

***DUPLIN COUNTY  
BOARD OF EDUCATION  
Kenansville, North Carolina***

*Comprehensive Annual Financial Statements  
For the Fiscal Year Ended  
June 30, 2018*

# **DUPLIN COUNTY BOARD OF EDUCATION**

**KENANSVILLE, NORTH CAROLINA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDING JUNE 30, 2018**

**DUPLIN COUNTY BOARD OF EDUCATION  
KENANSVILLE, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**PREPARED BY**

**ASHLEY SUTTON  
AND THE  
FINANCE DEPARTMENT**



**DUPLIN COUNTY BOARD OF EDUCATION**  
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## Introductory Section





**October 15, 2018**

**Members of the Duplin County Board of Education and Citizens of Duplin County, North Carolina:**

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Duplin County Board of Education, operating as "Duplin County Schools", for the fiscal year ended June 30, 2018, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and the Chief Officer for School Finance.

This report was prepared by the Finance Department in accordance with the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data is accurate in all material respects and is presented in a manner designed to reflect fairly the financial position and results of operations of the Board. Disclosures necessary to enable the reader to gain maximum understanding of the Board's financial activity have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

**REPORTING ENTITY**

The Duplin County Board of Education (the "Board") is the level of government having oversight responsibility and control over activities related to public school education in Duplin County, North Carolina. N.C. General Statutes empower the Duplin County Board of Education with general control and supervision of all matters pertaining to the schools in the system. For the 2017-2018 fiscal year, the school system served students from kindergarten through 12th grade in 8 elementary schools and 5 high schools. The oldest school in the District was built in 1955 while the newest school was constructed in 2009. The average age of all school buildings is 44 years. The school system provides general, special and vocational education services. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source. While the Board does receive funding from Duplin County (the "County"), the County is not entitled to share in any surplus nor is it required to finance any deficits. The Board, whose members are elected by the citizens of Duplin County, has the authority to designate management, make binding decisions, and significantly influence operations. However, the Board has no tax levying or borrowing authority and is required to maintain accounting records in a uniform State format. The Board has final approval over the budget and primary accountability for fiscal matters. Accordingly, the Duplin County Board of Education is not included in any other reporting entity.

**ECONOMIC CONDITION AND OUTLOOK**

Duplin County's economy has historically been based on agriculture. In the past, tobacco and row crops were the staples of agricultural production. In more recent years, poultry and livestock production has displaced crops as the primary source of production. As a result, Duplin County's population has grown nearly 22 percent since 2000, to an estimated population of 59,039. The unemployment rate for Duplin County was 4.7 percent at June 30, 2018 as compared to the State of N.C. unemployment rate of 4.2 percent at June 30, 2018.

The Board of Education had an average daily membership (ADM) of 9,660 during the 2017-2018 school year compared to 9,860 during the 2016-2017 year, a decrease of 200 students. The State projected a slight decrease for 2018-2019 with a projected ADM of 9,652 students.

# Letter of Transmittal *(Continued)*

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The production of alternative energy fuel crops is a future agribusiness growth opportunity for the County. Important research is being conducted locally on alternative crops for the production of ethanol and biodiesel fuels that would not compete with Midwestern corn supplies which are critical for local livestock production. Other fuel crops such as industrial sweet potatoes and canola are being evaluated at the North Carolina State University Williamsdale Research farm located in Duplin County.

Manufacturing, including agricultural related processing, is an important segment of the County's employment. Approximately 30% of the County's workforce is employed in agricultural related processing and manufacturing. Of the ten largest companies in the County, five are engaged in agricultural production or processing.

Due to the County's geographic proximity to the military installations of Camp Lejeune, Seymour Johnson Air Force Base, New River Air Station and Cherry Point Air Station, Duplin County is strategically positioned to support projected military growth. Initiatives of growth to attract military population or business include civic and community efforts.

## **MAJOR INITIATIVES**

The goals of the school system as outlined in the 5 year Strategic Plan are as follows:

- Student academic success for every PreK-13 student.
- All students will receive a personalized education through access to STEM, career, college, and digital learning.
- Every student will be instructed and supported by excellent and innovative leaders, teachers, and personnel.
- Develop and maintain strategic partnerships supported by 21<sup>st</sup> Century financial, business and technology systems.
- Provide safe and nurturing facilities for all PreK-13 students and staff.

Duplin County Schools is one of two school districts in the nation following a District-Wide Early College Approach to Seamless Education. Through a partnership with James Sprunt Community College, Duplin students are immersed in a college-going climate and culture beginning in Pre-Kindergarten. The goal for each child is college, career, and life success. For more information, visit [duplinschools.net](http://duplinschools.net) or call the Office of Public Information at 910.296.6623.

The Capital Outlay Bond project approved by County Commissioners and Board of Education in 2016-2017 fiscal year totaled \$60 million and included the following projects:

- Kenansville convert from PreK-5 to PreK-8
- Rose Hill Magnolia convert from PreK-5 to PreK-8
- Wallace convert from PreK-5 to PreK-8
- Warsaw convert from PreK-5 to PreK-8
- BF Grady expansion with sewer main
- North Duplin Jr./Sr. auxiliary gym
- Existing middle schools (Warsaw E.E. Smith and Charity) were closed. The students from these schools were sent to one of the PreK-8 facilities at the opening of the 2017-2018 school year.

The majority of work related to these projects was completed by December 2017.

## **FINANCIAL AND BUDGETARY CONTROLS**

The cost of public school education in North Carolina is financed primarily by the State, which establishes minimum programs. Local funds supplement the basic programs and are appropriated by the local board of county commissioners.

# Letter of Transmittal *(Continued)*

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Monthly reports on transactions of State and federal funds and details of disbursements from State funds are submitted to the North Carolina Department of Public Instruction for review.

Financial activities throughout the year are controlled in accordance with the North Carolina School Budget and Fiscal Control Act, which requires a pre-audit procedure to ensure availability of funds prior to the issuance of purchase orders or payment of claims. Outstanding purchase orders at the end of the fiscal year related to normal operations are cancelled and renewed in the following fiscal year.

The Board's accounts are organized in funds, each of which is considered a separate accounting entity, to record the allocation of and accounting for governmental resources for which they are spent and controlled. Each individual fund accounting entity records their operations under a set of self-balancing accounts comprising of assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

The Board's funds are divided into three major classifications: governmental, proprietary and fiduciary. The governmental fund types include the general fund, the special revenue funds and the capital outlay fund. The Board's enterprise fund is presented as a proprietary fund type. The scholarship (private-purpose trust) fund is included as a fiduciary fund type of the Board. All governmental fund types are accounted for and reported on the modified accrual basis of accounting in accordance with G.S. 115C-440(b). The proprietary fund type and fiduciary fund are presented in the financial statement on the accrual basis of accounting.

North Carolina General Statutes also require all governmental units to adopt a balanced budget by July 1st of each year. The Board's annual budget resolution authorizes expenditures at functional level under the modified accrual basis except for the enterprise fund, which is budgeted on the accrual basis, and the individual schools special revenue fund. For internal management purposes, the budget is allocated to line item expenditure accounts. The budgetary amounts presented in the accompanying financial statements are in conformity with the legally adopted budget ordinance as amended throughout the fiscal year. The Board uses a purchase order encumbrance system to record encumbrances outstanding against each expenditure line item to ensure compliance with adopted budget limits. All non-capital outlay outstanding encumbrances are reversed at year-end. Capital Outlay encumbrances are carried over into the subsequent year and the corresponding budget amounts are re-appropriated.

In developing and improving the Board's accounting system, consideration is given to the adequacy of internal control. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Board's internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

## **INDEPENDENT AUDIT**

Anderson Smith & Wike PLLC, independent certified public accountants, whose opinion is expressed on page one, have audited the financial statements. The Duplin County Board of Education complies with the requirements of the Single Audit Act for which separate reports are issued.

## **FINANCIAL REPORTING AWARDS**

For the fiscal year ended June 30, 2017, the Comprehensive Annual Financial Report of the Duplin County Board of Education earned the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award. The awards are made only to governmental units

# Letter of Transmittal *(Continued)*

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that publish a comprehensive annual financial report, which is easily readable, efficiently organized, and conforms to program standards as well as satisfying generally accepted accounting principles. Awards are valid for one year only. We believe the accompanying report continues to conform to GFOA and ASBO requirements, and we will submit it for determination of eligibility for renewed awards.

## **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the dedicated efforts of the finance staff and the Board's independent certified public accounting firm of Anderson Smith & Wike PLLC. We wish to express appreciation to all employees who assisted in the timely closing of the Duplin County Board of Education's fiscal records as well as the preparation of this report.

We would also like to express appreciation to the members of the Board of Education for their support in planning and conducting the financial affairs of the school system in a responsible and professional manner.

