Special populations	708,343	728,343	580,955	147,388
Alternative programs	96,106	96,106	57,065	39,041
School leadership	-	-	-	-
Co-curricular services	65,643	80,643	77,547	3,096
School-based support	670,723	943,723	265,003	678,720
System-wide support services:				
Support and development	-	-	-	-
Special population support and development	-	-	-	-
Technology support	160,000	431,707	78,550	353,157
Operational support	78,324	292,909	216,802	76,107
Financial and human resource services	7,000	7,000	6,655	345
Accountability	-	-	-	-
System-wide pupil support	8,068	8,068	3,395	4,673
Policy, leadership and public relations	-	-	-	-
Ancillary services	-	335,000	334,265	735
Non-programmed charges	83,284	83,284	26,027	57,257
Debt service:				
Principal payments	-	823,659	-	823,659
Interest payments	-	-	-	-
Total expenditures	<u>2,165,788</u>	<u>4,618,438</u>	<u>1,890,789</u>	<u>2,727,649</u>
Revenues over (under) expenditures	-	-	1,487,290	1,487,290
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	1,487,290	1,487,290
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,487,290</u>	<u>\$ 1,487,290</u>
Fund balances, beginning of year			<u>6,205,040</u>	
Fund balances, end of year			<u>\$ 7,692,330</u>	

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

Exhibit 6

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,895,547	\$ 169,669	\$ 4,065,216
Due from other governments	53,942	-	53,942
Receivables (net)	-	9,607	9,607
OPEB asset	518	419	937
Inventories	164,311	-	164,311
Total current assets	<u>4,114,318</u>	<u>179,695</u>	<u>4,294,013</u>
Noncurrent assets:			
Capital assets, net	<u>277,982</u>	<u>-</u>	<u>277,982</u>
Total assets	<u>4,392,300</u>	<u>179,695</u>	<u>4,571,995</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>301,775</u>	<u>244,169</u>	<u>545,944</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,183	915	11,098
Compensated absences	35,172	16,284	51,456
Unavailable revenues	64,320	-	64,320
Total current liabilities	<u>109,675</u>	<u>17,199</u>	<u>126,874</u>
Noncurrent liabilities:			
Net pension liability	168,278	136,155	304,433
Net OPEB liability	975,756	789,496	1,765,252
Compensated absences	43,949	20,349	64,298
Total liabilities	<u>1,297,658</u>	<u>963,199</u>	<u>2,260,857</u>
DEFERRED INFLOWS OF RESOURCES	<u>504,080</u>	<u>407,857</u>	<u>911,937</u>
NET POSITION			
Net investment in capital assets	277,982	-	277,982
DIPNC OPEB plan	518	419	937
Unrestricted	2,613,837	(947,611)	1,666,226
Total net position	<u>\$ 2,892,337</u>	<u>\$ (947,192)</u>	<u>\$ 1,945,145</u>

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit 7

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 124,984	\$ -	\$ 124,984
Child care fees	-	440,271	440,271
Total operating revenues	124,984	440,271	565,255
OPERATING EXPENSES			
Purchase of food	1,478,925	19,210	1,498,135
Salaries and benefits	1,359,745	120,236	1,479,981
Indirect costs	119,210	-	119,210
Materials and supplies	17,479	23,794	41,273
Contracted services	31,863	-	31,863
Repairs and maintenance	219	-	219
Depreciation	47,096	-	47,096
Other	17,734	8,423	26,157
Total operating expenses	3,072,271	171,663	3,243,934
Operating income (loss)	(2,947,287)	268,608	(2,678,679)
NONOPERATING REVENUES			
Federal reimbursements	3,953,764	-	3,953,764
Federal commodities	251,017	-	251,017
Interest earned	5,703	-	5,703
Indirect costs not paid	119,210	-	119,210
Loss on sale of capital assets	(6,756)	-	(6,756)
Total nonoperating revenues	4,322,938	-	4,322,938
Income (loss) before transfers	1,375,651	268,608	1,644,259
Transfer from other funds	117,490	-	117,490
Change in net position	1,493,141	268,608	1,761,749
Total net position - beginning	1,399,196	(1,215,800)	183,396
Total net position - ending	\$ 2,892,337	\$ (947,192)	\$ 1,945,145

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit 8

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 129,107	\$ 430,664	\$ 559,771
Cash paid for goods and services	(1,262,081)	(51,427)	(1,313,508)
Cash paid to employees for services	(1,504,469)	(209,568)	(1,714,037)
Net cash provided (used) by operating activities	<u>(2,637,443)</u>	<u>169,669</u>	<u>(2,467,774)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	<u>3,960,475</u>	<u>-</u>	<u>3,960,475</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from disposal of capital assets	3,289	-	3,289
Acquisition of capital assets	(62,913)	-	(62,913)
Net cash provided (used) by capital and related financing activities	<u>(59,624)</u>	<u>-</u>	<u>(59,624)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments and other	<u>5,703</u>	<u>-</u>	<u>5,703</u>
Net increase (decrease) in cash and cash equivalents	1,269,111	169,669	1,438,780
Balances-beginning of the year	<u>2,626,436</u>	<u>-</u>	<u>2,626,436</u>
Balances-end of the year	<u>\$ 3,895,547</u>	<u>\$ 169,669</u>	<u>\$ 4,065,216</u>

