

**Mooreville Graded
School District**

Financial Report

Year Ended June 30, 2023

MOORESVILLE GRADED SCHOOL DISTRICT

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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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, 2023 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, 2023, 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 the Schedule of Board Contributions on pages 56 to 61, 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 September 1, 2023 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

September 1, 2023
Elon, North Carolina
(336) 380-4123

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023. 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 and turnover, however the 2022/2023 school year started and ended with a traditional sense of normalcy. MGSD continues to receive federal funding from the American Rescue Plan and is able to utilize this funding to aid in learning loss, however a large portion of this funding will expire in the 2024 fiscal year with the remaining amount expiring in fiscal year 2025. The district has been able to maintain strong fiscal health to minimize the effects of the expiring funds.

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.

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, 2023**

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. Assets exceeded liabilities by \$35,927,480 as of June 30, 2023. The largest component of net position, other than unrestricted net position, is net investment in capital assets, of \$92,095,330.

MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Following is a summary of the Statement of Net Position:

Table 1						
Condensed Statement of Net Position						
As of June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current assets	\$ 25,302,020	\$ 26,194,624	\$ 4,410,799	\$ 4,294,013	\$ 29,712,819	\$ 30,488,637
Capital assets	106,691,360	76,318,010	373,970	277,982	107,065,330	76,595,992
Total assets	<u>131,993,380</u>	<u>102,512,634</u>	<u>4,784,769</u>	<u>4,571,995</u>	<u>136,778,149</u>	<u>107,084,629</u>
Deferred outflow s of resources	<u>29,847,492</u>	<u>18,681,491</u>	<u>924,208</u>	<u>545,944</u>	<u>30,771,700</u>	<u>19,227,435</u>
Current liabilities	3,824,942	7,134,495	59,195	75,418	3,884,137	7,209,913
Long-term liabilities	100,435,821	92,346,585	2,630,218	2,185,439	103,066,039	94,532,024
Total liabilities	<u>104,260,763</u>	<u>99,481,080</u>	<u>2,689,413</u>	<u>2,260,857</u>	<u>106,950,176</u>	<u>101,741,937</u>
Deferred inflow s of resources	<u>23,931,181</u>	<u>31,205,317</u>	<u>741,012</u>	<u>911,937</u>	<u>24,672,193</u>	<u>32,117,254</u>
Net investment in						
capital assets	91,721,360	59,187,581	373,970	277,982	92,095,330	59,465,563
Restricted net position	6,040,712	6,215,673	-	937	6,040,712	6,216,610
Unrestricted net position	(64,113,144)	(74,895,526)	1,904,582	1,666,226	(62,208,562)	(73,229,300)
Total net assets	<u>\$ 33,648,928</u>	<u>\$ (9,492,272)</u>	<u>\$ 2,278,552</u>	<u>\$ 1,945,145</u>	<u>\$ 35,927,480</u>	<u>\$ (7,547,127)</u>

Note that net position of governmental activities increased by \$43,141,200 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, 2023**

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, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Revenues:						
Program revenues:						
Charges for services	\$ 344,740	\$ 257,834	\$ 1,336,703	\$ 565,255	\$ 1,681,443	\$ 823,089
Operating grants and contributions	44,982,271	47,305,531	2,443,378	4,323,991	47,425,649	51,629,522
Capital grants and contributions	-	-	168,785	-	168,785	-
General revenues:						
Other revenues	61,248,810	40,100,184	39,799	(1,053)	61,288,609	40,099,131
Total revenues	<u>106,575,821</u>	<u>87,663,549</u>	<u>3,988,665</u>	<u>4,888,193</u>	<u>110,564,486</u>	<u>92,551,742</u>
Expenses:						
Governmental activities:						
Instructional services	49,334,359	49,810,629	-	-	49,334,359	49,810,629
System-wide support services	11,538,123	9,184,178	-	-	11,538,123	9,184,178
Ancillary services	306,855	590,635	-	-	306,855	590,635
Non-programmed charges	1,759,900	1,359,901	-	-	1,759,900	1,359,901
Interest on long-term debt	305,102	361,261	-	-	305,102	361,261
Depreciation	85,118	44,603	-	-	85,118	44,603
Business-type activities:						
School food service	-	-	3,384,928	3,072,271	3,384,928	3,072,271
Child care	-	-	375,494	171,663	375,494	171,663
Total expenses	<u>63,329,457</u>	<u>61,351,207</u>	<u>3,760,422</u>	<u>3,243,934</u>	<u>67,089,879</u>	<u>64,595,141</u>
Transfers in (out)	<u>(105,164)</u>	<u>(117,490)</u>	<u>105,164</u>	<u>117,490</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	43,141,200	26,194,852	333,407	1,761,749	43,474,607	27,956,601
Beginning 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>
Ending net position	<u>\$ 33,648,928</u>	<u>\$ (9,492,272)</u>	<u>\$ 2,278,552</u>	<u>\$ 1,945,145</u>	<u>\$ 35,927,480</u>	<u>\$ (7,547,127)</u>

Total governmental activities generated revenues of \$106.6 million while expenses in this category totaled \$63.3 million for the year ended June 30, 2023. Comparatively, revenues were \$87.7 million and expenses totaled \$61.4 million for the year ended June 30, 2022. After transfers to the business-type activities, the increase in net position stands at \$43,141,200 at June 30, 2023, compared to an

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

increase of \$26,194,852 in 2022. Instructional services comprised 51% of total governmental-type expenses while system-wide support services made up 13% of those expenses for 2023. County funding comprised 51% of total governmental revenue in 2023. In 2022, county funding was 40%. Much of the remaining 49% of total governmental revenue for 2023 consists of restricted State and federal money. Business-type activities generated revenue of \$4.0 million and had expenses of \$3.8 million. Net position increased in the business-type activities by \$333,407, after transfers in from the governmental activities of \$105,164.

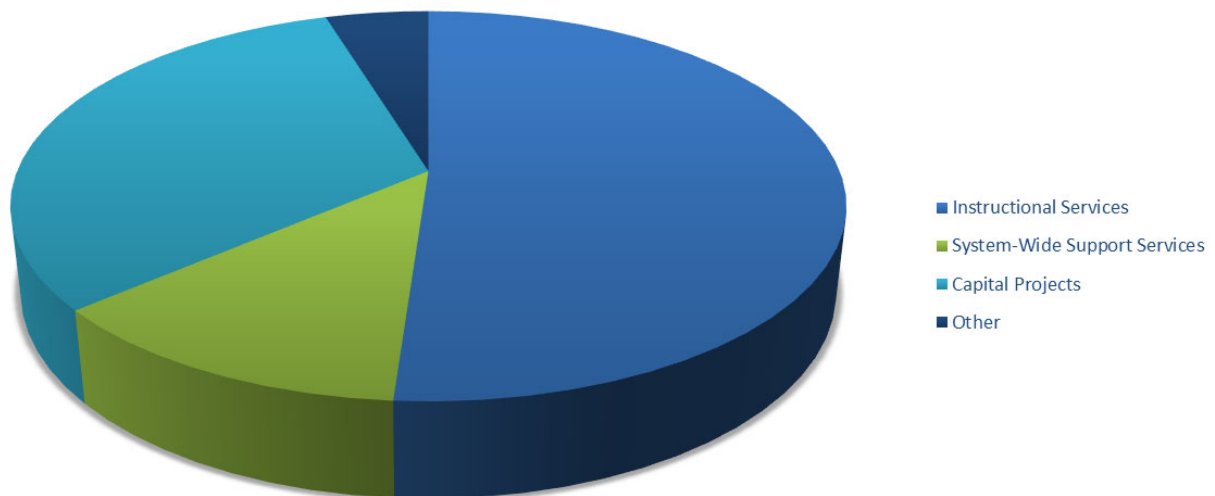
Financial Analysis of the Board's Funds

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 \$21,542,466, a \$2,408,057 increase from last year. The General Fund increased by \$612,239.