Respectfully submitted,



Dr. Austin Obasohan  
Superintendent



Ashley Sutton  
Chief Financial Officer

**DUPLIN COUNTY BOARD OF EDUCATION  
KENANSVILLE, NORTH CAROLINA**

**JULY 1, 2017 – JUNE 30, 2018**

**BOARD MEMBERS**

**BRENT DAVIS, CHAIR**

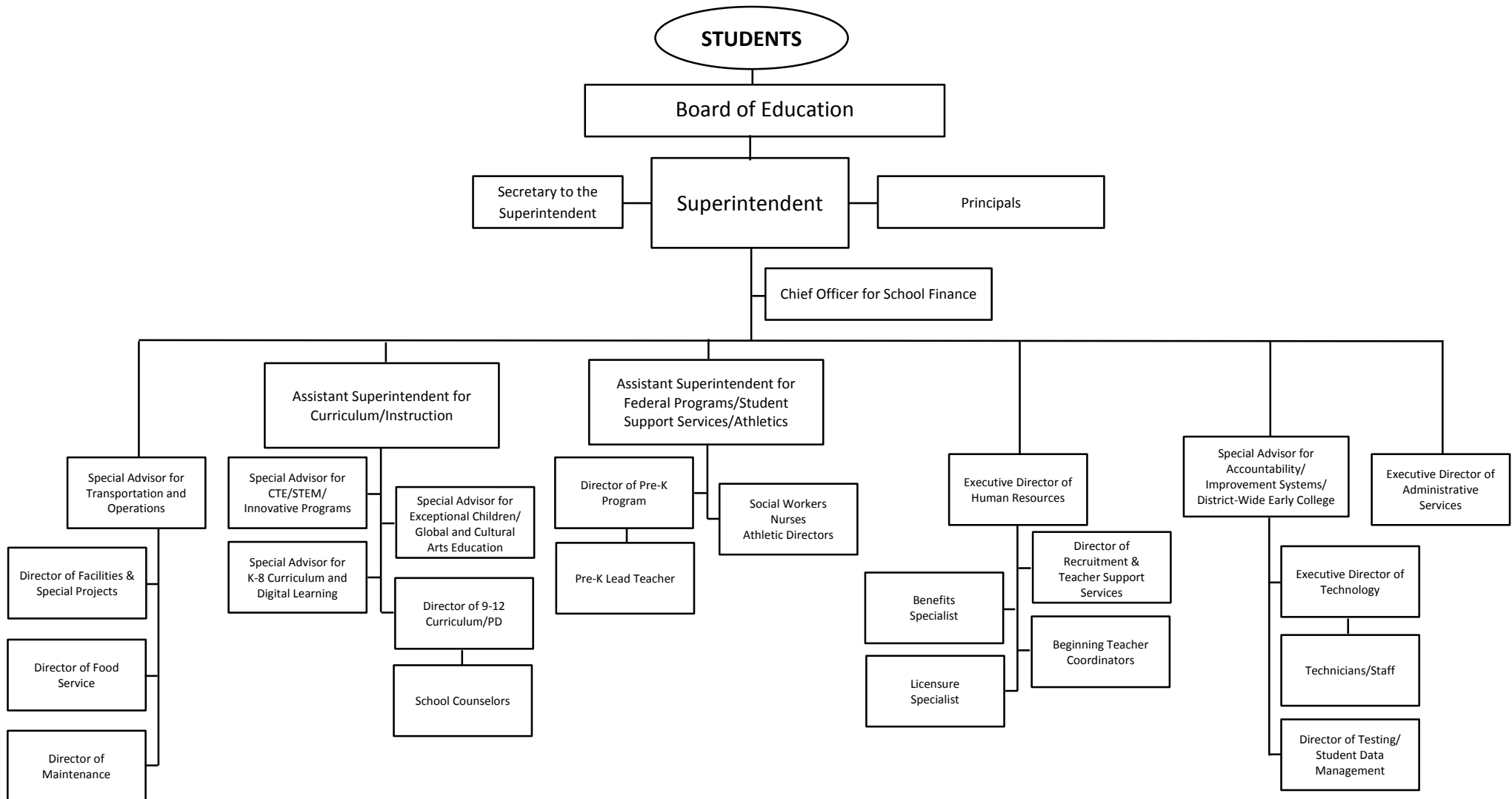
**REGINALD KENAN**

**DAVID JONES**

**PAMELA EDWARDS**

**CLAUDIUS MORRISEY**

**DUPLIN COUNTY SCHOOLS  
2017-18 Organizational Chart**





**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Duplin County Board of Education**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

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

Presented to

**Duplin County Board of Education  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO





## Financial Section



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Duplin County Board of Education  
Kenansville, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Duplin County Board of Education, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Duplin County Board of Education as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School Federal Grants and Other Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 5 to the financial statements, beginning balances were restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Our opinion is not modified with respect to these changes

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 56 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018 on our consideration of the Duplin County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Duplin County Board of Education's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

October 15, 2018  
West End, North Carolina  
(910) 603-0508

## **DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the Duplin County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2018. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

As discussed in Note 5 to the financial statements, the Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. As a result, net position as previously reported at June 30, 2017 for the governmental and business-type activities decreased by \$130,573,810 and \$4,280,686 respectively.

- For the fiscal year ended June 30, 2018, the Board's total government-wide net position (not including the decrease in net position due to the GASB 75 restatement) decreased by \$1.0 million. Governmental activities net position decreased by \$1.5 million, and business-type activities net position increased by \$459,000, or 22.5%.
- The Board experienced a decrease in student enrollment of 200 students or 2.0% from 9,860 students to 9,660 students.
- At year end, the Board's General fund reported fund balance of \$2.1 million a decrease of \$1.3 million in comparison with prior year. The decrease is a result of the State mandated increases in pay and class size restrictions.

### ***Overview of the Financial Statements***

The audited financial statements of the Duplin County Board of Education 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 budgetary statements for nonmajor 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, deferred outflows of resources, liabilities and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, deferred inflows of resources and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental, proprietary and fiduciary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

## **DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

### ***Government-wide Statements***

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

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

- Over time, increases or decreases in the Board's net position 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 the County's property tax base and the condition of its school buildings and other physical assets.

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

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

Duplin County Board of Education has three types of funds:

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

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

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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, 5 and 6 of this report.

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

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

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Duplin County Board of Education has three fiduciary funds:

The Dickson Loan Fund - The Board administers the fund, which provides loans to Duplin County students to continue their education after high school. This fund is accounted for as a private purpose trust fund.

The Kenan Auditorium Renovation – The Board administers the fund for the renovation of Kenan Auditorium in Kenansville, NC. This fund is accounted for as a private purpose fund.

The fiduciary fund statements are shown as Exhibits 10 and 11 of this report.

***Financial Analysis of the Board as a Whole***

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$45.2 million as of June 30, 2018 as compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$90.7 million as of June 30, 2017, a decrease of \$135.9 million. As previously discussed, this decrease is primarily due to the implementation of GASB 75 during the year which had the effect of reducing beginning of the year net position by \$134.9 million. The largest component of net position is net investment in capital assets of \$101.8 million, while restricted and unrestricted net position have a combined balance of negative \$146.9 million.

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

Following is a summary of the Statement of Net Position as of June 30, 2018 and 2017:

**Table 1  
Condensed Statement of Net Position  
As of June 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Current assets	\$ 5,866,946	\$ 10,197,142	\$ 7,282,898	\$ 6,662,622	\$ 13,149,844	\$ 16,859,764
Capital assets	106,631,279	102,277,086	192,456	175,329	106,823,735	102,452,415
Total assets	112,498,225	112,474,228	7,475,354	6,837,951	119,973,579	119,312,179
Deferred outflows of resources	19,233,172	22,324,935	630,533	744,091	19,863,705	23,069,026
Current liabilities	5,570,271	8,890,050	119,374	95,414	5,689,645	8,985,464
Long-term liabilities	136,837,803	39,998,610	4,277,442	1,117,151	141,115,245	41,115,761
Total liabilities	142,408,074	48,888,660	4,396,816	1,212,565	146,804,890	50,101,225
Deferred inflows of resources	36,993,308	1,546,499	1,212,776	51,545	38,206,084	1,598,044
Net investment in						
capital assets	101,580,043	97,007,738	192,456	175,329	101,772,499	97,183,067
Restricted net position	1,675,586	955,777	11,496	-	1,687,082	955,777
Unrestricted net position (deficit)	(150,925,614)	(13,599,511)	2,292,343	6,142,603	(148,633,271)	(7,456,908)
Total net position (deficit)	\$ (47,669,985)	\$ 84,364,004	\$ 2,496,295	\$ 6,317,932	\$ (45,173,690)	\$ 90,681,936

The net position of the Board's governmental activities decreased \$132.0 million during the year, from \$84.4 million at June 30, 2017 to \$(47.7) million at June 30, 2018, indicating a decline in the financial condition of the Board. The GASB 75 restatement accounted for the majority of this decrease, reducing beginning of year governmental activities net position by \$130.6 million. Restricted net position increased by \$720,000 while unrestricted net position decreased \$137.3 million compared to the prior year, due primarily to implementation of GASB 75. Net investment in capital assets increased \$4.6 million due to an excess of capital additions over depreciation expense for the year.

Net of a reduction of \$4.3 million to the beginning of the year net position for implementation of GASB 75, the net position of the Board's business-type activities increased by \$459,000. This increase is the amount of net income generated by our school food service and Liberty Hall operations during the 2018 fiscal year, including a combined \$411,000 in investment income between the 2 funds. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

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

**Table 2**  
**Condensed Statement of Activities**  
**For the Fiscal Years Ended June 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Revenues:						
Program revenues:						
Charges for services	\$ 2,330,644	\$ 2,005,040	\$ 158,931	\$ 323,574	\$ 2,489,575	\$ 2,328,614
Operating grants and contributions	66,559,400	66,394,356	5,422,830	5,041,985	71,982,230	71,436,341
Capital grants and contributions	966,072	910,114	-	-	966,072	910,114
General revenues:						
County appropriations	19,608,052	56,653,285	-	-	19,608,052	56,653,285
State appropriations	5,185,768	4,804,787	-	-	5,185,768	4,804,787
Other revenues	1,874,404	1,472,417	422,729	414,847	2,297,133	1,887,264
Total revenues	96,524,340	132,239,999	6,004,490	5,780,406	102,528,830	138,020,405
Expenses:						
Governmental activities:						
Instructional services	77,343,214	73,491,168	-	-	77,343,214	73,491,168
System-wide support services	20,183,957	16,849,972	-	-	20,183,957	16,849,972
Ancillary services	3,990	21,156	-	-	3,990	21,156
Payments to other governments	28,916	18,064	-	-	28,916	18,064
Interest on long-term debt	81,122	87,517	-	-	81,122	87,517
Unallocated depreciation	293,181	352,258	-	-	293,181	352,258
Business-type activities:						
School food service	-	-	5,471,567	5,204,235	5,471,567	5,204,235
Liberty Hall	-	-	124,013	235,878	124,013	235,878
Total expenses	97,934,380	90,820,135	5,595,580	5,440,113	103,529,960	96,260,248
Excess (deficiency) before transfers	(1,410,040)	41,419,864	408,910	340,293	(1,001,130)	41,760,157
Transfers in (out)	(50,139)	(54,993)	50,139	54,993	-	-
Increase (decrease) in net position	(1,460,179)	41,364,871	459,049	395,286	(1,001,130)	41,760,157
Beginning net position, as previously reported	84,364,004	42,999,133	6,317,932	5,922,646	90,681,936	48,921,779
Restatement	(130,573,810)	-	(4,280,686)	-	(134,854,496)	-
Beginning net position (deficit), restated	(46,209,806)	42,999,133	2,037,246	5,922,646	(44,172,560)	48,921,779
Ending net position (deficit)	\$ (47,669,985)	\$ 84,364,004	\$ 2,496,295	\$ 6,317,932	\$ (45,173,690)	\$ 90,681,936

Total governmental activities generated revenues of \$96.5 million while expenses in this category totaled \$97.9 million for the year ended June 30, 2018, resulting in a decrease in net position of \$1.5 million (including transfers out to business-type activities of \$50,000). Comparatively, revenues were \$132.2 million, expenses totaled \$90.8 million and transfers out were \$55,000 for the year ended June 30, 2017, resulting in an increase in net position of \$41.4 million. In comparing the two years, revenues decreased



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

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by \$35.7 million while expenses increased by \$7.1 million. The overall decrease in revenues is attributable to a \$40.8 million increase in funding from the County for capital expenditures related to school conversions in the prior year. This funding is part of a \$60 million local bond referendum, of which only \$9.8 million was spent completing the projects in the current year. The overall increase in expenses is largely attributable to a \$977,000 increase in pension expense and the recording of \$5.7 million of OPEB expense due to the implementation of GASB 75. See the footnotes for detailed information regarding pension and OPEB-related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, Duplin County, and the United States Government, which respectively comprised 66.2%, 20.3% and 8.7% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 70.3% of our total expenses during the most recent fiscal year. Of the remaining 29.7% of our total expenses, 16.3% and 11.9% was attributable to system-wide support services and capital outlay expenditures, respectively.