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2022

Exhibit 8
(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (2,947,287)	\$ 268,608	\$ (2,678,679)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	47,096	-	47,096
Donated commodities consumed	251,017	-	251,017
Transfers from other funds	117,490	-	117,490
Indirect costs not paid	119,210	-	119,210
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	566	(9,607)	(9,041)
(Increase) decrease in net OPEB asset	1,023	828	1,851
(Increase) decrease in inventory	(84,368)	-	(84,368)
Increase (decrease) in accounts payable and accrued liabilities	(24,621)	156	(24,465)
(Increase) decrease in deferred outflows	(38,668)	(31,286)	(69,954)
Increase (decrease) in net pension liability	(266,518)	(215,643)	(482,161)
Increase (decrease) in net OPEB liability	106,225	85,948	192,173
Increase (decrease) in deferred inflows	70,766	57,258	128,024
Increase (decrease) in unavailable revenues	3,557	-	3,557
Increase (decrease) in compensated absences	7,069	13,407	20,476
Total adjustments	309,844	(98,939)	210,905
Net cash provided (used) by operating activities	\$ (2,637,443)	\$ 169,669	\$ (2,467,774)

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$117,490 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

Indirect costs of \$119,210 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibits 7 and C-1.

The School Food Service Fund received donated commodities with a value of \$251,017 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue.

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
June 30, 2022

Exhibit 9

	Private Purpose Trust
ASSETS	
Current assets:	
Cash and cash equivalents	<u>\$ 218,058</u>
 NET POSITION	
Assets held in trust for private purpose	<u>\$ 218,058</u>

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
For the Year Ended June 30, 2022

Exhibit 10

	<u>Private Purpose Trust</u>
ADDITIONS:	
Contributions and other revenues	\$ 441
DEDUCTIONS:	
Scholarships awarded	<u>-</u>
Change in net position	441
Beginning net position	<u>217,617</u>
Ending net position	<u><u>\$ 218,058</u></u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mooresville Graded School District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Mooresville Graded School District (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 Mooresville, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary fund. 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 is 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. All expenses are considered to be operating expenses.

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 accounted for in another fund.

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

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

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

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

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for certain grants, reimbursements, indirect costs and other financial resources received by the Board.

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the before and after school care program operated by the school system.

The Board reports the following fiduciary fund:

Administrative Fund. The Administrative Fund is used to account for scholarship money under the control of the board for the benefit of students in the district.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. 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.

Encumbrance accounting is employed in all governmental funds except the Individual Schools Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no outstanding encumbrances at June 30, 2022.

Assets, Liabilities, Deferred Inflows and Fund Equity

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,

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

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

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.

The Board has restricted cash from installment purchase obligations that were issued for renovations at South Elementary School and Park View Elementary School. The cash is classified as restricted because it must be used for the purpose the installment purchase obligations were issued for.

Taxes Receivable (Net)

The Mooresville Graded School District receives revenues each year from supplemental ad valorem property tax. This tax was levied at a rate of \$0.185 per \$100 of valuation for Iredell County ad valorem tax purposes. Collections of the tax are made by Iredell County and remitted to the Board upon collection.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other 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 1984 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. Donated assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other assets are recorded at original cost.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

	<u>Years</u>
Buildings	50
Equipment and furniture	10
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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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.

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, 2022 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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

Net Position/Fund Balances

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of three 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:

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

**MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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

Restricted for school capital outlay - portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

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

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

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

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

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, and lastly board of education 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. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(28,626,681) 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)	\$129,124,557
Less Accumulated Depreciation	<u>52,806,547</u>
Net capital assets	76,318,010
 Net OPEB asset	 32,069
 Pension related deferred outflows of resources	 10,130,832
OPEB related deferred outflows of resources	8,550,659
 Liabilities for earned but deferred revenues in fund statements	 29,430
 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:	
Bonds, leases and installment financing	(17,130,429)
Accrued interest	(135,779)
Compensated absences	(4,394,209)
Net pension liability	(10,417,319)
Net OPEB liability	(60,404,628)
Deferred inflows of resources related to pensions	(13,600,431)
Deferred inflows of resources related to OPEB	<u>(17,604,886)</u>
 Total adjustment	 <u>\$ (28,626,681)</u>

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

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$35,851,057 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 28,045,853
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,887,615)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,666,022
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,206,912
Revenues reported in the statement of activities that do not provide current resources are not recorded as a revenue in the fund statements	
Change in deferred revenue	(29,147)
OPEB nonemployer contributions	365,371
Principal payments on debt owed are recorded as a use of funds on the fund statements but affects only the statement of net position in the government-wide statements.	2,792,458
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	(2,596,870)
Net OPEB expense	2,231,108
Interest expense	18,182
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	38,783
Total adjustment	<u>\$ 35,851,057</u>

Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

NOTE 2 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

At June 30, 2022, the Board had deposits with banks and savings and loans with a carrying amount of \$7,634,229 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$6,748,978 and \$1,295,396, respectively. Of these balances, \$1,059,920 was covered by federal depository insurance and \$6,984,454 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2022, the Board had \$15,146,668 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$3,170,147 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2022. The Board has no policy for managing interest rate risk or credit risk.