Proprietary Funds: The Board's business-type funds had a combined increase in net position of \$333,407 in the past year. The School Food Service Fund reflected an increase in net position of \$240,788 while the Child Care Fund's net position increased by \$92,619.

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, 2023**

Capital Assets

Capital assets increased by \$30,469,338 (40%) 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.

Table 3						
Summary of Capital Assets						
As of June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 7,880,345	\$ 7,880,345	\$ -	\$ -	\$ 7,880,345	\$ 7,880,345
Construction in progress	40,483,993	28,938,643	-	-	40,483,993	28,938,643
Buildings and improvements	58,011,207	39,198,161	-	-	58,011,207	39,198,161
Equipment and furniture	186,608	116,484	373,970	277,982	560,578	394,466
Vehicles	129,207	184,377	-	-	129,207	184,377
Total	<u>\$ 106,691,360</u>	<u>\$ 76,318,010</u>	<u>\$ 373,970</u>	<u>\$ 277,982</u>	<u>\$ 107,065,330</u>	<u>\$ 76,595,992</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 in the state.
- Our County Commissioners understand the value of good schools to attract new business and industry to our county.

The students of Mooresville Graded School District also benefit from a supplemental tax levied by the Board applying to all residents living inside of the district boundaries. This supplemental tax comprises approximately 8% of the overall revenue received by the district adding approximately \$9,000,000 to the annual budget

**MOORESVILLE GRADED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

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, 2023

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 21,552,583	\$ 4,241,793	\$ 25,794,376
Due from other governments	3,643,464	14,557	3,658,021
Receivables (net)	57,247	17,441	74,688
Taxes receivable, net	48,726	-	48,726
Inventories	-	137,008	137,008
Capital assets:			
Land and construction in progress	48,364,338	-	48,364,338
Other capital assets, net of depreciation	58,327,022	373,970	58,700,992
Total capital assets	106,691,360	373,970	107,065,330
Total assets	131,993,380	4,784,769	136,778,149
DEFERRED OUTFLOWS OF RESOURCES			
	29,847,492	924,208	30,771,700
LIABILITIES			
Accounts payable and accrued expenses	3,824,942	805	3,825,747
Unavailable revenues	-	58,390	58,390
Long-term liabilities:			
Net pension liability	33,078,748	1,024,262	34,103,010
Net OPEB liability	48,175,721	1,491,730	49,667,451
Due within one year	4,061,802	58,901	4,120,703
Due in more than one year	15,119,550	55,325	15,174,875
Total liabilities	104,260,763	2,689,413	106,950,176
DEFERRED INFLOWS OF RESOURCES			
	23,931,181	741,012	24,672,193
NET POSITION			
Net investment in capital assets, net	91,721,360	373,970	92,095,330
Restricted for:			
Individual school activities	651,501	-	651,501
Stabilization by State statute	449,487	-	449,487
School Capital Outlay	4,939,724	-	4,939,724
Unrestricted	(64,113,144)	1,904,582	(62,208,562)
Total net position	\$ 33,648,928	\$ 2,278,552	\$ 35,927,480

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

					Exhibit 2		
					Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
Instructional services:							
Regular instructional	\$ 31,141,000	\$ 197,032	\$ 26,422,280	\$ -	\$ (4,521,688)	\$ -	\$ (4,521,688)
Special populations	6,882,908	-	6,607,913	-	(274,995)	-	(274,995)
Alternative programs	2,527,404	-	2,462,548	-	(64,856)	-	(64,856)
School leadership	4,052,188	-	1,772,290	-	(2,279,898)	-	(2,279,898)
Co-curricular services	708,472	-	-	-	(708,472)	-	(708,472)
School-based support	4,022,387	-	3,134,275	-	(888,112)	-	(888,112)
System-wide support services							
Support and development	657,434	-	86,253	-	(571,181)	-	(571,181)
Special population support and development	106,340	-	121,161	-	14,821	-	14,821
Technology support	1,265,026	-	394,066	-	(870,960)	-	(870,960)
Operational support	6,955,874	147,708	3,414,078	-	(3,394,088)	-	(3,394,088)
Financial and human resource services	16,728	-	155,307	-	138,579	-	138,579
Accountability	29,274	-	-	-	(29,274)	-	(29,274)
System-wide pupil support	732,953	-	-	-	(732,953)	-	(732,953)
Policy, leadership and public relations	1,774,494	-	176,631	-	(1,597,863)	-	(1,597,863)
Ancillary services	306,855	-	-	-	(306,855)	-	(306,855)
Non-programmed charges	1,759,900	-	235,469	-	(1,524,431)	-	(1,524,431)
Interest on long-term debt	305,102	-	-	-	(305,102)	-	(305,102)
Unallocated depreciation expense**	85,118	-	-	-	(85,118)	-	(85,118)
Total governmental activities	63,329,457	344,740	44,982,271	-	(18,002,446)	-	(18,002,446)
Business-type activities:							
School food service	3,384,928	908,590	2,443,378	168,785	-	135,825	135,825
Child care	375,494	428,113	-	-	-	52,619	52,619
Total business-type activities	3,760,422	1,336,703	2,443,378	168,785	-	188,444	188,444
Total primary government	\$ 67,089,879	\$ 1,681,443	\$ 47,425,649	\$ 168,785	(18,002,446)	188,444	(17,814,002)
General revenues:							
Unrestricted county appropriations - operating					21,376,338	-	21,376,338
Unrestricted county appropriations - capital					33,222,800	-	33,222,800
Investment earnings, unrestricted					315,467	39,799	355,266
Miscellaneous, unrestricted					6,334,205	-	6,334,205
Transfers					(105,164)	105,164	-
Total general revenues and transfers					61,143,646	144,963	61,288,609
Change in net position					43,141,200	333,407	43,474,607
Net position-beginning					(9,492,272)	1,945,145	(7,547,127)
Net position-ending					\$ 33,648,928	\$ 2,278,552	\$ 35,927,480

** 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, 2023

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	\$ 6,232,597	\$ -	\$ 651,501	\$ 4,942,724	\$ -	\$ 9,725,761	\$ 21,552,583
Receivables (net)	-	-	-	-	-	57,247	57,247
Due from other governments	97,674	-	-	3,299,950	-	245,840	3,643,464
Taxes receivable (net)	48,726	-	-	-	-	-	48,726
Total assets	<u>\$ 6,378,997</u>	<u>\$ -</u>	<u>\$ 651,501</u>	<u>\$ 8,242,674</u>	<u>\$ -</u>	<u>\$ 10,028,848</u>	<u>\$ 25,302,020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 218,841	\$ -	\$ -	\$ 3,302,950	\$ -	\$ 189,037	\$ 3,710,828
Deferred inflows of resources	48,726	-	-	-	-	-	48,726
Fund balances:							
Restricted:							
Stabilization by State statute	146,400	-	-	-	-	303,087	449,487
School capital outlay	-	-	-	4,939,724	-	-	4,939,724
Individual schools	-	-	651,501	-	-	-	651,501
Assigned:							
Special revenues	-	-	-	-	-	9,536,724	9,536,724
Unassigned	5,965,030	-	-	-	-	-	5,965,030
Total fund balances	<u>6,111,430</u>	<u>-</u>	<u>651,501</u>	<u>4,939,724</u>	<u>-</u>	<u>9,839,811</u>	<u>21,542,466</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,378,997</u>	<u>\$ -</u>	<u>\$ 651,501</u>	<u>\$ 8,242,674</u>	<u>\$ -</u>	<u>\$ 10,028,848</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.