Our business-type activities generated revenues of \$6.0 million, while expenses in this category totaled \$5.6 million for the year ended June 30, 2018. For the year, net position increased by \$459,000 (including transfers in of \$50,000). Comparatively, revenues were \$5.8 million, expenses totaled \$5.4 million and transfers in were \$55,000 for the year ended June 30, 2017, resulting in an increase in net position of \$395,000. In comparing the two years, the year-over-year increase in profitability of \$64,000 is primarily attributable to an increase in investment earnings in the Liberty Hall fund. In comparing the two years, revenues increased by \$224,000 while expenses increased by \$155,000, primarily due to the recording of \$181,000 in OPEB expense related to the implementation of GASB 75.

***Financial Analysis of the Board's Funds***

*Governmental Funds:* The focus of Duplin County Board of Education'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.

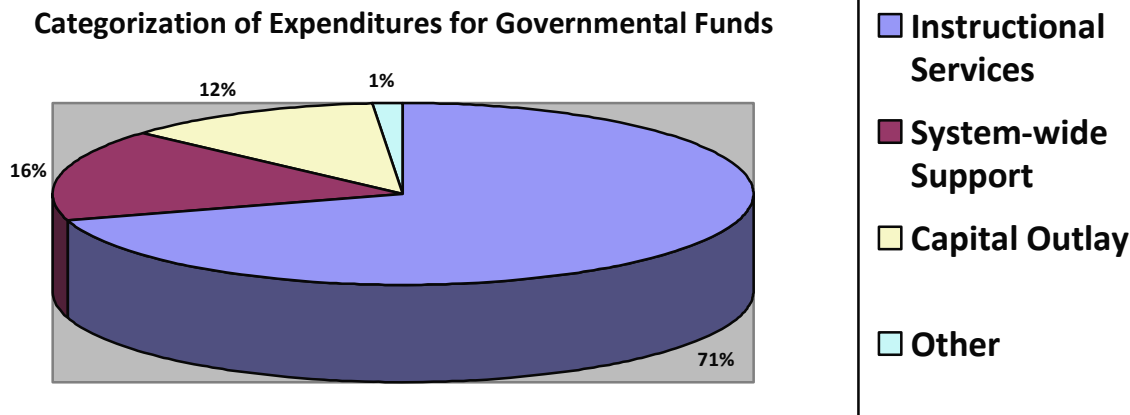
The Board's governmental funds reported a combined fund balance of \$3.2 million at June 30, 2018, a decrease of \$1.1 million from the \$4.3 million reported at June 30, 2017. The Board's Individual Schools and capital outlay funds reported revenues over expenditures for the year ended June 30, 2018 of \$94,000 and \$86,000, respectively, while the General fund reported a decrease in fund balance of \$1.3 million. Overall, total governmental fund revenues decreased by \$35.8 million, or 27.0%, from the prior year while expenditures decreased by \$35.9 million, or 26.7%. The decrease in revenues and expenditures is primarily due to a decrease in Capital Outlay Fund expenditures of \$36.8 million as a result of construction projects funded by County being completed during the current year. The Board's General Fund experienced a decrease in expenditures totaling \$3.9 million, as a result of the creation of the Other Special Revenue fund to record activities related to special programs.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2018 to 2017, the State Public School Fund reported an increase in revenues (and expenditures) of \$996,000, or 1.7%, while the Federal Grants Fund reported a decrease of \$395,00, or 5.3%. These changes are the result of increases in State funding and a change in the utilization of State and Federal funding across the various programs as a result of school consolidation and declining ADM.

## **DUPLIN COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following chart summarizes governmental fund expenditures:



Expenditures presented on modified accrual basis of accounting.

**Proprietary Funds:** The Board's business-type funds, the School Food Service Fund and the Liberty Hall Fund, reported a combined increase in net position of \$459,000 for the fiscal year ended June 30, 2018 compared to an increase of \$395,000 for the same 2017 period. As previously discussed, the year-over-year improvement in profitability of \$64,000 is primarily attributable to an increase in investment income in the Liberty Hall Fund.

### **General Fund Budgetary Highlights**

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. Due to some State and federal revenue sources being uncertain at the start of the year, management also transferred \$4.6 million of its General fund budget over to the Other Special Revenue fund, combined management increased its locally budgeted revenues and expenditures by \$1.0 million during the year to cover instructional service costs that were to be paid from State or federal funds. During the fiscal year ended June 30, 2018, the district had to use \$1.3 of its \$1.6 million appropriated fund balance.

For the year, the Board's General Fund reported a decrease in fund balance of \$1.3 million compared to a decrease of \$816,000 in the prior year. Total local revenues decreased from the prior year by \$317,000 as a result of a decrease in the county appropriation of \$665,600 due to expected efficiencies related to combining several schools into K-8 schools. Expenditures however increased by \$153,000 that was a result of increases in operational support expenditures related additions to several of the schools, while also maintaining the properties of 3 closed schools.

### **Capital Assets**

Total primary government capital assets were \$106.8 million at June 30, 2018 compared to \$102.5 million at June 30, 2017, an increase of 4.3%. The increase in capital assets is due to an excess of capital additions over depreciation expense for the year. More detailed information about the Board's capital assets is contained in Note 2 - Detail Notes to the financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2018 and 2017:

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

**Table 3  
Summary of Capital Assets  
As of June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Land	\$ 2,301,154	\$ 2,301,154	\$ 24,000	\$ 24,000	\$ 2,325,154	\$ 2,325,154
Construction in progress	-	52,525,748	-	-	-	52,525,748
Buildings	84,573,762	26,174,865	-	2,232	84,573,762	26,177,097
Equipment and furniture	1,817,425	2,125,827	168,456	149,097	1,985,881	2,274,924
Vehicles	5,961,545	5,714,675	-	-	5,961,545	5,714,675
Improvements	11,977,393	13,434,817	-	-	11,977,393	13,434,817
Total	<u>\$ 106,631,279</u>	<u>\$ 102,277,086</u>	<u>\$ 192,456</u>	<u>\$ 175,329</u>	<u>\$ 106,823,735</u>	<u>\$ 102,452,415</u>

**Debt Outstanding**

During the year, the Board's long-term debt decreased by \$218,000 from \$5.3 million at June 30, 2017 to \$5.1 million at June 30, 2018. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2- Detail Notes to the financial statements.

**Economic Factors**

The Board anticipates a decrease in enrollment for fiscal year 2019 of approximately 10 students (from 9,660 to 9,650) students. As student enrollment decreases so does level of funding from the State and Local sources. In addition, State raises for fiscal year 2019 ranged from 0.0 to 14.8% for certified staff and 2% for all noncertified staff. School administrators pay increases ranged from 0% - 14.8%. In addition, employer contribution for retirement increased 1.73% from 17.13% to 18.86% and health insurance costs increased 4% from \$5,869 to \$6,104 per year. While State revenue allotments have increased it will be insufficient to cover these mandated increases. County funding in total is also expected to increase by only \$2,600, due to student enrollment decreases offset by a slight increase in per pupil funding. County funding is also a major source of income for the Board; therefore, the County's economic outlook directly affects the school district. Some indicators of the County funding impact are:

- As of June 30, 2018, Duplin County experienced an unemployment rate of approximately 4.7% as compared to an unemployment rate of approximately 4.6% at June 30, 2017. The June 30, 2018 State of N.C. and national unemployment rates were both 4.2% and 4.0%, respectively.
- Property taxes are a major source of revenue for the County. The fiscal year 2018 tax rate is \$0.715 per \$100 valuation. Collection rates vary but are typically in the 94-96% range.

**Requests for Information**

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

Ashley Sutton  
Chief Officer of School Finance  
Duplin County Board of Education  
P.O. Box 128  
Kenansville, NC 28349

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,355,617	\$ 2,364,147	\$ 5,719,764
Investments	-	4,643,677	4,643,677
Due from other governments	1,597,114	174,572	1,771,686
Receivables	204,132	-	204,132
Internal balances	(2,525)	2,525	-
Net OPEB asset	185,955	6,096	192,051
Inventories	105,652	91,881	197,533
Prepaid expenses	421,001	-	421,001
Capital assets:			
Land and construction in progress	2,301,154	24,000	2,325,154
Other capital assets, net of depreciation	104,330,125	168,456	104,498,581
Total capital assets	106,631,279	192,456	106,823,735
Total assets	112,498,225	7,475,354	119,973,579
<b>Deferred Outflows of Resources</b>	19,233,172	630,533	19,863,705
<b>Liabilities</b>			
Accounts payable and accrued expenses	718,263	37,056	755,319
Accrued salaries and wages payable	1,538,642	27,809	1,566,451
Unearned revenue	255,139	10,615	265,754
Long-term liabilities:			
Due within one year	3,058,227	43,894	3,102,121
Due in more than one year	7,065,724	23,039	7,088,763
Net pension liability	27,351,514	896,683	28,248,197
Net OPEB liability	102,420,565	3,357,720	105,778,285
Total liabilities	142,408,074	4,396,816	146,804,890
<b>Deferred Inflows of Resources</b>	36,993,308	1,212,776	38,206,084
<b>Net position</b>			
Net investment in capital assets	101,580,043	192,456	101,772,499
Restricted for:			
Stabilization by State statute	116,620	-	116,620
School capital outlay	240,666	-	240,666
Individual schools activities	833,009	-	833,009
DIPNC OPEB plan	350,695	11,496	362,191
Unrestricted	(150,791,018)	2,292,343	(148,498,675)
Total net position (deficit)	\$ (47,669,985)	\$ 2,496,295	\$ (45,173,690)