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Accounts Receivable

Receivables at the government-wide level at June 30, 2022, were as follows:

	<u>Due from other governments</u>	<u>Taxes receivable, net</u>	<u>Other</u>
Governmental activities:			
General Fund	\$ 118,500	\$ 29,430	\$ -
Other governmental activities	<u>4,265,645</u>	<u>-</u>	<u>81,210</u>
Total	<u>\$ 4,384,145</u>	<u>\$ 29,430</u>	<u>\$ 81,210</u>
Business-type activities:			
School Food Service	\$ 53,942	\$ -	\$ -
Child Care	<u>-</u>	<u>-</u>	<u>9,607</u>
Total	<u>\$ 53,942</u>	<u>\$ -</u>	<u>\$ 9,607</u>

The amounts presented in the Balance Sheets and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund:	
Allowance for taxes receivable	<u>\$ 126,971</u>

Due from other governments consists of the following:

Governmental activities:			
Other Special Revenue Fund	\$ 5,124	Amounts due from NC DHHS	
Other Special Revenue Fund	6,452	Amounts due from Town of Mooresville	
General Fund	75	Amounts due from US Navy	
General Fund	118,425	Amounts due from Iredell County	
Capital Outlay Fund	<u>4,254,069</u>	Amounts due from Iredell County - Selma Burke	
Total	<u>\$ 4,384,145</u>		
Business-type activities:			
School Food Service Fund	<u>\$ 53,942</u>	USDA Grant Reimbursement	

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Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,880,345	\$ -	\$ -	\$ 7,880,345
Construction in progress	1,073,555	27,865,088	-	28,938,643
Total capital assets not being depreciated	<u>8,953,900</u>	<u>27,865,088</u>	<u>-</u>	<u>36,818,988</u>
Capital assets being depreciated:				
Buildings and improvements	87,949,269	-	-	87,949,269
Equipment and furniture	1,772,710	70,919	-	1,843,629
Vehicles	2,402,825	109,846	-	2,512,671
Total capital assets being depreciated	<u>92,124,804</u>	<u>180,765</u>	<u>-</u>	<u>92,305,569</u>
Less accumulated depreciation for:				
Buildings and improvements	46,003,955	2,747,153	-	48,751,108
Equipment and furniture	1,682,542	44,603	-	1,727,145
Vehicles	2,232,435	95,859	-	2,328,294
Total accumulated depreciation	<u>49,918,932</u>	<u>2,887,615</u>	<u>-</u>	<u>52,806,547</u>
Total capital assets being depreciated, net	<u>42,205,872</u>			<u>39,499,022</u>
Governmental activity capital assets, net	<u>\$ 51,159,772</u>			<u>\$ 76,318,010</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 1,711,075	\$ 62,913	\$ 53,766	\$ 1,720,222
Less accumulated depreciation for:				
Furniture and office equipment	1,438,865	47,096	43,721	1,442,240
School Food Service capital assets, net:	<u>\$ 272,210</u>			<u>\$ 277,982</u>

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Depreciation was charged to governmental functions as follows:

Instructional services	\$ 2,747,153
System-wide support services	95,859
Unallocated depreciation	44,603
Total	<u>\$ 2,887,615</u>

Construction Commitments

The Board of Education has active construction projects as of June 30, 2022 for the benefit of Mooresville Graded School District. At year end, commitments with contractors for school construction and renovations are as follow:

<u>Project</u>	<u>Spent to Date</u>	<u>Left to be Spent</u>	<u>Total Project</u>
Selma Burke Middle School	\$ 11,578,968	\$ 38,307,803	\$ 49,944,260
Park View/South Elementary	17,359,675	1,933,325	19,293,000
	<u>\$ 28,938,643</u>	<u>\$ 40,241,128</u>	<u>\$ 69,237,260</u>

Liabilities

Pension Plan 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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

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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.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was 16.38% 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 \$5,802,366 for the year ended June 30, 2022.

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, 2022, the Board reported a liability of \$10,721,752 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and at June 30, 2020, the Board's proportion was .23%.

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For the year ended June 30, 2022, the Board recognized pension expense of (\$2,643,521). At June 30, 2022, 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	\$ 602,683	\$ 243,503
Changes of assumptions	4,021,844	-
Net difference between projected and actual earnings on pension plan investments	-	13,284,384
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	470,000
Board contributions subsequent to the measurement date	<u>5,802,366</u>	<u>-</u>
Total	<u>\$ 10,426,893</u>	<u>\$ 13,997,887</u>

\$5,802,366 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (1,568,829)
2024	(1,755,052)
2025	(1,975,212)
2026	(4,074,267)
2027	--
Thereafter	<u>--</u>
Total	<u>\$ (9,373,360)</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.05%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 actuarial valuation were based on the actuarial experience study for the prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. 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, 2021 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%
Total	<u>100.0%</u>	

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The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 3.00%. All rates of return and inflation are annualized. *Discount Rate.* The discount rate used to measure the total pension liability reported at June 30, 2022 and 2021 was 6.50% and 7.00%, respectively. 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 asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discounted Rate (7.00%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 35,964,794	\$ 10,721,752	\$ (10,261,545)

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

b. Other Post-employment Benefits

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 in General Statute 135, Article 1 of the General Statutes. 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

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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 ACFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of 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, 2022. 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, 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

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contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.29% of covered payroll which amounted to \$2,228,137. During the current fiscal year, the plan also recognized a one-time transfer of excess funding from the Public Employees Health Benefits Fund totaling \$187.0 million, which was isolated from the OPEB expense and allocated to participating employers as a separate revenue item. The Board's proportionate share of this allocation totaled \$376,049.