106,691,360

Deferred outflows of resources related to pensions

19,870,728

Deferred outflows of resources related to OPEB

9,976,764

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

48,726

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.

(19,295,466)

Net pension liability

(33,078,748)

Net OPEB liability

(48,175,721)

Deferred inflows of resources related to pensions

(796,196)

Deferred inflows of resources related to OPEB

(23,134,985)

Net position of governmental activities

\$ 33,648,928

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

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	\$ -	\$ 40,839,796	\$ -	\$ 285,750	\$ -	\$ 47,675	\$ 41,173,221
Iredell County	21,376,338	-	-	33,222,800	-	-	54,599,138
U.S. Government	-	-	-	-	4,207,639	1,064,376	5,272,015
Other	217,301	-	1,612,613	395,467	-	3,313,839	5,539,220
Total revenues	21,593,639	40,839,796	1,612,613	33,904,017	4,207,639	4,425,890	106,583,594
EXPENDITURES							
Current:							
Instructional services:							
Regular instructional	4,229,141	25,142,136	1,487,070	-	1,280,144	561,611	32,700,102
Special populations	658,117	5,423,074	-	-	1,184,839	496,172	7,762,202
Alternative programs	295,372	1,309,791	-	-	1,152,757	43,873	2,801,793
School leadership	2,844,337	1,767,011	-	-	5,279	-	4,616,627
Co-curricular services	716,170	-	-	-	-	91,049	807,219
School-based support	1,037,156	2,795,597	-	93,960	338,678	294,756	4,560,147
System-wide support services:							
Support and development	662,815	85,153	-	-	1,100	-	749,068
Special population support and development	-	121,161	-	-	-	-	121,161
Technology support	720,344	394,066	-	-	-	326,936	1,441,346
Operational support	4,306,550	3,404,705	-	33,391	9,373	119,146	7,873,165
Financial and human resource services	637,978	155,307	-	-	-	41,827	835,112
Accountability	19,059	-	-	-	-	-	19,059
System-wide pupil support	27,500	-	-	-	-	5,854	33,354
Policy, leadership and public relations	1,782,442	176,631	-	-	-	62,750	2,021,823
Ancillary services	179,242	-	-	-	-	170,383	349,625
Non-programmed charges	1,695,848	-	-	-	235,469	64,052	1,995,369
Debt service:							
Principal payments	1,093,762	-	-	1,066,667	-	-	2,160,429
Interest and other charges	35,567	-	-	291,200	-	-	326,767
Capital outlay	-	-	-	32,896,005	-	-	32,896,005
Total expenditures	20,941,400	40,774,632	1,487,070	34,381,223	4,207,639	2,278,409	104,070,373
Revenues over (under) expenditures	652,239	65,164	125,543	(477,206)	-	2,147,481	2,513,221
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	(40,000)	(65,164)	-	-	-	-	(105,164)
Net change in fund balance	612,239	-	125,543	(477,206)	-	2,147,481	2,408,057
Fund balances-beginning	5,499,191	-	525,958	5,416,930	-	7,692,330	19,134,409
Fund balances-ending	\$ 6,111,430	\$ -	\$ 651,501	\$ 4,939,724	\$ -	\$ 9,839,811	\$ 21,542,466

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 2,408,057
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.	30,400,419
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	19,296
Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.	2,514,681
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	6,252,526
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
OPEB nonemployer contributions	365,757
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.	2,182,094
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	(6,369,824)
Net OPEB expense	5,212,406
Compensated absences	182,857
Loss on disposal of assets	(27,069)
Total changes in net position of governmental activities	<u>\$ 43,141,200</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, 2023****Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Iredell County	21,370,256	21,470,856	21,376,338	(94,518)
U.S. Government	-	-	-	-
Other	254,210	269,210	217,301	(51,909)
Total revenues	21,624,466	21,740,066	21,593,639	(146,427)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	4,971,239	4,931,134	4,229,141	701,993
Special populations	645,492	685,492	658,117	27,375
Alternative programs	318,243	309,647	295,372	14,275
School leadership	2,695,803	2,850,803	2,844,337	6,466
Co-curricular services	744,680	839,680	716,170	123,510
School-based support	1,080,645	1,053,145	1,037,156	15,989
System-wide support services:				
Support and development	923,969	723,969	662,815	61,154
Special population support and development	-	-	-	-
Technology support	790,755	740,755	720,344	20,411
Operational support	4,181,672	4,474,997	4,306,550	168,447
Financial and human resource services	781,384	681,384	637,978	43,406
Accountability	12,000	20,700	19,059	1,641
System-wide pupil support	-	27,500	27,500	-
Policy, leadership and public relations	1,760,922	1,844,923	1,782,442	62,481
Ancillary services	196,425	187,425	179,242	8,183
Non-programmed charges	1,400,000	1,750,000	1,695,848	54,152
Debt service:				
Principal payments	1,121,237	1,185,670	1,093,762	91,908
Interest payments	-	35,567	35,567	-
Total expenditures	21,624,466	22,342,791	20,941,400	1,401,391
Revenues over (under) expenditures	-	(602,725)	652,239	1,254,964
Other financing sources (uses):				
Transfers to other funds	-	(300,000)	(40,000)	260,000
Revenues over (under) expenditures and other sources	-	(902,725)	612,239	1,514,964
Appropriated fund balance	-	902,725	-	(902,725)
Revenue and appropriated fund balance over expenditures and other uses	\$ -	\$ -	612,239	\$ 612,239
Fund balances, beginning of year			5,499,191	
Fund balances, end of year			\$ 6,111,430	

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, 2023****Exhibit 5 (continued)**