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 44,558,041	\$ -	\$ 34,978,582	\$ -	\$ (9,579,459)	\$ -	\$ (9,579,459)
Special populations	9,644,061	-	8,416,826	-	(1,227,235)	-	(1,227,235)
Alternative programs	8,808,680	-	9,152,837	-	344,157	-	344,157
School leadership	4,971,423	-	3,021,505	-	(1,949,918)	-	(1,949,918)
Co-curricular	2,735,550	1,927,030	-	-	(808,520)	-	(808,520)
School-based support	6,625,459	-	4,541,286	-	(2,084,173)	-	(2,084,173)
System-wide support services:							
Support and development	910,132	-	336,412	-	(573,720)	-	(573,720)
Special population support and development	311,461	-	273,634	-	(37,827)	-	(37,827)
Alternative programs and services support and development	189,068	-	140,028	-	(49,040)	-	(49,040)
Technology support	1,053,056	-	138,567	-	(914,489)	-	(914,489)
Operational support	14,764,365	403,614	5,023,700	966,072	(8,370,979)	-	(8,370,979)
Financial and human resource services	1,742,715	-	14,843	-	(1,727,872)	-	(1,727,872)
Accountability	116,666	-	12,600	-	(104,066)	-	(104,066)
Policy, leadership and public relations	1,096,494	-	488,084	-	(608,410)	-	(608,410)
Ancillary services	3,990	-	-	-	(3,990)	-	(3,990)
Payments to other governments	28,916	-	20,496	-	(8,420)	-	(8,420)
Interest on long-term debt	81,122	-	-	-	(81,122)	-	(81,122)
Unallocated depreciation expense**	293,181	-	-	-	(293,181)	-	(293,181)
Total governmental activities	97,934,380	2,330,644	66,559,400	966,072	(28,078,264)	-	(28,078,264)
Business-type activities:							
School food service	5,471,567	152,077	5,347,695	-	-	28,205	28,205
Liberty Hall	124,013	6,854	75,135	-	-	(42,024)	(42,024)
Total business-type activities	5,595,580	158,931	5,422,830	-	-	(13,819)	(13,819)
Total primary government	\$ 103,529,960	\$ 2,489,575	\$ 71,982,230	\$ 966,072	(28,078,264)	(13,819)	(28,092,083)
General revenues:							
Unrestricted county appropriations - operating					8,800,000	-	8,800,000
Unrestricted county appropriations - capital					10,808,052	-	10,808,052
Unrestricted State appropriations - operating					5,139,191	-	5,139,191
Unrestricted State appropriation - capital					46,577	-	46,577
Investment earnings, unrestricted					13,300	410,953	424,253
Miscellaneous, unrestricted					1,861,104	11,776	1,872,880
Transfers					(50,139)	50,139	-
Total general revenues and transfers					26,618,085	472,868	27,090,953
Change in net position					(1,460,179)	459,049	(1,001,130)
Net position - beginning, as previously reported					84,364,004	6,317,932	90,681,936
Restatement (Note 5)					(130,573,810)	(4,280,686)	(134,854,496)
Net position (deficit) - beginning, as restated					(46,209,806)	2,037,246	(44,172,560)
Net position (deficit) - ending					\$ (47,669,985)	\$ 2,496,295	\$ (45,173,690)

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

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

**Exhibit 3**

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Individual Schools	Capital Outlay	
<b>Assets</b>							
Cash and cash equivalents	\$ 2,162,419	\$ -	\$ -	\$ 157,886	\$ 778,009	\$ 257,303	\$ 3,355,617
Due from other governments	14,923	1,398,200	96,767	87,224	-	-	1,597,114
Accounts receivable	101,697	-	-	47,372	55,000	63	204,132
Inventories	105,652	-	-	-	-	-	105,652
Prepaid expenditures	421,001	-	-	-	-	-	421,001
Total assets	<u>\$ 2,805,692</u>	<u>\$ 1,398,200</u>	<u>\$ 96,767</u>	<u>\$ 292,482</u>	<u>\$ 833,009</u>	<u>\$ 257,366</u>	<u>\$ 5,683,516</u>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 701,563	\$ -	\$ -	\$ -	\$ -	\$ 16,700	\$ 718,263
Accrued salaries and wages payable	6,332	1,398,200	96,767	37,343	-	-	1,538,642
Due to other funds	2,525	-	-	-	-	-	2,525
Unearned revenue	-	-	-	255,139	-	-	255,139
Total liabilities	<u>710,420</u>	<u>1,398,200</u>	<u>96,767</u>	<u>292,482</u>	<u>-</u>	<u>16,700</u>	<u>2,514,569</u>
Fund balances:							
Nonspendable:							
Inventories	105,652	-	-	-	-	-	105,652
Prepaid expenditures	421,001	-	-	-	-	-	421,001
Restricted:							
Stabilization by State statute	116,620	-	-	-	-	-	116,620
School capital outlay	-	-	-	-	-	240,666	240,666
Individual schools	-	-	-	-	833,009	-	833,009
Unassigned	1,451,999	-	-	-	-	-	1,451,999
Total fund balances	<u>2,095,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>833,009</u>	<u>240,666</u>	<u>3,168,947</u>
Total liabilities and fund balances	<u>\$ 2,805,692</u>	<u>\$ 1,398,200</u>	<u>\$ 96,767</u>	<u>\$ 292,482</u>	<u>\$ 833,009</u>	<u>\$ 257,366</u>	<u>\$ 5,683,516</u>

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

**Exhibit 3 (continued)**

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

Total fund balance (All Governmental Funds)	3,168,947
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	106,631,279
Net OPEB asset	185,955
Deferred outflows of resources related to pensions	14,456,558
Deferred outflows of resources related to OPEB	4,776,614
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(10,123,951)
Net pension liability	(27,351,514)
Net OPEB liability	(102,420,565)
Deferred inflows of resources related to pensions	(1,405,345)
Deferred inflows of resources related to OPEB	<u>(35,587,963)</u>
Net position (deficit) of governmental activities	<u>\$ (47,669,985)</u>

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 4**

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Individual Schools	Capital Outlay	
Revenues:							
State of North Carolina	\$ -	\$ 61,312,468	\$ -	\$ 1,799,976	\$ -	\$ 1,012,649	\$ 64,125,093
Duplin County							
Local current expense	8,800,000	-	-	-	-	-	8,800,000
Other	-	-	-	-	-	10,808,052	10,808,052
U.S. Government	-	-	7,014,129	1,452,110	-	-	8,466,239
Other	1,916,913	-	-	777,375	1,927,030	-	4,621,318
Total revenues	10,716,913	61,312,468	7,014,129	4,029,461	1,927,030	11,820,701	96,820,702
Expenditures:							
Current:							
Instructional services:							
Regular instructional	1,153,847	35,991,015	752,249	602,225	-	-	38,499,336
Special populations	147,187	6,649,151	1,791,319	483,231	-	-	9,070,888
Alternative programs	273,854	2,345,494	3,828,276	1,949,572	-	-	8,397,196
School leadership	614,422	3,928,025	-	110,488	-	-	4,652,935
Co-curricular	827,369	-	-	22,946	1,840,679	-	2,690,994
School-based support	653,331	5,110,508	260,330	241,550	-	-	6,265,719
System-wide support services:							
Support and development	310,990	519,235	6,890	-	-	-	837,115
Special population support and development	48	160,808	112,826	20,387	-	-	294,069
Alternative programs and services							
support and development	14,472	-	140,028	13,219	-	-	167,719
Technology support	492,075	513,354	-	-	-	-	1,005,429
Operational support	6,052,413	4,871,846	101,715	585,475	-	-	11,611,449
Financial and human resource services	455,104	602,745	-	-	-	-	1,057,849
Accountability	96,972	12,600	-	-	-	-	109,572
Policy, leadership and public relations	497,951	557,548	-	-	-	-	1,055,499
Ancillary services	3,603	-	-	355	-	-	3,958
Non-programmed charges	28,916	-	20,496	13	-	-	49,425
Debt service:							
Principal retirement	292,596	-	-	-	-	966,072	1,258,668
Interest and fees	81,122	-	-	-	-	-	81,122
Capital outlay	-	-	-	-	-	11,801,205	11,801,205
Total expenditures	11,996,272	61,262,329	7,014,129	4,029,461	1,840,679	12,767,277	98,910,147
Revenues over (under) expenditures	(1,279,359)	50,139	-	-	86,351	(946,576)	(2,089,445)
Other financing sources (uses):							
Transfers to other funds	-	(50,139)	-	-	-	-	(50,139)
Installment purchase obligations issued	-	-	-	-	-	1,040,556	1,040,556
Total other financing sources (uses)	-	(50,139)	-	-	-	1,040,556	990,417
Net change in fund balance	(1,279,359)	-	-	-	86,351	93,980	(1,099,028)
Fund balances:							
Beginning of year	3,383,535	-	-	-	746,658	146,686	4,276,879
Decrease in reserve for inventories	(8,904)	-	-	-	-	-	(8,904)
End of year	\$ 2,095,272	\$ -	\$ -	\$ -	\$ 833,009	\$ 240,666	\$ 3,168,947

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



**DUPLIN COUNTY BOARD OF EDUCATION****Exhibit 5****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2018**

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

Net changes in fund balances - total governmental funds	\$ (1,099,028)
---	----------------

Change in fund balance due to change in reserve for inventory	(8,904)
---	---------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	5,242,242
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,285,583
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Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,035,043
--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Loss on disposal of capital assets	(888,049)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	218,112
--	---------

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	(7,642,064)
OPEB expense	(5,507,192)
Compensated absences	<u>(95,922)</u>

Total changes in net position of governmental activities	<u>\$ (1,460,179)</u>
--	-----------------------

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 6**

	General Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Duplin County	8,800,000	8,800,000	8,800,000	-
U.S. Government	-	-	-	-
Other	5,387,689	1,814,820	1,916,913	102,093
Total revenues	14,187,689	10,614,820	10,716,913	102,093
Expenditures:				
Current:				
Instructional services	7,234,536	3,753,001	3,670,010	82,991
System-wide support services	7,744,059	8,010,582	7,920,025	90,557
Ancillary services	10,616	3,603	3,603	-
Non-programmed charges	24,760	28,916	28,916	-
Debt service				
Principal retirement	292,596	292,596	292,596	-
Interest and fees	81,122	81,122	81,122	-
	373,718	373,718	373,718	-
Total expenditures	15,387,689	12,169,820	11,996,272	173,548
Revenues over (under) expenditures	(1,200,000)	(1,555,000)	(1,279,359)	275,641
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(1,200,000)	(1,555,000)	(1,279,359)	275,641
Fund balance appropriated	1,200,000	1,555,000	-	(1,555,000)
Net change in fund balance	\$ -	\$ -	(1,279,359)	\$ (1,279,359)
Fund balances:				
Beginning of year			3,383,535	
Increase (decrease) in reserve for inventories			(8,904)	
End of year			\$ 2,095,272	

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

**DUPLIN COUNTY BOARD OF EDUCATION****Exhibit 6 (continued)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -****BUDGET AND ACTUAL****GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS****For the Fiscal Year Ended June 30, 2018**