At June 30, 2022, Board reported a liability of \$62,169,880 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and at June 30, 2020, the Boards proportion was 0.20%.

\$2,228,137 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023		\$	(7,442,188)
2024			(3,166,576)
2025			(844,245)
2026			(987,110)
2027			785,313
Thereafter			--
	Total		<u>\$ (11,654,806)</u>

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

Inflation	2.50%
Salary increases	3.25-8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	6.50%

Healthcare cost trend rates:

Medical	5.00-6.00%
Prescription drug	5.00-9.50%
Administrative costs	3.00%
Post-retirement mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.16%, a decrease of .05% from the prior year discount rate of 2.21%. 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 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

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 District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discounted Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 73,950,168	\$ 62,169,880	\$ 52,629,171

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 District's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

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	Healthcare Trend Rates		
	1% Decrease (Medical - 4.0-5.0%, Pharmacy - 4.0-8.5%, Medicare Advantage - 4.0% Administrative - 2.0%)	(Medical - 5.0-6.0%, Pharmacy - 5.0-9.5%, Medicare Advantage - 5.0% Administrative - 3.0%)	1% Increase (Medical - 6.0-7.0%, Pharmacy - 6.0-10.5%, Medicare Advantage - 6.0% Administrative - 4.0%)
Net OPEB liability	\$ 50,347,117	\$ 62,169,880	\$ 77,853,862

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

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 ACFR, 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.

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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, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$31,881 for the year ended June 30, 2022.

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.

At June 30, 2022, Board reported an OPEB asset of \$33,006 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2021 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, 2021 and at June 30, 2020, the Boards proportion was .20%.

\$31,881 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2023	\$	20,962
2024		14,093
2025		18,472
2026		9,254
2027		3,438
Thereafter		<u>9,744</u>
Total		<u>\$ 75,963</u>

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

Inflation	2.50%
Salary increases	3.25% to 8.05%, including a 3.25% inflation and productivity factor
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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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 liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Discounted Rate (3.00%)	1% Increase (4.00%)
Net OPEB asset	\$ 34,740	\$ 33,006	\$ 30,846

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 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, 2021. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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:

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.3%.

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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 pension expense:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB expense	\$ 2,379,755	\$ (72,057)	\$ 2,307,698
OPEB liability (asset)	62,169,880	(33,006)	62,136,874
Proportionate share of the net OPEB liability (asset)	0.201%	0.202%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	367,042	84,156	451,198
Changes of assumptions	5,084,961	5,795	5,090,756
Net difference between projected and actual earnings on plan investments	-	3,221	3,221
Changes in proportion and deferrals between Board contributions and proportionate share of contributions	994,267	1,082	995,349
Board contributions subsequent to the measurement date	2,228,137	31,881	2,260,018
Deferred of Inflows of Resources			
Differences between expected and actual experience	1,157,271	-	1,157,271
Changes of assumptions	15,108,632	6,308	1,809,679
Changes in proportion and deferrals between Board contributions and proportionate share of contributions	1,803,371	6,308	1,809,679
Net difference between projected and actual earnings on plan investments	31,802	-	31,802

Accounts Payable

Accounts payable at June 30, 2022, are as follows:

	<u>Vendors</u>
Governmental Activities	
General	\$ 677,111
Capital Outlay	6,137,932
Other Governmental	183,673
Total-governmental activities	<u>\$ 6,998,716</u>
Business-type Activities	
School Food Service	\$ 10,183
Child Care Fund	915
Total-business-type activities	<u>\$ 11,098</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Unavailable Revenues

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

	<u>Unavailable Revenue</u>
Prepaid lunch balances (School Food Service Fund)	<u>\$ 64,320</u>

Deferred Inflows of resources

The balance in deferred inflows of resources for government-wide financial statements at year-end is composed of the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 995,349	\$ 2,279,679
Changes of assumptions	9,112,600	15,120,615
Difference between projected and actual earnings on plan investments	3,221	13,316,186
Board contributions subsequent to the measurement date	8,062,384	-
Difference between expected and actual experience	<u>1,053,881</u>	<u>1,400,774</u>
Totals	<u>\$ 19,227,435</u>	<u>\$ 32,117,254</u>

The General Fund reported \$29,430 of deferred inflows of resources related to the net amount of taxes receivable at year-end.

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 State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Board purchases workers' compensation coverage for locally and federally funded employees. In addition, the Board purchases general liability coverage from Utica National Insurance Company with a \$3,000,000 general aggregate limit. The Board also purchases errors and omissions coverage from

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Utica National Insurance Company with a \$1,000,000 per occurrence and \$3,000,000 aggregate annual limit.