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 37,978,931	\$ 42,366,593	\$ 40,839,796	\$ (1,526,797)
Iredell County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	37,978,931	42,366,593	40,839,796	(1,526,797)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	24,150,086	26,032,857	25,142,136	890,721
Special populations	4,951,065	5,600,589	5,423,074	177,515
Alternative programs	1,333,945	1,356,338	1,309,791	46,547
School leadership	1,723,148	1,778,324	1,767,011	11,313
Co-curricular services	-	-	-	-
School-based support	2,472,036	3,188,008	2,795,597	392,411
System-wide support services:				
Support and development	81,999	87,499	85,153	2,346
Special population support and development	-	125,000	121,161	3,839
Technology support	-	394,067	394,066	1
Operational support	2,873,284	3,405,743	3,404,705	1,038
Financial and human resource services	163,311	155,311	155,307	4
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	170,109	177,609	176,631	978
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	37,918,983	42,301,345	40,774,632	1,526,713
Revenues over (under) expenditures	59,948	65,248	65,164	(84)
Other financing sources (uses):				
Transfers to other funds	(59,948)	(65,248)	(65,164)	84
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, 2023****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	4,503,242	6,605,113	4,207,639	(2,397,474)
Other	-	-	-	-
Total revenues	4,503,242	6,605,113	4,207,639	(2,397,474)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,479,677	1,936,034	1,280,144	655,890
Special populations	1,100,067	2,001,746	1,184,839	816,907
Alternative programs	630,451	1,739,461	1,152,757	586,704
School leadership	-	10,557	5,279	5,278
Co-curricular services	-	-	-	-
School-based support	344,447	425,518	338,678	86,840
System-wide support services:				
Support and development	-	1,100	1,100	-
Special population support and development	-	-	-	-
Technology support	-	-	-	-
Operational support	1,120	10,929	9,373	1,556
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services	701	59,906	-	59,906
Non-programmed charges	946,779	419,862	235,469	184,393
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	4,503,242	6,605,113	4,207,639	2,397,474
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, 2023****Exhibit 5 (continued)**

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ 60,000	\$ 47,675	\$ (12,325)
Iredell County	-	-	-	-
U.S. Government	728,937	1,069,644	1,064,376	(5,268)
Other	1,677,764	3,589,273	3,313,839	(275,434)
Total revenues	2,406,701	4,718,917	4,425,890	(293,027)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	280,613	790,428	561,611	228,817
Special populations	710,547	834,444	496,172	338,272
Alternative programs	141,146	247,146	43,873	203,273
School leadership	-	-	-	-
Co-curricular services	91,973	136,973	91,049	45,924
School-based support	542,872	487,629	294,756	192,873
System-wide support services:				
Support and development	-	-	-	-
Special population support and development	-	-	-	-
Technology support	200,000	1,348,314	326,936	1,021,378
Operational support	201,282	210,782	119,146	91,636
Financial and human resource services	10,000	92,000	41,827	50,173
Accountability	-	-	-	-
System-wide pupil support	8,068	33,068	5,854	27,214
Policy, leadership and public relations	-	89,364	62,750	26,614
Ancillary services	209,700	379,901	170,383	209,518
Non-programmed charges	10,500	68,868	64,052	4,816
Debt service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	2,406,701	4,718,917	2,278,409	2,440,508
Revenues over (under) expenditures	-	-	2,147,481	2,147,481
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	2,147,481	2,147,481
Appropriated fund balance	-	-	-	-
Revenue and appropriated fund balance over expenditures and other uses	\$ -	\$ -	2,147,481	\$ 2,147,481
Fund balances, beginning of year			7,692,330	
Fund balances, end of year			\$ 9,839,811	

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2023

Exhibit 6

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,239,985	\$ 1,808	\$ 4,241,793
Due from other governments	14,557	-	14,557
Receivables (net)	-	17,441	17,441
Inventories	137,008	-	137,008
Total current assets	4,391,550	19,249	4,410,799
Noncurrent assets:			
Capital assets, net	373,970	-	373,970
Total assets	4,765,520	19,249	4,784,769
DEFERRED OUTFLOWS OF RESOURCES	594,645	329,563	924,208
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	734	71	805
Compensated absences	37,295	21,606	58,901
Unavailable revenues	58,390	-	58,390
Total current liabilities	96,419	21,677	118,096
Noncurrent liabilities:			
Net pension liability	659,021	365,241	1,024,262
Net OPEB liability	959,795	531,935	1,491,730
Compensated absences	35,030	20,295	55,325
Total liabilities	1,750,265	939,148	2,689,413
DEFERRED INFLOWS OF RESOURCES	476,775	264,237	741,012
NET POSITION			
Net investment in capital assets	373,970	-	373,970
Unrestricted	2,759,155	(854,573)	1,904,582
Total net position	\$ 3,133,125	\$ (854,573)	\$ 2,278,552

The accompanying notes are an integral part of the basic financial statements.

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MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 7

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$ 908,590	\$ -	\$ 908,590
Child care fees	-	428,113	428,113
Total operating revenues	908,590	428,113	1,336,703
OPERATING EXPENSES			
Purchase of food	1,297,945	29,895	1,327,840
Salaries and benefits	1,706,245	317,059	2,023,304
Indirect costs	217,488	-	217,488
Materials and supplies	26,626	15,752	42,378
Contracted services	52,034	-	52,034
Repairs and maintenance	280	-	280
Depreciation	48,549	-	48,549
Other	19,377	12,788	32,165
Total operating expenses	3,368,544	375,494	3,744,038
Operating income (loss)	(2,459,954)	52,619	(2,407,335)
NONOPERATING REVENUES			
Federal reimbursements	1,982,253	-	1,982,253
Federal commodities	230,851	-	230,851
State reimbursements	12,786	-	12,786
Interest earned	39,799	-	39,799
Indirect costs not paid	217,488	-	217,488
Gain (loss) on sale of capital assets	(16,384)	-	(16,384)
Total nonoperating revenues	2,466,793	-	2,466,793
Income (loss) before transfers	6,839	52,619	59,458
Capital contribution	168,785	-	168,785
Transfer from other funds	65,164	40,000	105,164
Change in net position	240,788	92,619	333,407
Total net position - beginning	2,892,337	(947,192)	1,945,145
Total net position - ending	\$ 3,133,125	\$ (854,573)	\$ 2,278,552

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 8

	Enterprise Funds		
	Major Funds		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 902,660	\$ 420,279	\$ 1,322,939
Cash paid for goods and services	(1,072,944)	(58,435)	(1,131,379)
Cash paid to employees for services	(1,567,365)	(529,705)	(2,097,070)
Net cash provided (used) by operating activities	(1,737,649)	(167,861)	(1,905,510)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	2,021,638	-	2,021,638
State reimbursements	12,786	-	12,786
Net cash provided by noncapital financing activities	2,034,424	-	2,034,424
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from disposal of capital assets	7,864	-	7,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments and other	39,799	-	39,799
Net increase (decrease) in cash and cash equivalents	344,438	(167,861)	176,577
Balances-beginning of the year	3,895,547	169,669	4,065,216
Balances-end of the year	\$ 4,239,985	\$ 1,808	\$ 4,241,793

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit 8
(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ (2,459,954)	\$ 52,619	\$ (2,407,335)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	48,549	-	48,549
Donated commodities consumed	230,851	-	230,851
Transfers from other funds	65,164	40,000	105,164
Indirect costs not paid	217,488	-	217,488
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	-	(7,834)	(7,834)
(Increase) decrease in net OPEB asset	518	419	937
(Increase) decrease in inventory	27,303	-	27,303
Increase (decrease) in accounts payable and accrued liabilities	(9,449)	(844)	(10,293)
(Increase) decrease in deferred outflows	(292,870)	(85,394)	(378,264)
Increase (decrease) in net pension liability	490,743	229,086	719,829
Increase (decrease) in net OPEB liability	(15,961)	(257,561)	(273,522)
Increase (decrease) in deferred inflows	(27,305)	(143,620)	(170,925)
Increase (decrease) in unavailable revenues	(5,930)	-	(5,930)
Increase (decrease) in compensated absences	(6,796)	5,268	(1,528)
Total adjustments	722,305	(220,480)	501,825
Net cash provided (used) by operating activities	<u>\$ (1,737,649)</u>	<u>\$ (167,861)</u>	<u>\$ (1,905,510)</u>

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$65,164 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.