	State Public School Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 60,204,494	\$ 61,595,241	\$ 61,312,468	\$ (282,773)
Duplin County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	60,204,494	61,595,241	61,312,468	(282,773)
Expenditures:				
Current:				
Instructional services	53,785,099	54,306,966	54,024,193	282,773
System-wide support services	6,369,900	7,238,136	7,238,136	-
Ancillary services	-	-	-	-
Non-programmed charges	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	60,154,999	61,545,102	61,262,329	282,773
Revenues over (under) expenditures	49,495	50,139	50,139	-
Other financing uses:				
Transfers to other funds	(49,495)	(50,139)	(50,139)	-
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			-	
End of year			\$ -	

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

**DUPLIN COUNTY BOARD OF EDUCATION** **Exhibit 6 (continued)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2018**

	Federal Grants Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Duplin County	-	-	-	-
U.S. Government	8,246,723	8,399,888	7,014,129	(1,385,759)
Other	-	-	-	-
Total revenues	<u>8,246,723</u>	<u>8,399,888</u>	<u>7,014,129</u>	<u>(1,385,759)</u>
Expenditures:				
Current:				
Instructional services	7,610,005	7,924,107	6,632,174	1,291,933
System-wide support services	545,745	445,849	361,459	84,390
Ancillary services	-	-	-	-
Non-programmed charges	<u>90,973</u>	<u>29,932</u>	<u>20,496</u>	<u>9,436</u>
Debt service				
Principal retirement	-	-	-	-
Interest and fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,246,723</u>	<u>8,399,888</u>	<u>7,014,129</u>	<u>1,385,759</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			<u>-</u>	
End of year			<u>\$ -</u>	

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

**DUPLIN COUNTY BOARD OF EDUCATION** **Exhibit 6 (continued)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Other Special Revenue Fund			Variance with final budget positive (negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ 2,005,739	\$ 1,799,976	\$ (205,763)
Duplin County	-	-	-	-
U.S. Government	-	1,487,703	1,452,110	(35,593)
Other	-	1,099,569	777,375	(322,194)
Total revenues	-	4,593,011	4,029,461	(563,550)
Expenditures:				
Current:				
Instructional services	-	3,929,979	3,410,012	519,967
System-wide support services	-	659,718	619,081	40,637
Ancillary services	-	1,474	355	1,119
Non-programmed charges	-	1,840	13	1,827
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
	-	-	-	-
Total expenditures	-	4,593,011	4,029,461	563,550
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Increase (decrease) in reserve for inventories			-	
End of year			\$ -	

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPES**  
**June 30, 2018**

**Exhibit 7**

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall	Totals
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,303,732	\$ 60,415	\$ 2,364,147
Investments	-	4,643,677	4,643,677
Due from other governments	174,572	-	174,572
Due from other funds	2,525	-	2,525
Net OPEB asset	6,096	-	6,096
Inventories	91,881	-	91,881
Total current assets	<u>2,578,806</u>	<u>4,704,092</u>	<u>7,282,898</u>
Noncurrent assets:			
Capital assets:			
Land	-	24,000	24,000
Furniture and equipment, net	168,456	-	168,456
Total capital assets	<u>168,456</u>	<u>24,000</u>	<u>192,456</u>
Total assets	<u>2,747,262</u>	<u>4,728,092</u>	<u>7,475,354</u>
<b>Deferred Outflows of Resources</b>	<u>630,533</u>	<u>-</u>	<u>630,533</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	37,056	-	37,056
Accrued salaries and wages payable	27,809	-	27,809
Compensated absences	43,894	-	43,894
Unearned revenue	10,615	-	10,615
Total current liabilities	<u>119,374</u>	<u>-</u>	<u>119,374</u>
Noncurrent liabilities:			
Net pension liability	896,683	-	896,683
Net OPEB liability	3,357,720	-	3,357,720
Compensated absences	23,039	-	23,039
Total noncurrent liabilities	<u>4,277,442</u>	<u>-</u>	<u>4,277,442</u>
Total liabilities	<u>4,396,816</u>	<u>-</u>	<u>4,396,816</u>
<b>Deferred Inflows of Resources</b>	<u>1,212,776</u>	<u>-</u>	<u>1,212,776</u>
<b>Net position</b>			
Investment in capital assets	168,456	24,000	192,456
Restricted for DIPNC OPEB plan	11,496	-	11,496
Unrestricted	<u>(2,411,749)</u>	<u>4,704,092</u>	<u>2,292,343</u>
Total net position (deficit)	<u>\$ (2,231,797)</u>	<u>\$ 4,728,092</u>	<u>\$ 2,496,295</u>

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 8**

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall	Totals
Operating revenues:			
Food sales	\$ 152,077	\$ -	\$ 152,077
Other	-	6,854	6,854
Total operating revenues	152,077	6,854	158,931
Operating expenses:			
Food cost:			
Purchase of food	1,888,949	-	1,888,949
Donated commodities	386,008	-	386,008
Salaries and benefits	2,705,337	59,304	2,764,641
Indirect costs	275,853	-	275,853
Materials and supplies	39,176	2,267	41,443
Repairs and maintenance	83,281	12,893	96,174
Depreciation	25,750	2,232	27,982
Non-capitalized equipment	44,604	2,702	47,306
Contracted services	6,527	4,737	11,264
Scholarships and donations	-	16,500	16,500
Other	16,082	23,378	39,460
Total operating expenses	5,471,567	124,013	5,595,580
Operating loss	(5,319,490)	(117,159)	(5,436,649)
Nonoperating revenues:			
Federal reimbursements	4,961,687	-	4,961,687
Federal commodities	386,008	-	386,008
Investment income, net	4,268	406,685	410,953
Contributions and donations	-	75,135	75,135
Total nonoperating revenues	5,363,739	481,820	5,845,559
Income (loss) before transfers	44,249	364,661	408,910
Transfers from other funds	50,139	-	50,139
Change in net position	94,388	364,661	459,049
Net position, beginning of year	1,954,501	4,363,431	6,317,932
Restatement	(4,280,686)	-	(4,280,686)
Net position (deficit), beginning of year, as restated	(2,326,185)	4,363,431	2,037,246
Net position, end of year (deficit)	\$ (2,231,797)	\$ 4,728,092	\$ 2,496,295

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 9**

	Enterprise		
	Major Funds		
	School Food Service	Liberty Hall Fund	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 150,629	\$ 6,854	\$ 157,483
Cash paid for goods and services	(2,346,307)	(62,477)	(2,408,784)
Cash paid to employees for services	(2,506,822)	(59,304)	(2,566,126)
Net cash used by operating activities	(4,702,500)	(114,927)	(4,817,427)
Cash flows from noncapital financing activities:			
Due from other funds	34,905	-	34,905
Federal and State reimbursements	4,953,515	-	4,953,515
Contributions and donations	-	75,135	75,135
Net cash provided by noncapital financing activities	4,988,420	75,135	5,063,555
Cash flows from capital and related financing activities:			
Proceeds from disposal of capital assets	22,589	-	22,589
Purchase of capital assets	(55,922)	-	(55,922)
Net cash provided by capital and related financing activities	(33,333)	-	(33,333)
Cash flows from investing activities:			
Distributions from Sara G. Kenan Endowment Fund	-	50,000	50,000
Investment income	4,268	-	4,268
Net cash provided by investing activities	4,268	50,000	54,268
Net increase in cash and cash equivalents	256,855	10,208	267,063
Cash and cash equivalents, beginning of year	2,046,877	50,207	2,097,084
Cash and cash equivalents, end of year	<u>\$ 2,303,732</u>	<u>\$ 60,415</u>	<u>\$ 2,364,147</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (5,319,490)	\$ (117,159)	\$ (5,436,649)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	25,750	2,232	27,982
Donated commodities	386,008	-	386,008
Salaries paid by other funds	50,139	-	50,139
Changes in assets and liabilities:			
Increase in inventories	(17,165)	-	(17,165)
Decrease in OPEB asset	386	-	386

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



**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit 9 (continued)**

	Enterprise		
	Major Funds		Totals
	School Food Service	Liberty Hall Fund	
Increase in accounts payable and accrued liabilities	25,330	-	25,330
Increase in accrued salaries and wages payable	2,372	-	2,372
Decrease in unavailable revenue	(1,448)	-	(1,448)
Decrease in pension liability	(193,952)	-	(193,952)
Decrease in OPEB liability	(1,027,998)	-	(1,027,998)
Decrease in deferred outflow	212,108	-	212,108
Increase in deferred inflow	1,161,231	-	1,161,231
Decrease in compensated absences payable	(5,771)	-	(5,771)
Total adjustments	<u>616,990</u>	<u>2,232</u>	<u>619,222</u>
Net cash used by operating activities	<u>\$ (4,702,500)</u>	<u>\$ (114,927)</u>	<u>\$ (4,817,427)</u>

**NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$386,008 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The General and State Public School Fund paid salaries and benefits of \$50,139 to administrative personnel of the School Food Service Fund during the fiscal year. The payments are reflected as transfers in and an operating expense on Exhibit 8.

The School Service Fund reported a gain on disposal of capital assets of \$11,776.

The Liberty Hall Fund recognized interest, dividends and an increase in the fair value of investments net of fees of \$406,685 during the year. This increase is reflected in the net investment income on Exhibit 8.

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

**DUPLIN COUNTY BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
June 30, 2018**

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**Exhibit 10**

	Private Purpose Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 84,388
<b>Net position</b>	
Assets held in trust for private purpose	\$ 84,388

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Fiscal Year Ended June 30, 2018**

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**Exhibit 11**

	Private Purpose Trust Funds
<b>Additions:</b>	
Interest income	\$ 947
<b>Deductions:</b>	
Transfers out	50,000
<b>Change in net position</b>	(49,053)
Beginning net position	133,441
<b>Ending net position</b>	<u>\$ 84,388</u>

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

**DUPLIN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – 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 funds are presented separately.

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

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. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

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

*Other Special Revenue Fund.* The Other Special Revenue Fund is used to account for revenues from grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received from prekindergarten programs and other special programs.

*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 Duplin County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

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.

*Liberty Hall Fund.* The Liberty Hall Fund is used to account for the operations of Liberty Hall, a historic site located in Duplin County.

The Board reports the following fiduciary fund:

*Dickson Loan Fund.* The fund, established by proceeds from the estate of Colonel Alexander Dickson, is to be used for the sole purpose of providing loans to help Duplin County students continue their education after high school.

*The Kenan Auditorium Renovation Fund.* Established to administer funds for the renovation of Kenan Auditorium in Kenansville, NC.