The Board insures its tangible property through Fireman’s Insurance Company with coverage for approximately \$160 million (replacement value for direct damage to the real and personal property scheduled in the policy.) The property deductible is \$1,000 per loss.

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. The Board pays a substantial portion of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s monies at any given time of the Board’s funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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.

Long-Term Obligations

Direct Placement Installment Purchases

The Board entered into direct placement installment purchase agreements during the year ended June 30, 2020 and the year ended June 30, 2022. The financing contracts require principal and interest payments of varying amounts due in September, February, and June of each contract year.

The future minimum payments of the installment purchases as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 2,160,429	\$ 326,767
2024	2,170,001	288,303
2025	1,066,667	249,600
2026	1,066,667	228,800
2027	1,066,667	208,000
2028-2032	5,333,333	728,000
2033-2037	4,266,665	208,000
	<u>\$ 17,130,429</u>	<u>\$ 2,237,470</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Maturities
Governmental activities:					
Direct Placement					
Installment purchases	\$ 19,922,887	\$ -	\$ 2,792,458	\$ 17,130,429	\$ 2,160,429
Net pension liability	26,916,217	-	16,498,898	10,417,319	-
Net OPEB liability	53,828,727	6,575,901	-	60,404,628	-
Compensated absences	4,432,992	2,944,533	2,983,316	4,394,209	1,776,926
Total	<u>\$ 105,100,823</u>	<u>\$ 9,520,434</u>	<u>\$ 22,274,672</u>	<u>\$ 92,346,585</u>	<u>\$ 3,937,355</u>
Business-type activities:					
Net pension liability	\$ 786,594	\$ -	\$ 482,161	\$ 304,433	\$ -
Net OPEB liability	1,573,079	192,173	-	1,765,252	-
Compensated absences	95,278	113,110	92,634	115,754	51,456
Total	<u>\$ 2,454,951</u>	<u>\$ 305,283</u>	<u>\$ 574,795</u>	<u>\$ 2,185,439</u>	<u>\$ 51,456</u>

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

Transfers to/from other funds

Transfers to/from other funds at June 30, 2022, consist of the following:

	Amount
State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 117,490</u>

Fund Balance

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

Total fund balance - General Fund	\$ 5,499,191
Less:	
Stabilization by State statute	<u>147,930</u>
Remaining fund balance	<u>\$ 5,351,261</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

MOORESVILLE GRADED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years*

	2022	2021	2020	2019	2018
Board's proportion of the net pension liability (asset)	0.229%	0.229%	0.231%	0.231%	0.223%
Board's proportionate share of the net pension liability (asset)	\$ 10,721,752	\$ 27,702,811	\$ 23,906,203	\$ 23,024,451	\$ 18,083,384
Board's covered-employee payroll	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981	\$ 30,551,017
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.68%	80.63%	71.49%	71.99%	59.19%
Plan fiduciary net position as a percentage of the total pension liability	94.86%	85.98%	87.56%	87.61%	89.51%

	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.231%	0.221%	0.211%	0.206%
Board's proportionate share of the net pension liability (asset)	\$ 21,270,808	\$ 8,139,865	\$ 2,471,581	\$ 12,506,299
Board's covered-employee payroll	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694	\$ 26,138,166
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.49%	27.90%	9.26%	47.85%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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

This schedule is required supplementary information as required by the Governmental Accounting Standards Board

MOORESVILLE GRADED SCHOOL DISTRICT
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,802,366	\$ 5,165,316	\$ 4,456,455	\$ 4,109,674	\$ 3,447,550
Contributions in relation to the contractually required contribution	5,802,366	5,165,316	4,456,455	4,109,674	3,447,550
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered-employee payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Contributions as a percentage of covered-employee payroll	16.38%	14.78%	12.97%	12.29%	10.78%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,048,991	\$ 2,722,517	\$ 2,669,762	\$ 2,318,813
Contributions in relation to the contractually required contribution	3,048,991	2,722,517	2,669,762	2,318,813
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694
Contributions as a percentage of covered-employee payroll	9.98%	9.15%	9.15%	8.69%

This schedule is required supplementary information as required by the Governmental Accounting Standards Board

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
*Last Six Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB liability (asset)	0.201%	0.200%	0.198%	0.204%	0.207%
Board's proportionate share of the net OPEB liability (asset)	\$ 62,169,880	\$ 55,401,806	\$ 62,702,296	\$ 58,138,075	\$ 67,882,513
Board's covered-employee payroll	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981	\$ 30,551,017
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	177.89%	161.24%	187.51%	181.79%	222.19%
Plan fiduciary net position as a percentage of the total OPEB liability	7.72%	6.92%	4.40%	4.40%	3.52%

	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.196%
Board's proportionate share of the net OPEB liability (asset)	\$ 88,090,955
Board's covered-employee payroll	\$ 29,754,282
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	296.06%
Plan fiduciary net position as a percentage of the total OPEB liability	2.41%

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

This schedule is required supplementary information as required by the Governmental Accounting Standards Board.