The General Fund transferred \$40,000 to the Child Care Fund during the fiscal year. The payment is reflected as an operating transfer in on Exhibit 7.

Indirect costs of \$217,488 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 \$230,851 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, 2023

Exhibit 9

	Private Purpose Trust
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 220,945
NET POSITION	
Assets held in trust for private purpose	\$ 220,945

MOORESVILLE GRADED SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
For the Year Ended June 30, 2023

Exhibit 10

	Private Purpose Trust
ADDITIONS:	
Contributions and other revenues	\$ 4,887
DEDUCTIONS:	
Scholarships awarded	2,000
Change in net position	2,887
Beginning net position	218,058
Ending net position	<u>\$ 220,945</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023.

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, 2023

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, 2023

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, 2023

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, 2023 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, 2023

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, 2023

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 \$12,106,462 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)	\$162,177,724
Less Accumulated Depreciation	<u>55,486,364</u>
Net capital assets	106,691,360
Pension related deferred outflows of resources	19,870,728
OPEB related deferred outflows of resources	9,976,764
Liabilities for earned but deferred revenues in fund statements	48,726
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	(14,970,000)
Accrued interest	(114,114)
Compensated absences	(4,211,352)
Net pension liability	(33,078,748)
Net OPEB liability	(48,175,721)
Deferred inflows of resources related to pensions	(796,196)
Deferred inflows of resources related to OPEB	<u>(23,134,985)</u>
Total adjustment	<u>\$ 12,106,462</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$40,733,143 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 33,103,489
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.	(2,703,070)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,252,526
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	2,514,681
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	19,296
OPEB nonemployer contributions	365,757
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.	2,160,429
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	(6,369,824)
Net OPEB expense	5,212,406
Interest expense	21,665
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	182,857
Loss on disposal of assets	(27,069)
Total adjustment	<u>\$ 40,733,143</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, 2023

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, 2023, the Board had deposits with banks and savings and loans with a carrying amount of \$7,504,903 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$7,597,283 and \$1,881,664, respectively. Of these balances, \$905,377 was covered by federal depository insurance and \$8,573,570 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2023, the Board had \$15,271,220 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 \$3,239,198 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, 2023. 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, 2023

Accounts Receivable

Receivables at the government-wide level at June 30, 2023, were as follows:

	Due from other governments	Taxes receivable, net	Other
Governmental activities:			
General Fund	\$ 97,674	\$ 48,726	\$ -
Other governmental activities	3,545,790	-	57,247
Total	<u>\$ 3,643,464</u>	<u>\$ 48,726</u>	<u>\$ 57,247</u>
Business-type activities:			
School Food Service	\$ 14,557	\$ -	\$ -
Child Care	-	-	17,441
Total	<u>\$ 14,557</u>	<u>\$ -</u>	<u>\$ 17,441</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 \$ 48,726

Due from other governments consists of the following:

Governmental activities:

Other Special Revenue Fund	\$ 219,033	Amounts due from NC DHHS
Other Special Revenue Fund	6,410	Amounts due from Town of Mooresville
Other Special Revenue Fund	20,397	Amounts due from US Navy
General Fund	97,674	Amounts due from Iredell County
Capital Outlay Fund	3,299,950	Amounts due from Iredell County - Selma Burke
Total	<u>\$ 3,643,464</u>	

Business-type activities:

 School Food Service Fund \$ 14,557 USDA Grant Reimbursement

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 7,880,345	\$ -	\$ -	\$ -	\$ 7,880,345
Construction in progress	28,938,643	32,849,371	-	21,304,021	40,483,993
Total capital assets not being depreciated	36,818,988	32,849,371	-	21,304,021	48,364,338
Capital assets being depreciated:					
Buildings and improvements	87,949,269	21,385,721	-	-	109,334,990
Equipment and furniture	1,843,629	172,418	17,176	-	1,998,871
Vehicles	2,512,671	-	33,146	-	2,479,525
Total capital assets being depreciated	92,305,569	21,558,139	50,322	-	113,813,386
Less accumulated depreciation for:					
Buildings and improvements	48,751,108	2,572,675	-	-	51,323,783
Equipment and furniture	1,727,145	85,118	-	-	1,812,263
Vehicles	2,328,294	45,277	23,253	-	2,350,318
Total accumulated depreciation	52,806,547	2,703,070	23,253	-	55,486,364
Total capital assets being depreciated, net	39,499,022				58,327,022
Governmental activity capital assets, net	<u>\$ 76,318,010</u>				<u>\$ 106,691,360</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 1,720,222	\$ 168,785	\$ 232,829	\$ 1,656,178
Less accumulated depreciation for:				
Furniture and office equipment	1,442,240	48,549	208,581	1,282,208
School Food Service capital assets, net:	<u>\$ 277,982</u>			<u>\$ 373,970</u>

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Depreciation was charged to governmental functions as follows:

Instructional services	\$ 2,572,675
System-wide support services	45,277
Unallocated depreciation	<u>85,118</u>
Total	<u>\$ 2,703,070</u>

Construction Commitments

The Board of Education has active construction projects as of June 30, 2023 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</u>	<u>Total Project</u>
Selma Burke Middle School	<u>\$ 40,483,993</u>	<u>\$9,460,267</u>	<u>\$ 49,944,260</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

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with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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, 2023, was 17.38% 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 \$6,446,131 for the year ended June 30, 2023.

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, 2023, the Board reported a liability of \$34,103,010 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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

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TSERS employers, actuarially determined. At June 30, 2022 and at June 30, 2021, the Board's proportion was .23%.

For the year ended June 30, 2023, the Board recognized pension expense of \$6,591,233. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 148,487	\$ 464,829
Changes of assumptions	2,690,598	-
Net difference between projected and actual earnings on pension plan investments	11,200,796	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	356,021
Board contributions subsequent to the measurement date	6,446,131	-
Total	<u>\$ 20,486,012</u>	<u>\$ 820,850</u>

\$6,446,131 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:		
2024	\$	3,466,260
2025		3,245,031
2026		1,138,393
2027		5,369,348
2028		-
Thereafter		-
Total	<u>\$</u>	<u>13,219,031</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

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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 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability reported at June 30, 2023 and 2022 was 6.50%. 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>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 60,295,860	\$ 34,103,010	\$ 12,482,908

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

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supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's 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, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135, 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

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applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.89% of covered payroll which amounted to \$2,555,457. 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 \$377,083.

At June 30, 2023, Board reported a liability of \$49,607,774 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 and at June 30, 2021, the Boards proportion was 0.21% and .20%, respectively.