**C. Measurement Focus and Basis of Accounting**

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

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

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

**D. Budgetary Data**

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by 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 transfer up to 25% of an appropriation between line items in the Current Expense Fund. Amendments that alter County appropriation or transfers moneys to or from the Capital Outlay Fund also require the approval of the Duplin County Commissioners. 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

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

**1. Deposits and Investments**

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF 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. The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

State law [G.S. 115C-491] authorizes the Board to invest funds held in the Sarah Graham Kenan Foundation Trust Fund, an endowment fund held within the Liberty Hall Fund, in all forms of property, both real and personal, including, but not by way of limitation, all types of stocks, bonds, securities, mortgages and all types, kinds and subjects of investments of any nature and description. The board of trustees of this endowment fund may retain all contributions in the form in which they are made or sell any property at either public or private sale. The board of trustees is responsible for the prudent investment of any funds or moneys belonging to the endowment fund in the exercise of its sound discretion without regard to any statute or law relating to the investment of funds by fiduciaries.

The Board's investments are reported at amortized cost or at fair value as determined by quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation

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basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

**2. Cash and Cash Equivalents**

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments, excluding investments held in the Sarah G. Kenan Endowment Fund, are essentially demand deposits and are considered cash and cash equivalents.

**3. Inventories**

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

**4. Prepaid Expenditures**

Prepaid expenditures represent amounts paid to vendors for goods or services in one period that benefit a future period. The Board utilizes the consumption method of accounting and recognizes prepaid items as expenditures in the period consumed.

**5. 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 capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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. 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.

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	7 - 10
Vehicles and buses	8 - 15
Computer equipment	5

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

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6. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion - a pension related deferral and contributions made to the pension plan in the current fiscal year. The statement of 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 so will not be recognized as revenue until then. The Board has one item that meet this criterion – pension related deferrals.

7. Collections

Collectibles and antiques maintained in the Enterprise Funds (Liberty Hall Fund) are not capitalized or recognized as revenues if donated. These collections are held for public exhibition and not for financial gain.

8. 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.

9. 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, 2018 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.

10. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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 five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.



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The governmental fund types classify fund balances as follows:

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

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

Prepaid expenses - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute for amounts owed to the district at year end [G.S. 115C-425(a)]. The restriction will be released as of the beginning of the subsequent fiscal year following collection of the amounts owed to the district.

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 programs – revenue sources restricted for expenditures for prekindergarten programs.

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.

*Committed Fund Balance* – This classification includes the portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action. The Board of Education does not have any committed fund balance.

*Unassigned fund balance* – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General fund is the only fund that reports a positive unassigned fund balance amount, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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, 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.

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11. 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 \$(50,838,932) consists of several elements as follows:

Description	Amount
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)	\$ 169,083,799
Less accumulated depreciation	<u>(62,452,520)</u>
Net capital assets	106,631,279
Net OPEB asset	185,955
Deferred outflows of resources related to pensions	14,456,558
Deferred outflows of resources related to OPEB	4,776,614
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(5,051,236)
Compensated absences	(5,072,715)
Net pension liability	(27,351,514)
Net OPEB liability	(102,420,565)
Deferred inflows of resources related to pensions	(1,405,345)
Deferred inflows of resources related to OPEB	<u>(35,587,963)</u>
Total adjustment	<u><u>\$ (50,838,932)</u></u>

**DUPLIN COUNTY BOARD OF EDUCATION**  
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b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(361,151) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 9,559,117
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,316,875)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(1,040,556)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	1,258,668
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,285,583
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,035,043
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	(7,642,064)
OPEB expense	(5,507,192)
Loss on disposal of asset	(888,049)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(95,922)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(8,904)
Total adjustment	<u>\$ (361,151)</u>

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12. 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 are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

**NOTE 2 - DETAIL NOTES ON ALL FUNDS**

A. Assets

1. Deposits

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

At June 30, 2018, the Board had deposits with banks and savings and loans with a carrying amount of \$5,262,414 and with the State Treasurer of \$-0-. Cash on hand was \$230 at June 30, 2018. The bank balances with the financial institutions and the State Treasurer were \$5,399,025 and \$47,106, respectively. Of these balances, \$888,840 was covered by federal depository insurance and \$4,557,291 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2018, the Board had \$541,738 invested with the State Treasurer in the Short Term Investment Fund and \$4,643,677 invested in equities and bonds in the Sarah Graham Kenan Endowment Fund.

Interest Rate Risk

The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) is unrated and has a weighted average maturity of 1.5 years as of June 30, 2018.

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Credit Rating for Bonds

The Board invests in certain mutual funds whose primary holdings are corporate and governmental bonds. The credit rating of the underlying bonds held within these mutual funds range from B to AAA as determined by Standard & Poor's.

Concentration of Credit Risk

The Board places no limit on the amount the Board may invest in any one issuer. The Board does not have any investments, other than the Short Term Investment Fund (STIF), that account for more than 5% of total invested funds.

The Board also maintains investments in the Sarah Graham Kenan Endowment Fund, for the benefit of Liberty Hall. The investments are authorized by G.S. 115C-491, which states that endowment funds created under G.S. 115C-490 may invest in all forms of property, both real and personal, including, but not by way of limitation, all types of stocks, bonds, securities, mortgages and all types, kinds, and subject of investments of any nature or description.

All investments in the endowment fund are measured using the market approach fair value hierarchy Level 1: Securities and mutual funds valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. At June 30, 2018, the Board's investment balances in the Sarah Graham Kenan Endowment Fund were as follows:

	<u>Cost</u>	<u>Fair Value</u>
<u>Cash and Cash Equivalents:</u>		
PWM Fiduciary Master Deposit Account	\$ 348,415	\$ 348,415
Uninvested Cash	2,335	2,335
<u>Equities:</u>		
AbbVie Inc	28,198	80,050
Amgen Inc.	24,824	76,051
Apple, Inc.	10,085	99,219
AT&T Inc.	47,595	43,894
Blackrock Inc	57,221	113,781
CISCO Systems, Inc.	31,860	50,173
CMS Energy Corp.	55,047	78,532
ConocoPhillips	67,071	79,297
DowDupont Inc.	117,230	169,019
Duke Energy Corp.	59,460	71,330
General Electric Co.	19,938	22,974
Home Depot Inc.	55,086	129,937
Intel Corp	57,792	119,751

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	<u>Cost</u>	<u>Fair Value</u>
<u>Equities (continued):</u>		
International Paper Co.	34,603	37,550
J.P. Morgan Chase and Co.	52,770	134,210
Johnson & Johnson	64,050	91,005
KLA-Tencor Corp.	29,708	49,727
Lilly Eli & Co	55,673	93,266
LyondellBasell Industries	73,636	107,653
Merck & Co.	41,382	69,744
Microsoft Corp.	60,183	161,819
Nextera Energy Inc.	78,050	154,169
Occidental Pete Corp.	41,090	47,028
PepsiCo, Inc.	53,132	79,802
Pfizer Inc.	45,771	75,426
Philip Morris	13,507	23,334
T. Rowe Price Diversified Small Cap Growth Fund	64,422	61,044
United Parcel Service	35,290	51,203
US Bancorp	36,911	35,014
Verizon Communications	52,774	67,768
Wells Fargo & Company	54,856	79,057
Williams Companies, Inc.	57,233	52,160
<u>Mutual Funds:</u>		
Brandes International Small Cap Fund	25,000	24,147
DFA International Core Equity Fund	170,000	190,198
Doubleline Total Return Bond Fund	210,000	199,061
Eaton Vance Atlanta Capital	65,000	103,641
iShares Treasury Bond ETF	248,674	240,094
JOHCM International Select Fund	230,321	271,216
Nuveen Small Cap Value Fund	46,000	47,307
Oppenheimer Developing Markets Fund	76,369	117,494
Pimco Investment Grade Corporate Bond Fund	264,370	255,970
T. Rowe Price QM US Small Cap Growth Equity Fund	34,174	71,803
Van Eck Emerging Markets Fund	40,000	46,972
Vanguard Mortgage-Backed Securities	125,000	120,037
	<u>\$ 3,462,106</u>	<u>\$ 4,643,677</u>

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3. Accounts Receivable

Receivables at the government-wide level at June 30, 2018 are as follows:

	Due from (to) other funds (Internal Balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ (2,525)	\$ 14,923	\$ 101,697	\$ 114,095
Other governmental activities	-	1,582,191	102,435	1,684,626
Total governmental activities	<u>\$ (2,525)</u>	<u>\$ 1,597,114</u>	<u>\$ 204,132</u>	<u>\$ 1,798,721</u>
Business-type activities:				
School Food Service Fund	<u>\$ 2,525</u>	<u>\$ 174,572</u>	<u>\$ -</u>	<u>\$ 177,097</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 14,923	Amounts due from County
State Public School Fund	1,398,200	Operating funds from DPI
Federal Grants Fund	96,767	Federal grant funds
Other Special Revenue Fund	<u>87,224</u>	Amounts due for various federal programs and reimbursements
Total	<u>\$ 1,597,114</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 174,572</u>	Federal grant funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,301,154	\$ -	\$ -	\$ 2,301,154
Construction in progress	52,525,748	8,357,404	60,883,152	-
Total capital assets not being depreciated	54,826,902	8,357,404	60,883,152	2,301,154
Capital assets being depreciated:				
Buildings	64,560,314	60,883,152	333,804	125,109,662
Equipment and furniture	6,084,843	122,043	1,022,612	5,184,274
Vehicles	15,190,150	1,079,670	3,779,552	12,490,268
Improvements	26,137,386	-	2,138,945	23,998,441
Total capital assets being depreciated	111,972,693	62,084,865	7,274,913	166,782,645
Less accumulated depreciation for:				
Buildings	38,385,449	2,269,224	118,773	40,535,900
Equipment and furniture	3,959,016	293,181	885,348	3,366,849
Vehicles	9,475,475	591,647	3,538,399	6,528,723
Improvements	12,702,569	1,162,823	1,844,344	12,021,048
Total accumulated depreciation	64,522,509	4,316,875	6,386,864	62,452,520
Total capital assets being depreciated, net	47,450,184			104,330,125
Governmental activity capital assets, net	\$ 102,277,086			\$ 106,631,279



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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 1,114,948	\$ 55,922	\$ 100,098	\$ 1,070,772
Less accumulated depreciation for:				
Equipment and furniture	965,851	25,750	89,285	902,316
School Food Service capital assets, net	\$ 149,097			\$ 168,456
Liberty Hall:				
Capital assets not being depreciated:				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Capital assets being depreciated:				
Buildings	202,700	-	-	202,700
Less accumulated depreciation for:				
Buildings	200,468	2,232	-	202,700
Total capital assets being depreciated, net	2,232			-
Liberty Hall capital assets, net	\$ 26,232			\$ 24,000
Business-type activities capital assets, net	\$ 175,329			\$ 192,456

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,432,047
System-wide support services	591,647
Unallocated depreciation	293,181
Total	\$ 4,316,875

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B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

*Benefits Provided.* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2018, was 10.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$5,458,864 for the year ended June 30, 2018.