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,228,137	\$ 2,334,527	\$ 2,223,073	\$ 2,096,636	\$ 1,934,849
Contributions in relation to the contractually required contribution	<u>2,228,137</u>	<u>2,334,527</u>	<u>2,223,073</u>	<u>2,096,636</u>	<u>1,934,849</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered-employee payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Contributions as a percentage of covered-employee payroll	6.29%	6.68%	6.47%	6.27%	6.05%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,774,414	\$ 1,666,476	\$ 1,603,093	\$ 1,440,261	\$ 1,377,896
Contributions in relation to the contractually required contribution	<u>1,774,414</u>	<u>1,666,476</u>	<u>1,603,093</u>	<u>1,440,261</u>	<u>1,377,896</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered-employee payroll	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694	\$ 25,998,038
Contributions as a percentage of covered-employee payroll	5.81%	5.60%	5.49%	5.40%	5.30%

This schedule is required supplementary information as required by the Governmental Accounting Standards Board.

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
*Last Six Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB asset	0.202%	0.200%	0.202%	0.204%	0.202%
Board's proportionate share of the net OPEB asset	\$ 33,006	\$ 98,186	\$ 84,889	\$ 61,870	\$ 123,230
Board's covered-employee payroll	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981	\$ 30,551,017
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.09%	0.29%	0.25%	0.19%	0.40%
Plan fiduciary net position as a percentage of the total OPEB asset	105.18%	115.57%	113.00%	108.47%	116.23%

	<u>2017</u>
Board's proportion of the net OPEB asset	0.207%
Board's proportionate share of the net OPEB asset	\$ 128,286
Board's covered-employee payroll	\$ 29,754,282
Board's proportionate share of the net OPEB asset as a percentage of its covered-employee payroll	0.43%
Plan fiduciary net position as a percentage of the total OPEB asset	116.06%

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

This schedule is required supplementary information as required by the Governmental Accounting Standards Board.

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 31,881	\$ 31,453	\$ 34,360	\$ 46,815	\$ 44,774
Contributions in relation to the contractually required contribution	<u>31,881</u>	<u>31,453</u>	<u>34,360</u>	<u>46,815</u>	<u>44,774</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered-employee payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Contributions as a percentage of covered-employee payroll	0.09%	0.09%	0.10%	0.14%	0.14%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 115,008	\$ 121,571	\$ 118,377	\$ 116,540	\$ 114,391
Contributions in relation to the contractually required contribution	<u>115,008</u>	<u>121,571</u>	<u>118,377</u>	<u>116,540</u>	<u>114,391</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Board's covered-employee payroll	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694	\$ 25,998,038
Contributions as a percentage of covered-employee payroll	0.38%	0.41%	0.41%	0.44%	0.44%

This schedule is required supplementary information as required by the Governmental Accounting Standards Board

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

Exhibit A-1

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Iredell County:			
County appropriations	\$ 13,001,870	\$ 13,001,870	\$ -
Supplementary taxes	6,600,790	6,491,907	(108,883)
Total	19,602,660	19,493,777	(108,883)
Other:			
Fines and forfeitures	254,210	280,082	25,872
Total revenues	19,856,870	19,773,859	(83,011)
Expenditures:			
Instructional services:			
Regular instructional	3,605,278	3,142,867	462,411
Special populations	721,611	715,103	6,508
Alternative programs	317,482	257,958	59,524
School leadership	2,487,871	2,462,445	25,426
Co-curricular services	724,874	660,773	64,101
School-based support	797,967	780,285	17,682
Total	8,655,083	8,019,431	635,652
System-wide support services:			
Support and development	820,565	820,211	354
Technology support	758,932	756,394	2,538
Operational support	4,286,217	3,718,772	567,445
Financial and human resource services	688,532	685,680	2,852
Accountability	9,000	7,924	1,076
Policy, leadership and public relations	1,728,474	1,666,721	61,753
Total	8,291,720	7,655,702	636,018
Ancillary services	251,282	228,697	22,585
Non-programmed charges			
Payments to charter schools	1,436,447	1,333,874	102,573
Debt service:			
Principal payments		1,178,271	
Interest expense		40,067	
	1,222,338	1,218,338	4,000
Total expenditures	19,856,870	18,456,042	1,400,828

**MOORESVILLE GRADED SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2022**

**Exhibit A-1
 (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>1,317,817</u>	<u>\$ 1,317,817</u>
Fund balances:			
Beginning of year, July 1		<u>4,181,374</u>	
End of year, June 30		<u>\$ 5,499,191</u>	

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2022

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
K-12 Athletic Facilities Grant	\$ 113,428	\$ 113,428	\$ -
Public School Capital Fund	615,750	-	(615,750)
Total State Revenue	<u>729,178</u>	<u>113,428</u>	<u>(615,750)</u>
Local Government:			
County appropriation	2,882,916	2,882,916	-
Supplementary taxes	2,450,000	2,450,000	-
Iredell County - Selma Burke Project	48,870,705	10,505,413	(38,365,292)
	<u>51,753,621</u>	<u>15,838,329</u>	<u>(38,365,292)</u>
Other:			
Interest	1,750	10,272	8,522
	<u>1,750</u>	<u>10,272</u>	<u>8,522</u>
Total revenues	<u>52,484,549</u>	<u>15,962,029</u>	<u>(38,972,520)</u>
Expenditures:			
Instructional services	8,837	8,836	1
System-wide support services	220,701	192,635	28,066
Capital outlay	68,920,590	26,354,513	42,566,077
Debt service			
Principal payments	1,614,187	1,614,187	-
Interest expense	339,376	339,376	-
Total expenditures	<u>71,103,691</u>	<u>28,509,547</u>	<u>42,594,144</u>
Revenues over (under) expenditures	(18,619,142)	(12,547,518)	6,071,624
Appropriated fund balance	<u>16,169,142</u>	<u>-</u>	<u>(16,169,142)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ (2,450,000)</u>	<u>(12,547,518)</u>	<u>\$ (10,097,518)</u>
Fund balances:			
Beginning of year, July 1		<u>17,964,448</u>	
End of year, June 30		<u>\$ 5,416,930</u>	