\$2,555,457 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:

2024	\$ (6,249,929)
2025	(3,846,978)
2026	(4,012,367)
2027	(2,167,746)
2028	-
Thereafter	-
Total	<u>\$ (16,277,020)</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%, the same as June 30, 2022. 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, 2022.

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%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 58,432,242	\$ 49,607,774	\$ 42,400,579

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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		Current Trend Rates (6.50% Medical, 7.25% Rx, 3.00% Administrative Expenses)	
	1% Decrease in Trend Rates		1% Increase in Trend Rates
Net OPEB liability	\$ 40,835,134	\$ 49,607,774	\$ 60,947,666

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, 2023, employers made a statutory contribution of 0.10% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$37,089 for the year ended June 30, 2023.

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, 2023, Board reported an OPEB liability of \$59,677 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 and at June 30, 2021, the Boards proportion was .20%.

\$37,089 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:

2024	\$	29,939
2025		34,288
2026		25,142
2027		19,366
2028		3,827
Thereafter		6,257
Total	\$	<u>118,819</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 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 (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB liability	\$ 73,485	\$ 59,677	\$ 45,835

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021 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, 2022. 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, 2022. 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, 2022 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	\$ 5,334,673	\$ (59,542)	\$ 5,275,131
OPEB liability (asset)	49,607,774	59,677	49,667,451
Proportionate share of the net OPEB liability (asset)	0.209%	0.201%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	\$ 481,626	\$ 66,893	\$ 548,519
Changes of assumptions	3,971,747	3,836	3,975,583
Net difference between projected and actual earnings on plan investments	429,582	63,120	492,702
Changes in proportion and defferences between Board contributions and proportionate share of contributions	2,675,303	1,035	2,676,338
Board contributions subsequent to the measurement date	<u>2,555,457</u>	<u>37,089</u>	<u>2,592,546</u>
Total Deferred Outflows of Resources	<u>\$ 10,113,715</u>	<u>\$ 171,973</u>	<u>\$ 10,285,688</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	\$ 137,270	\$ -	\$ 137,270
Changes of assumptions	22,577,666	11,056	22,588,722
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>1,120,342</u>	<u>5,009</u>	<u>1,125,351</u>
Total Deferred Inflows of Resources	<u>\$ 23,835,278</u>	<u>\$ 16,065</u>	<u>\$ 23,851,343</u>

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Accounts Payable

Accounts payable at June 30, 2023, are as follows:

	<u>Vendors</u>
Governmental Activities	
General	\$ 218,841
Capital Outlay	3,302,950
Other Governmental	<u>189,037</u>
Total-governmental activities	<u>\$ 3,710,828</u>
Business-type Activities	
School Food Service	\$ 734
Child Care Fund	<u>71</u>
Total-business-type activities	<u>\$ 805</u>

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>\$ 58,390</u>

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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>
Changes in proportion and differences between Board contributions and proportionate share of contribution \$	2,676,338	\$ 1,481,372
Changes in assumptions	6,666,181	22,588,722
Difference between projected and actual earnings on plan investments	11,693,497	-
Board contributions subsequent to the measurement date	9,038,678	-
Difference between expected and actual experience	<u>697,006</u>	<u>602,099</u>
Total	<u>\$ 30,771,700</u>	<u>\$ 24,672,193</u>

The General Fund reported \$48,726 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 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.

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, 2021 and the year ended June 30, 2023. 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, 2023, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
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	1,066,667	187,200
2029-2033	5,333,333	624,000
2034-2038	3,199,998	124,800
	<u>\$ 14,970,000</u>	<u>\$ 1,910,703</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Current Maturities
Governmental activities:					
Direct Placement					
Installment purchases	\$ 17,130,429	\$ -	\$ 2,160,429	\$ 14,970,000	\$2,170,001
Net pension liability	10,417,319	22,661,429	-	33,078,748	-
Net OPEB liability	60,404,628	-	12,228,907	48,175,721	-
Compensated absences	4,394,209	3,251,878	3,434,735	4,211,352	1,891,801
Total	<u>\$ 92,346,585</u>	<u>\$25,913,307</u>	<u>\$ 17,824,071</u>	<u>\$ 100,435,821</u>	<u>\$4,061,802</u>
Business-type activities:					
Net pension liability	\$ 304,433	\$ 719,829	\$ -	\$ 1,024,262	\$ -
Net OPEB liability	1,765,252	-	273,522	1,491,730	-
Compensated absences	115,754	120,081	121,609	114,226	58,901
Total	<u>\$ 2,185,439</u>	<u>\$ 839,910</u>	<u>\$ 395,131</u>	<u>\$ 2,630,218</u>	<u>\$ 58,901</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, 2023, consist of the following:

	Amount
State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 65,164</u>
General Fund to the Child Care Fund to provide cash assistance	<u>\$ 40,000</u>

MOORESVILLE GRADED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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	\$ 6,111,430
Less:	
Stabilization by State statute	<u>146,400</u>
Remaining fund balance	<u>\$ 5,965,030</u>

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 Ten Fiscal Years*

	2023	2022	2021	2020	2019
Board's proportion of the net pension liability (asset)	0.230%	0.229%	0.229%	0.231%	0.231%
Board's proportionate share of the net pension liability (asset)	\$ 34,103,010	\$ 10,721,752	\$ 27,702,811	\$ 23,906,203	\$ 23,024,451
Board's covered-employee payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.27%	30.68%	80.63%	71.49%	71.99%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	94.86%	85.98%	87.56%	87.61%

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.223%	0.231%	0.221%	0.211%	0.206%
Board's proportionate share of the net pension liability (asset)	\$ 18,083,384	\$ 21,270,808	\$ 8,139,865	\$ 2,471,581	\$ 12,506,299
Board's covered-employee payroll	\$ 30,551,017	\$ 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	59.19%	71.49%	27.90%	9.26%	47.85%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

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 Ten Fiscal Years

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 6,446,131	\$ 5,802,366	\$ 5,165,316	\$ 4,456,455	\$ 4,109,674
Contributions in relation to the contractually required contribution	6,446,131	5,802,366	5,165,316	4,456,455	4,109,674
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 37,089,363	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173
Contributions as a percentage of covered-employee payroll	17.38%	16.38%	14.78%	12.97%	12.29%

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,447,550	\$ 3,048,991	\$ 2,722,517	\$ 2,669,762	\$ 2,318,813
Contributions in relation to the contractually required contribution	3,447,550	3,048,991	2,722,517	2,669,762	2,318,813
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 31,980,981	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694
Contributions as a percentage of covered-employee payroll	10.78%	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 Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability (asset)	0.210%	0.201%	0.200%	0.198%	0.204%
Board's proportionate share of the net OPEB liability (asset)	\$ 49,607,774	\$ 62,169,880	\$ 55,401,806	\$ 62,702,296	\$ 58,138,075
Board's covered-employee payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	140.04%	177.89%	161.24%	187.51%	181.79%
Plan fiduciary net position as a percentage of the total OPEB liability	10.58%	7.72%	6.92%	4.40%	4.40%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability (asset)	0.207%	0.196%
Board's proportionate share of the net OPEB liability (asset)	\$ 67,882,513	\$ 88,090,955
Board's covered-employee payroll	\$ 30,551,017	\$ 29,754,282
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	222.19%	296.06%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	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