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*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.

At June 30, 2018, the Board reported a liability of \$28,248,197 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2017 and at June 30, 2016, the Board's proportion was .35602% and .36789%, respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$7,886,072. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 612,369	\$ 924,146
Changes of assumptions	4,462,789	-
Net difference between projected and actual earnings on pension plan investments	3,822,939	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	573,536	527,271
Board contributions subsequent to the measurement date	5,458,864	-
Total	<u>\$ 14,930,497</u>	<u>\$ 1,451,417</u>

\$5,458,864 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 1,761,567
2020	5,356,069
2021	2,432,562
2022	(1,529,982)
2023	-
Thereafter	-
Total	<u>\$ 8,020,216</u>

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*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%, compared to 7.25% in the previous year. 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

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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 County'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 7.20 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 58,146,482	\$ 28,248,197	\$ 3,197,245

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

**b. Other Postemployment 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 by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

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

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

*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.

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.05% of covered payroll which amounted to \$3,063,648.

At June 30, 2018, Board reported a liability of \$105,778,285 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 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, 2017 and at June 30, 2016, the Board's proportion was .32263% and .31759%, respectively.

\$3,063,648 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**Year ended June 30:**

2019	\$ (7,013,015)
2020	(7,013,015)
2021	(7,013,015)
2022	(7,013,015)
2023	(7,003,187)
Thereafter	-
Total	<u>\$ (35,055,247)</u>

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

Inflation	2.75%
Salary increases	3.50-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-7.25%
Healthcare cost trend rate -Medicare advantage	4.00-5.00%
Healthcare cost trend rate - administrative	3.00%

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

*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 (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Net OPEB liability	\$ 126,187,419	\$ 105,778,285	\$ 89,590,946

*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 a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

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			Healthcare Trend Rates		
			(Medical - 5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 4.00-5.00%, Administrative - 3.00%)		1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-8.25%, Medicare Advantage - 5.00-6.00%, Administrative - 4.00%)
	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-6.25%, Medicare Advantage - 3.00-4.00%, Administrative - 2.00%)				
Net OPEB liability	\$	86,411,117	\$	105,778,285	\$ 131,519,727

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

Disability Benefits

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

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

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

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

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the



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General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$70,894 for the year ended June 30, 2018.

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, 2018, Board reported an OPEB asset of \$192,051 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017 and at June 30, 2016, the Board's proportion was .31422% and .32885%, respectively.

\$70,894 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2019	\$	29,579
2020		29,579
2021		29,570
2022		10,518
2023		-
Thereafter		-
Total	\$	<u>99,246</u>

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

Inflation	3.00%
Salary increases	3.5%-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

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

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
Net OPEB asset	\$ 163,272	\$ 192,051	\$ 220,897

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*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 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, 2017. 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, 2010 through December 31, 2014.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

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Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2018:

	RHBF	DIPNC	Total
OPEB Expense	\$ 5,584,205	\$ 103,534	\$ 5,687,739
OPEB Liability (Asset)	105,778,285	(192,051)	105,586,234
Proportionate share of the net OPEB liability (asset)	0.32263%	0.31422%	

Deferred of Outflows of Resources

Differences between expected and actual experience	-	52,657	52,657
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	42,096	42,096
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,699,420	4,493	1,703,913
Board contributions subsequent to the measurement date	3,063,648	70,894	3,134,542

Deferred of Inflows of Resources

Differences between Expected and actual experience	7,584,498	-	7,584,498
Changes of assumptions	29,130,857	-	29,130,857
Net difference between projected and actual earnings on plan investments	39,312	-	39,312
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	-	-

2. Accounts Payable

Accounts payable as of June 30, 2018 are as follows:

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 701,563	\$ 6,332	\$ 707,895
Other governmental activities	16,700	1,532,310	1,549,010
Total governmental activities	<u>\$ 718,263</u>	<u>\$ 1,538,642</u>	<u>\$ 2,256,905</u>
Business-type activities:			
School Food Service Fund	<u>\$ 37,056</u>	<u>\$ 27,809</u>	<u>\$ 64,865</u>

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3. Unearned Revenues

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

	Other Special Revenue	School Food Service
Grants not yet earned	\$ 255,139	\$ -
Prepaid meals	-	10,615
Total	<u>\$ 255,139</u>	<u>\$ 10,615</u>

4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 665,026	\$ 8,508,644
Changes of assumptions	4,462,789	29,130,857
Net difference between projected and actual earnings on pension plan investments	3,865,035	39,312
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,277,449	527,271
Board contributions subsequent to the measurement date	8,593,406	-
Total	<u>\$ 19,863,705</u>	<u>\$ 38,206,084</u>

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,550,000, and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). Coverage is provided to the extent employees are paid from federal or local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased

**DUPLIN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

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

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 chief financial officer is bonded for \$250,000. The school treasurers that have access to funds are bonded under a blanket bond for \$375,000.

The Board carries flood insurance on its property totaling \$5,000,000 of losses or damage at any one location, not to exceed a total liability of \$15,000,000 due to any one flood occurrence for all insured locations. For properties not in the Federal Flood Zone, the Board has a deductible of \$25,000.

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

5. Contingent Liabilities

At June 30, 2018, the Board was a defendant in several legal matters that, in the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters would not have a material adverse effect on the Board's financial position.

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized by State law G.S. 115C-47(28a) to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs. On September 17, 2012, the Board entered into such a contract to reduce the energy costs with an energy saving installment purchase totaling \$4,749,190. The financing contract requires principal payments for 14 years beginning in the fiscal year 2013-2014, and ending in the fiscal year 2028, with an interest rate of 2.25%.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement with various companies. The Board entered into such financing contracts for the purchase of school buses during the 2014-2015 through 2017-2018 fiscal years. The original amount of the Board's school bus installment purchase contracts outstanding at June 30, 2018 totaled \$3,051,575. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15<sup>th</sup> dates.

The future minimum payments of the installment purchases as of June 30, 2018, including interest, are as follows:

**DUPLIN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 1,068,306	\$ 74,389
2020	910,373	67,344
2021	600,074	59,903
2022	358,624	52,050
2023	377,993	43,805
2024 - 2028	1,735,866	85,375
Total	\$ 5,051,236	\$ 382,866

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2018:

	July 1, 2017	Increases	Decreases	June 30, 2018	Current Portion
Governmental activities:					
Installment purchases	\$ 5,269,348	\$ 1,040,556	\$ 1,258,668	\$ 5,051,236	\$ 1,068,306
Net pension liability	32,722,256	-	5,370,742	27,351,514	-
Net OPEB liability	133,777,594	-	31,357,029	102,420,565	-
Compensated absences	4,976,793	3,370,322	3,274,400	5,072,715	1,989,921
Total	\$ 176,745,991	\$ 4,410,878	\$ 41,260,839	\$ 139,896,030	\$ 3,058,227
Business-type activities:					
Net pension liability	\$ 1,090,635	\$ -	\$ 193,952	\$ 896,683	\$ -
Net OPEB liability	4,385,718	-	1,027,998	3,357,720	-
Compensated absences	72,704	121,752	127,523	66,933	43,894
Total	\$ 5,549,057	\$ 121,752	\$ 1,349,473	\$ 4,321,336	\$ 43,894

Compensated absences related to governmental activities are typically liquidated by the General and other governmental funds.

C. Interfund Balances and Activity

1. Interfund balances

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Food Service Fund	General Fund	\$ 2,525

The amount due to the School Food Service Fund from the General Fund represents amounts owed for charged meals. This balance is expected to be paid prior to June 30, 2019.

**DUPLIN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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2. Transfers to/from Other Funds

Transfers to/from other funds during the year ended June 30, 2018 consisted of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	\$ <u>50,139</u>
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D. 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	\$ 2,095,272
Less:	
Inventories	(105,652)
Prepaid expenditures	(421,001)
Stabilization by State statute	<u>(116,620)</u>
Remaining fund balance	<u>\$ 1,451,999</u>

**NOTE 3 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES**

Other revenues for the fiscal year ended June 30, 2018 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursements	\$ 507,218
Private grants and programs	245,320
Contributions and donations	<u>24,837</u>
Total other revenues	<u>\$ 777,375</u>

**NOTE 4 - 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.

**DUPLIN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2018**

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**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Board to record beginning net OPEB liability and Net OPEB asset and the effects on net position from contributions made by the Board during the measurement period (fiscal year end June 30, 2017). As a result, net position for the governmental and business-type activities decreased by \$130,573,810 and \$4,280,686, respectively.

**NOTE 6 – SUBSEQUENT EVENT**

In September 2018, the Board suffered significant property damage throughout the district due to Hurricane Florence. The Board is currently in the process of assessing the extent of damage, following which the Board will file a claim for reimbursement with its insurance company. The Board also intends to apply for funding from any available federal, State or local disaster relief programs. The Board's management has been unable to determine the amount of loss, if any, the Board will incur as a result of the hurricane damage.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**DUPLIN COUNTY SCHOOLS**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS\***

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	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.35602%	0.36789%	0.36050%	0.34431%	0.32900%
Board's proportionate share of the net pension liability (asset)	\$ 28,248,197	\$ 33,812,891	\$ 13,285,139	\$ 4,036,763	\$ 19,985,795
Board's covered payroll	\$ 50,387,942	\$ 50,324,059	\$ 49,495,759	\$ 45,959,997	\$ 44,891,381
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.06%	67.19%	26.84%	8.78%	44.52%
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.

Note: This schedule was implemented as a result of GASB 68 in the fiscal year ended June 30, 2015 and will show 10 years of data as it becomes available.

**DUPLIN COUNTY SCHOOLS**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
**LAST FIVE FISCAL YEARS\***

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,458,864	\$ 5,028,717	\$ 4,604,651	\$ 4,528,862	\$ 3,993,922
Contributions in relation to the contractually required contribution	<u>5,458,864</u>	<u>5,028,717</u>	<u>4,604,651</u>	<u>4,528,862</u>	<u>3,993,922</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059	\$ 49,495,759	\$ 45,959,997
Contributions as a percentage of covered payroll	10.78%	9.98%	9.15%	9.15%	8.69%

Note: This schedule was implemented as a result of GASB 68 in the fiscal year ended June 30, 2015 and will show 10 years of data as it becomes available.

**DUPLIN COUNTY SCHOOLS**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**RETIREE HEALTH BENEFIT FUND**  
**LAST TWO FISCAL YEARS\***

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	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.32263%	0.31759%
Board's proportionate share of the net OPEB liability	\$ 105,778,285	\$ 138,163,312
Board's covered payroll	\$ 50,387,942	\$ 50,324,059
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	209.93%	274.55%
58 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.