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2022

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 117,825	\$ 128,541	\$ 10,716
Operating expenditures:			
Purchase of food		1,563,293	
Salaries and benefits		1,480,871	
Materials and supplies		17,479	
Contracted services		31,863	
Repairs and maintenance		219	
Capital outlay		62,913	
Other		17,734	
Total operating expenditures	<u>4,254,603</u>	<u>3,174,372</u>	<u>1,080,231</u>
Operating loss	<u>(4,136,778)</u>	<u>(3,045,831)</u>	<u>1,090,947</u>
Nonoperating revenues:			
Federal reimbursements	3,781,641	3,953,764	172,123
Federal commodities	244,012	251,017	7,005
Interest earned	4,270	5,703	1,433
Other	3,290	-	(3,290)
Total nonoperating revenues	<u>4,033,213</u>	<u>4,210,484</u>	<u>177,271</u>
Revenues over (under) expenditures before other financing sources	(103,565)	1,164,653	1,268,218
Other financing sources:			
Transfers from other funds	<u>103,565</u>	<u>117,490</u>	<u>13,925</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,282,143</u>	<u>\$ 1,282,143</u>

**MOORESVILLE GRADED SCHOOL DISTRICT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
 GAAP) - SCHOOL FOOD SERVICE FUND
 For the Year Ended June 30, 2022**

**Exhibit C-1
 (Continued)**

	<u>Actual</u>
Reconciliation of modified accrual to full accrual basis:	
Revenues, other sources, and appropriated fund balance over expenditures	\$ 1,282,143
Reconciling items:	
Depreciation	(47,096)
Loss on sale of capital assets	(6,756)
Capital outlay	62,913
Increase (decrease) in inventory	84,368
(Increase) decrease in unavailable revenues	(3,557)
(Increase) decrease in compensated absences	(7,069)
Net pension liability	266,518
Net OPEB liability	(106,225)
Deferred outflows	38,668
Deferred inflows	<u>(70,766)</u>
Change in net position	<u><u>\$ 1,493,141</u></u>

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - CHILD CARE FUND
For the Year Ended June 30, 2022

Exhibit C-2

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 430,582	\$ 440,271	\$ 9,689
Operating expenditures:			
Purchase of food		19,210	
Salaries and benefits		210,552	
Materials and supplies		23,794	
Other		8,423	
Total operating expenditures	<u>430,582</u>	<u>261,979</u>	<u>168,603</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 178,292</u>	<u>\$ 178,292</u>

Reconciliation of modified accrual to full accrual basis:

Revenues under expenditures	\$ 178,292
Reconciling items:	
(Increase) decrease in compensated absences	(13,407)
Net pension liability	215,643
Net OPEB liability	(85,948)
Deferred outflows	31,286
Deferred inflows	<u>(57,258)</u>
Change in net position	<u>\$ 268,608</u>

COMPLIANCE SECTION



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mooresville Graded School District
Mooresville, 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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mooresville Graded School District, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Mooresville Graded School District, North Carolina's basic financial statements and have issued our report thereon dated October 11, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson Smith & Wike PLLC

*October 11, 2022
Elon, North Carolina*



INDEPENDENT AUDITORS' REPORT

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

To the Board of Education
Mooresville Graded School District
Mooresville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mooresville Graded School District's 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 Mooresville Graded School District's major federal programs for the year ended June 30, 2022. Mooresville Graded School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mooresville Graded School District 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Mooresville Graded School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mooresville Graded School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mooresville Graded School District federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mooresville Graded School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mooresville Graded School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mooresville Graded School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mooresville Graded School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Mooresville Graded School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance

that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*October 11, 2022
Elon, North Carolina*



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Board of Education
Mooresville Graded School District
Mooresville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Mooresville Graded School District's 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 Mooresville Graded School District's major state programs for the year ended June 30, 2022. The Mooresville Graded School District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mooresville Graded School District 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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Mooresville Graded School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Mooresville Graded School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mooresville Graded School District's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mooresville Graded School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mooresville Graded School District's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mooresville Graded School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mooresville Graded School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Mooresville Graded School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these

limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Anderson Smith & Wike PLLC

*October 11, 2022
Elon, North Carolina*

**Mooresville Graded School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

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

**Mooresville Graded School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027	Special Education Cluster: Grants to States Targeted Assistance Special Needs at Risk Targeted Assistance for Preschool Preschool Grants ESSER III – ARP IDEA Grants to States
84.027	
84.027	
84.173	
84.173	
84.027X	
84.425	COVID 19 – Education Stabilization Funds
21.027	State and Local Fiscal Recovery Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