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 2,555,457	\$ 2,228,137	\$ 2,334,527	\$ 2,223,073	\$ 2,096,636
Contributions in relation to the contractually required contribution	2,555,457	2,228,137	2,334,527	2,223,073	2,096,636
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 37,089,363	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173
Contributions as a percentage of covered-employee payroll	6.89%	6.29%	6.68%	6.47%	6.27%

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,934,849	\$ 1,774,414	\$ 1,666,476	\$ 1,603,093	\$ 1,440,261
Contributions in relation to the contractually required contribution	1,934,849	1,774,414	1,666,476	1,603,093	1,440,261
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 31,980,981	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694
Contributions as a percentage of covered-employee payroll	6.05%	5.81%	5.60%	5.49%	5.40%

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
DISABILITY INCOME PLAN OF NORTH CAROLINA
*Last Seven Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board's proportion of the net OPEB liability/asset	0.201%	0.202%	0.200%	0.202%	0.204%
Board's proportionate share of the net OPEB liability (asset)	\$ 59,677	\$ (33,006)	\$ (98,186)	\$ (84,889)	\$ (61,870)
Board's covered payroll	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173	\$ 31,980,981
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.17%	0.09%	0.29%	0.25%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	90.34%	105.18%	115.57%	113.00%	108.47%

	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability/asset	0.202%	0.207%
Board's proportionate share of the net OPEB liability (asset)	\$ (123,230)	\$ (128,286)
Board's covered payroll	\$ 30,551,017	\$ 29,754,282
Board's proportionate share of the net OPEB liability/asset as a percentage of its covered-employee payroll	0.40%	0.43%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	116.23%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 37,089	\$ 31,881	\$ 31,453	\$ 34,360	\$ 46,815
Contributions in relation to the contractually required contribution	<u>37,089</u>	<u>31,881</u>	<u>31,453</u>	<u>34,360</u>	<u>46,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 37,089,363	\$ 35,423,481	\$ 34,948,012	\$ 34,359,711	\$ 33,439,173
Contributions as a percentage of covered-employee payroll	0.10%	0.09%	0.09%	0.10%	0.14%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 44,774	\$ 115,008	\$ 121,571	\$ 118,377	\$ 116,540
Contributions in relation to the contractually required contribution	<u>44,774</u>	<u>115,008</u>	<u>121,571</u>	<u>118,377</u>	<u>116,540</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 31,980,981	\$ 30,551,017	\$ 29,754,282	\$ 29,177,727	\$ 26,683,694
Contributions as a percentage of covered-employee payroll	0.14%	0.38%	0.41%	0.41%	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, 2023

Exhibit A-1

	Budget	Actual	Positive (Negative) Variance
Revenues:			
Iredell County:			
County appropriations	\$ 13,520,256	\$ 13,520,256	\$ -
Supplementary taxes	7,950,600	7,856,082	(94,518)
Total	21,470,856	21,376,338	(94,518)
Other:			
Fines and forfeitures	269,210	217,301	(51,909)
Total revenues	21,740,066	21,593,639	(146,427)
Expenditures:			
Instructional services:			
Regular instructional	4,931,134	4,229,141	701,993
Special populations	685,492	658,117	27,375
Alternative programs	309,647	295,372	14,275
School leadership	2,850,803	2,844,337	6,466
Co-curricular services	839,680	716,170	123,510
School-based support	1,053,145	1,037,156	15,989
Total	10,669,901	9,780,293	889,608
System-wide support services:			
Support and development	723,969	662,815	61,154
Technology support	740,755	720,344	20,411
Operational support	4,474,997	4,306,550	168,447
Financial and human resource services	681,384	637,978	43,406
Accountability	20,700	19,059	1,641
Systemwide pupil support	27,500	27,500	-
Policy, leadership and public relations	1,844,923	1,782,442	62,481
Total	8,514,228	8,156,688	357,540
Ancillary services	187,425	179,242	8,183
Non-programmed charges			
Payments to charter schools	1,750,000	1,695,848	54,152
Debt service:			
Principal payments		1,093,762	
Interest expense		35,567	
	1,221,237	1,129,329	91,908
Total expenditures	22,342,791	20,941,400	1,401,391

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

			Exhibit A-1
			(Continued)
	Budget	Actual	Positive (Negative) Variance
Revenues over (under) expenditures	(602,725)	652,239	1,254,964
Other financing sources (uses):			
Operating transfers out	(300,000)	(40,000)	260,000
Revenues and other financing sources over (under)	(902,725)	612,239	1,514,964
Appropriated fund balance	902,725	-	(902,725)
Revenues and appropriated fund balance over (under)			
expenditures	\$ -	612,239	\$ 612,239
Fund balances:			
Beginning of year, July 1		5,499,191	
End of year, June 30		\$ 6,111,430	

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, 2023

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund	\$ 615,750	\$ 285,750	\$ (330,000)
Local Government:			
County appropriation	3,294,544	3,028,775	(265,769)
Supplementary taxes	1,289,000	1,289,000	-
Iredell County - Selma Burke Project	38,365,292	28,905,025	(9,460,267)
	<u>42,948,836</u>	<u>33,222,800</u>	<u>(9,726,036)</u>
Other:			
Interest	316,668	315,467	(1,201)
Miscellaneous	80,000	80,000	-
	<u>396,668</u>	<u>395,467</u>	<u>(1,201)</u>
Total revenues	<u>43,961,254</u>	<u>33,904,017</u>	<u>(10,057,237)</u>
Expenditures:			
Instructional services	107,809	93,960	13,849
System-wide support services	178,750	33,391	145,359
Capital outlay	45,462,743	32,896,005	12,566,738
Debt service			
Principal payments	1,187,478	1,066,667	120,811
Interest expense	291,200	291,200	-
Total expenditures	<u>47,227,980</u>	<u>34,381,223</u>	<u>12,846,757</u>
Revenues over (under) expenditures	(3,266,726)	(477,206)	2,789,520
Appropriated fund balance	<u>3,266,726</u>	<u>-</u>	<u>(3,266,726)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(477,206)</u>	<u>\$ (477,206)</u>
Fund balances:			
Beginning of year, July 1		5,416,930	
End of year, June 30		<u>\$ 4,939,724</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, 2023

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Food sales	\$ 959,044	\$ 902,660	\$ (56,384)
Operating expenditures:			
Purchase of food		1,270,642	
Salaries and benefits		1,558,434	
Materials and supplies		26,626	
Contracted services		52,034	
Repairs and maintenance		280	
Other		19,377	
Total operating expenditures	3,135,748	2,927,393	208,355
Operating loss	(2,176,704)	(2,024,733)	151,971
Nonoperating revenues:			
Federal reimbursements	1,859,900	1,982,253	122,353
Federal commodities	192,000	230,851	38,851
State reimbursements	12,000	12,786	786
Interest earned	40,000	39,799	(201)
Other	9,100	-	(9,100)
Total nonoperating revenues	2,113,000	2,265,689	152,689
Revenues over (under) expenditures before other financing sources	(63,704)	240,956	304,660
Other financing sources:			
Transfers from other funds	63,704	65,164	1,460
Revenues and other sources over (under) expenditures	\$ -	\$ 306,120	\$ 306,120