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

yes no

Identification of major State programs:

Program Name
State Public School Fund

**Mooreville Graded School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

None Reported

Section IV. State Award Findings and Questioned Costs

None Reported

**Mooresville Graded School District
Corrective Action Plan
For the Year Ended June 30, 2022**

Section II. Financial Statement Findings

Finding: None Reported

Section III. Federal Award Findings and Questioned Costs

Finding: None Reported

Section IV. State Award Findings and Questioned Costs

Finding: None Reported

**Mooresville Graded School District
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

Finding: 2021
Status: None reported

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number		Expenditures
Federal Grants:			
Cash Assistance:			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 251,017
Cash Assistance:			
Seamless Summer Program	10.555		3,779,532
Supply Chain Assistance	10.555		118,191
Healthy Meals Grant	10.555		18,820
Summer Food Service Program for Children	10.559		37,221
Cash Assistance Subtotal			<u>3,953,764</u>
Total Child Nutrition Cluster			<u>4,204,781</u>
Total U.S. Department of Agriculture			<u>4,204,781</u>
<u>U.S. Department of Education</u>			
Office of Elementary and Secondary Education			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050	597,421
Education for Homeless Children and Youth	84.196	PRC 026	19,628
Supporting Effective Instruction State Grant	84.367	PRC 103	104,134
English Language Acquisition	84.365A	PRC 104	13,330
Student Support and Academic Enrichment Program	84.424	PRC 108	48,537
COVID-19 - Education Stabilization Fund			
CARES Act - K-12 Emergency Relief Fund - ESSER I	84.425D	PRC 163	297,267
CARES Act - ESSER I - Exceptional Children Grants	84.425D	PRC 167	34,637
CARES Act - GEER I - Specialized Instructional Support Personnel	84.425C	PRC 169	86,124
CARES Act - GEER I - Supplemental Instructional Services	84.425C	PRC 170	12,709
CRRSA - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	970,967
CRRSA - ESSER II - SCHOOL NUTRITION COVID SUPPORT	84.425D	PRC 174	41,725
CRRSA - ESSER II - LEARNING LOSS FUNDING	84.425D	PRC 176	68,303
CRRSA - ESSER II - SUMMER CAREER ACCELERATOR PROGRAM	84.425D	PRC 177	16,838
ARP - ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	34,341
ARP - ESSER III - HOMELESS I	84.425W	PRC 183	3,708,288
CYBERBULLYING & SUICIDE PREVENTION GRANTS	84.425U	PRC 192	23,974
GAGGLE GRANTS	84.425U	PRC 193	50,750
ARP-ESSER III-Driver Training - (LEAs)	84.425U	PRC 205	341,694
Total COVID-19 - Education Stabilization Fund			<u>5,687,617</u>
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
Special Education - Grants to States	84.027	PRC 060	805,136
Special Education - Targeted Assistance	84.027	PRC 118	6,743
Special Education - Special Needs at Risk	84.027	PRC 114	69,737
Special Education - Targeted Assistance for Preschool	84.027	PRC 119	799
Special Education - Preschool Grants	84.173	PRC 049	32,693
ESSER III - ARP IDEA Grant to States	84.027X	PRC 185	56,255
Total Special Education Cluster			<u>971,363</u>

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>Assistance</u> <u>Listing Number</u>	<u>Expenditures</u>
Passed-through the N.C. Department of Public Instruction: Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States Program Development	84.048 PRC 017	<u>54,684</u>
Total U.S. Department of Education		<u>7,496,714</u>
Other Federal Assistance:		
<u>U.S. Department of Defense</u>		
Direct Program: JROTC	None	<u>78,536</u>
<u>U.S. Department of Health and Human Services</u>		
Direct Program: Before and After School Stabilization Grant	93.575	<u>325,193</u>
<u>U.S. Federal Communications Commission</u>		
Direct Program: Emergency Connectivity Fund	32.009	<u>144,005</u>
<u>U.S. Department of the Treasury</u>		
Passed-through the N.C. Office of State Management and Budget N.C. Pandemic Recovery Office Passed-through the N.C. Department of Public Instruction: State and Local Fiscal Recovery Funds ARP - Employee Bonuses	21.027 PRC 141	<u>1,188,470</u>
Total Federal Assistance		<u>13,437,699</u>
State Grants:		
Cash Assistance:		
<u>N.C. Department of Public Instruction:</u>		
State Public School Fund		36,130,800
Career and Technical Education		
State Months of Employment	PRC 013	2,049,500
Program Support Funds	PRC 014	433,781
Driver Training	PRC 012	108,438
K-12 Athletic Facilities Grant	PRC 440	113,428
School Technology Fund	PRC 015	<u>15,318</u>
Total N.C. Department of Public Instruction		<u>38,851,265</u>
Total State Assistance		<u>38,851,265</u>
Total Federal and State Assistance		<u>\$ 52,288,964</u>

Notes to the Schedule of Expenditures of Federal and State 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 Mooresville Graded School District under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. 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 Mooresville Graded School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Mooresville Graded School District.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

Mooresville Graded School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.