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2023

Exhibit C-1
(Continued)

	<u>Actual</u>
Reconciliation of modified accrual to full accrual basis:	
Revenues, other sources, and appropriated fund balance over expenditures	\$ 306,120
Reconciling items:	
Depreciation	(48,549)
Gain (loss) on sale of capital assets	(16,384)
Capital contributions	168,785
Increase (decrease) in inventory	(27,303)
(Increase) decrease in unavailable revenues	5,930
(Increase) decrease in compensated absences	6,796
Net pension liability	(490,743)
Net OPEB liability	15,961
Deferred outflows	292,870
Deferred inflows	27,305
Change in net position	<u><u>\$ 240,788</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, 2023

Exhibit C-2

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 488,241	\$ 428,113	\$ (60,128)
Operating expenditures:			
Purchase of food		29,895	
Salaries and benefits		569,280	
Materials and supplies		15,752	
Other		12,788	
Total operating expenditures	788,241	627,715	160,526
Revenues over (under) expenditures	(300,000)	(199,602)	100,398
Other financing sources:			
Transfer from other funds	300,000	40,000	(260,000)
Revenues and other sources over (under) expenditures	\$ -	\$ (159,602)	\$ (159,602)
Reconciliation of modified accrual to full accrual basis:			
Revenues under expenditures		\$ (159,602)	
Reconciling items:			
(Increase) decrease in compensated absences		(5,268)	
Net pension liability		(229,086)	
Net OPEB liability		257,561	
Deferred outflows		85,394	
Deferred inflows		143,620	
Change in net position		\$ 92,619	

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, 2023, 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 September 1, 2023.

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

September 1, 2023
Elon, North Carolina



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

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, 2023. 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, 2023.

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

September 1, 2023
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, 2023. 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, 2023.

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

*September 1, 2023
Elon, North Carolina*

**Mooreville Graded School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

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 Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes Xnone reported

Noncompliance material to financial statements noted?

___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes Xnone 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 Xno

**Mooreville Graded School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster:
10.555	National School Breakfast Program
10.555	National School Lunch Program
10.559	Supply Chain Assistance Grant
	Summer Food Service Program for Children
84.027	Special Education Cluster:
84.173	Special Education Grants to States
	Special Education Early Intervening Services
84.425	COVID 19 – Education Stabilization Funds
32.009	Emergency Connectivity Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

X_yes ___no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___yes X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes X_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 X_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, 2023**

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

**Mooreville Graded School District
Corrective Action Plan
For the Year Ended June 30, 2023**

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

**Mooreville Graded School District
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023**

Finding: 2022
Status: None reported

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Page 1 of 3

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		\$ 230,851
Cash Assistance:			
School Breakfast Program	10.553		373,843
Supply Chain Assistance	10.555		162,807
National School Lunch Program	10.555		1,415,840
Summer Food Service Program for Children	10.559		29,763
Cash Assistance Subtotal			<u>1,982,253</u>
Total Child Nutrition Cluster			<u>2,213,104</u>
Passed-through the N.C. Department of Agriculture & Consumer Services			
Local Food for Schools Program	10.185	PRC 353	<u>11,276</u>
Total U.S. Department of Agriculture			<u>2,224,380</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	729,180
Education for Homeless Children and Youth	84.196	PRC 026	10,124
Supporting Effective Instruction State Grant	84.367	PRC 103	129,509
English Language Acquisition	84.365A	PRC 104 & 111	31,351
Student Support and Academic Enrichment Program	84.424	PRC 108	45,786
COVID-19 - Education Stabilization Fund			
CARES Act:			
ESSER I - K-12 Emergency Relief Fund	84.425D	PRC 163	84,232
ESSER I - Exceptional Children Grants	84.425D	PRC 167	1,595
GEER I - Specialized Instructional Support Personnel	84.425C	PRC 169	25,554
GEER I - Supplemental Instructional Services	84.425C	PRC 170	46,853
CRRSA:			
ESSER II - K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	976,404
ESSER II - Supplemental Contract Instructional Support Funding	84.425D	PRC 173	37,550
ESSER II - Learning Loss Funding	84.425D	PRC 176	63,344
ESSER II - Summer Career Accelerator Program	84.425D	PRC 177	13,223
ARP:			
ESSER III - K-12 Emergency Relief Fund	84.425D	PRC 181	678,178
ESSER III - Homeless II	84.425W	PRC 184	797
ESSER III - Summer Career Acceleratory Programs	84.425U	PRC 188	20,855
ESSER III - Math Enrichment Programs	84.425U	PRC 189	25,598
ESSER III - Cyberbullying & Suicide Prevention Grants	84.425U	PRC 192	11,474
ESSER III - Gaggle Grants	84.425U	PRC 193	13,076
ESSER III - Principal Retention Supplements	84.425U	PRC 206	<u>5,279</u>
Total COVID-19 - Education Stabilization Fund			<u>2,004,012</u>

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Page 2 of 3

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>Assistance</u> <u>Listing Number</u>		<u>Expenditures</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	871,004
Special Education - Targeted Assistance	84.027	PRC 118	13,151
Special Education - Special Needs at Risk	84.027	PRC 114	73,552
COVID-19 - ESSER III - ARP IDEA Grant to States	84.027	PRC 185	174,840
Special Education - Targeted Assistance for Preschool	84.173	PRC 119	803
Special Education - Preschool Grants	84.173	PRC 049	42,374
COVID-19 - ESSER III - ARP IDEA Preschool Grants	84.173	PRC 186	23,817
Total Special Education Cluster			<u>1,199,541</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>58,136</u>
Total U.S. Department of Education			<u>4,207,639</u>
Other Federal Assistance:			
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	12.000		<u>99,507</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Before and After School Stabilization Grant	93.575		<u>87,350</u>
<u>U.S. Federal Communications Commission</u>			
Direct Program:			
Emergency Connectivity Fund	32.009		<u>866,243</u>
Total Federal Assistance			<u>7,485,119</u>
State Grants:			
Cash Assistance:			
<u>N.C. Department of Public Instruction:</u>			
State Public School Fund			38,116,807
Career and Technical Education			
State Months of Employment		PRC 013	2,214,619
Program Support Funds		PRC 014	403,568
Driver Training		PRC 012	99,773
School Technology Fund		PRC 015	5,029
Passed-through Iredell County			
Needs-Based Public School Capital Fund			<u>285,750</u>
Total N.C. Department of Public Instruction			<u>41,125,546</u>

MOORESVILLE GRADED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2023

Page 3 of 3

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
<u>N.C. Department of Agriculture</u>		
State Reduced Breakfast Program		2,762
State Reduced Lunch Program		<u>10,024</u>
Total N.C. Department of Agriculture		<u>12,786</u>
<u>N.C. Department of Health and Human Services</u>		
School Health Advisory Council Grant	PRC 352	<u>47,675</u>
Total State Assistance		<u>41,186,007</u>
Total Federal and State Assistance		<u>\$ 48,671,126</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, 2023. 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.

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

Note 3: Cluster of Programs

The School Nutrition Program is clustered by the N.C. Department of Public Instruction and is treated separately for state audit requirement purposes.