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only two years of data presented.

**DUPLIN COUNTY SCHOOLS  
SCHEDULE OF BOARD CONTRIBUTIONS  
RETIREE HEALTH BENEFIT FUND  
LAST FIVE FISCAL YEARS**

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	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,063,648	\$ 2,915,578	\$ 2,811,547	\$ 2,700,852	\$ 2,485,065
Contributions in relation to the contractually required contribution	<u>3,063,648</u>	<u>2,915,578</u>	<u>2,811,547</u>	<u>2,700,852</u>	<u>2,485,065</u>
Internal balances	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059	\$ 49,495,759	\$ 45,959,997
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. There are only five years of data presented as the remaining information was not readily available.

**DUPLIN COUNTY SCHOOLS**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET**  
**DISABILITY INCOME PLAN OF NORTH CAROLINA**  
**LAST TWO FISCAL YEARS\***

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	2018	2017
Board's proportion of the net OPEB asset	0.31422%	0.32885%
Board's proportionate share of the net OPEB asset	\$ 192,051	\$ 204,216
Board's covered payroll	\$ 50,387,942	\$ 50,324,059
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.38%	0.41%
8 Plan fiduciary net position as a percentage of the total OPEB liability	116.23%	116.06%

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

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. Therefore, there are only two years of data presented.

**DUPLIN COUNTY SCHOOLS  
SCHEDULE OF BOARD CONTRIBUTIONS  
DISABILITY INCOME PLAN OF NORTH CAROLINA  
LAST FIVE FISCAL YEARS**

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	2018	2017	2016	2015	2014
Contractually required contribution	\$ 70,894	\$ 190,692	\$ 205,845	\$ 201,703	\$ 202,487
Contributions in relation to the contractually required contribution	<u>70,894</u>	<u>190,692</u>	<u>205,845</u>	<u>201,703</u>	<u>202,487</u>
Internal balances	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 50,638,809	\$ 50,387,942	\$ 50,324,059	\$ 49,495,759	\$ 45,959,997
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%

Note: This is a ten year schedule. However, GASB 75 was not adopted until the fiscal year ended June 30, 2018. There are only five years of data presented as the remaining information was not readily available.





**SUPPLEMENTARY INFORMATION  
GENERAL FUND**

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Duplin County	8,800,000	8,800,000	-
Other:			
Fines and forfeitures	404,040	416,312	12,272
Interest earned on investment	13,299	13,300	1
Indirect costs allocated	299,414	296,362	(3,052)
Contributions and donations	72,518	94,908	22,390
Private grants and programs	25,000	25,000	-
Rental of school property	850	850	-
Tuition and fees	93,194	120,940	27,746
Transportation	275,413	281,824	6,411
E-rate reimbursement	273,470	273,470	-
Sales and use tax refund	75,818	78,469	2,651
Miscellaneous	281,804	315,478	33,674
Total other	1,814,820	1,916,913	102,093
Total revenues	10,614,820	10,716,913	102,093
Expenditures:			
Current:			
Instructional services:			
Regular instructional	1,193,411	1,153,847	39,564
Special populations	147,906	147,187	719
Alternative programs	273,854	273,854	-
School leadership	614,422	614,422	-
Co-curricular	827,369	827,369	-
School-based support	696,039	653,331	42,708
Total instructional services	3,753,001	3,670,010	82,991
System-wide support services:			
Support and development	311,647	310,990	657
Special population support and development	48	48	-
Alternative programs and services support and development	19,401	14,472	4,929
Technology support	497,210	492,075	5,135
Operational support	6,052,908	6,052,413	495
Financial and human resource services	499,909	455,104	44,805
Accountability	97,080	96,972	108
Policy, leadership and public relations	532,379	497,951	34,428
Total system-wide support services	8,010,582	7,920,025	90,557

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Current:			
Ancillary services:			
Nutrition	3,603	3,603	-
Non-programmed charges:			
Payments to other governments	28,916	28,916	-
Debt service:			
Principal retirement	292,596	292,596	-
Interest and fees	81,122	81,122	-
Total debt service	373,718	373,718	-
Total expenditures	12,169,820	11,996,272	173,548
Revenues under expenditures	(1,555,000)	(1,279,359)	275,641
Fund balance appropriated	1,555,000	-	(1,555,000)
Revenues and fund balance appropriated under expenditures and other uses	\$ -	(1,279,359)	\$ (1,279,359)
Fund balance:			
Beginning of year		3,383,535	
Decrease in reserve for inventories		(8,904)	
End of year		\$ 2,095,272	

**SUPPLEMENTARY INFORMATION  
INDIVIDUAL SCHOOLS FUND**

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**INDIVIDUAL SCHOOLS FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Revenues and Transfers	Expenditures	Net change in fund balance	Fund balances June 30, 2017	Fund balances June 30, 2018
BF Grady Elementary	\$ 86,538	\$ 83,602	\$ 2,936	\$ 61,074	\$ 64,010
Beulaville Elementary	152,300	158,049	(5,749)	56,735	50,986
Chinquapin Elementary	49,798	51,290	(1,492)	23,046	21,554
Kenansville Elementary	90,765	78,426	12,339	2,211	14,550
North Duplin Elementary	48,773	40,059	8,714	25,847	34,561
Rose Hill Magnolia Elementary	83,769	80,825	2,944	11,850	14,794
Wallace Elementary	69,968	64,188	5,780	6,967	12,747
Warsaw Elementary	73,646	59,565	14,081	8,459	22,540
Charity Middle	97	7,449	(7,352)	7,352	-
EE Smith Middle	48	8,114	(8,066)	8,066	-
Warsaw Middle	-	15,748	(15,748)	15,748	-
East Duplin High	462,582	443,282	19,300	129,283	148,583
James Kenan High	236,922	247,716	(10,794)	40,200	29,406
North Duplin Jr. Sr. High	230,015	209,116	20,899	58,067	78,966
Wallace Rose Hill High	248,175	227,006	21,169	78,162	99,331
Duplin Early College	36,775	39,757	(2,982)	8,429	5,447
Live Project	56,859	26,487	30,372	205,162	235,534
Totals	<u>\$ 1,927,030</u>	<u>\$ 1,840,679</u>	<u>\$ 86,351</u>	<u>\$ 746,658</u>	<u>\$ 833,009</u>

**SUPPLEMENTARY INFORMATION  
CAPITAL OUTLAY FUND**

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL OUTLAY FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 64,000	\$ 46,577	\$ (17,423)
State appropriations - buses	2,019,094	966,072	(1,053,022)
Total State of North Carolina	2,083,094	1,012,649	(1,070,445)
Duplin County:			
Local bond revenues	10,126,507	9,845,418	(281,089)
General county appropriations	3,516,396	962,634	(2,553,762)
Duplin County	13,642,903	10,808,052	(2,834,851)
Total revenues	15,725,997	11,820,701	(3,905,296)
Expenditures:			
Debt service:			
Principal retirement	966,072	966,072	-
Capital outlay:			
Real property, buildings and improvements			
BF Grady Expansion		1,637,973	
Warsaw Elementary K8 Conversion		1,577,172	
Kenansville Elementary K8 Conversion		26,865	
North Duplin Jr/Sr. Auxillary Gym Construction		70,515	
Rose Hill Magnolia K8 Conversion		2,755,496	
Wallace Elementary K8 Conversion		2,289,383	
Other real property, buildings and improvements		1,453,904	
Total real property, buildings and improvements	13,790,916	9,811,308	3,979,608
Furnishings and equipment	896,569	860,307	36,262
Vehicles	1,129,590	1,129,590	-
Total capital outlay	15,817,075	11,801,205	4,015,870
Total expenditures	16,783,147	12,767,277	4,015,870
Revenues under expenditures	(1,057,150)	(946,576)	110,574
Other financing sources:			
Installment purchase obligations issued	1,040,556	1,040,556	-
Revenues and other financing sources under expenditures	(16,594)	93,980	110,574
Fund balance appropriated	16,594	-	(16,594)
Revenues, other financing sources and fund balance appropriated under expenditures	\$ -	93,980	\$ 93,980
Fund balance:			
Beginning of year		146,686	
End of year		\$ 240,666	

**SUPPLEMENTARY INFORMATION  
ENTERPRISE FUND**



**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**SCHOOL FOOD SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 217,500	\$ 152,077	\$ (65,423)
Operating expenditures:			
Business support services:			
Purchase of food		1,906,114	
Donated commodities		386,008	
Salaries and benefits		2,559,333	
Indirect costs		275,853	
Materials and supplies		39,176	
Repairs and maintenance		83,281	
Non-capitalized equipment		44,604	
Contracted services		6,527	
Other		16,082	
Capital outlay		55,922	
Total operating expenditures	5,627,500	5,372,900	254,600
Operating loss	(5,410,000)	(5,220,823)	189,177
Nonoperating revenues:			
Federal reimbursements		4,961,687	
Federal commodities		386,008	
Interest earned		4,268	
Total nonoperating revenues	5,410,000	5,351,963	(58,037)
Excess of revenues over expenditures before other financing sources	-	131,140	131,140
Other financing sources:			
Transfers from other funds	-	50,139	50,139
Excess of revenues and other financing sources over expenditures	\$ -	181,279	\$ 181,279
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(25,750)	
Net OPEB asset		(386)	
Net pension liability		193,952	
Net OPEB liability		1,027,998	
Deferred outflows		(212,108)	
Deferred inflows		(1,161,231)	
Equipment purchases		55,922	
Gain on disposal of capital assets		11,776	
Decrease in compensated absences payable		5,771	
Increase in inventories		17,165	
Change in net position (full accrual)		\$ 94,388	

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**LIBERTY HALL FUND**  
**For the Fiscal Year Ended June 30, 2018**

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	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Other	\$ 6,200	\$ 6,854	\$ 654
Operating expenditures:			
Salaries and benefits		59,304	
Supplies and materials		2,267	
Repairs and maintenance		12,893	
Non-capitalized equipment		2,702	
Contracted services		4,737	
Scholarships and donations		16,500	
Other		23,378	
Total operating expenditures	132,056	121,781	10,275
Operating loss	(125,856)	(114,927)	10,929
Nonoperating revenues:			
Investment income, net		406,685	
Contributions and donations		75,135	
Total nonoperating revenues	125,856	481,820	355,964
Revenues under expenditures	\$ -	366,893	\$ 366,893
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(2,232)	
Change in net position (full accrual)		\$ 364,661	

**SUPPLEMENTARY INFORMATION  
FIDUCIARY FUND**

**DUPLIN COUNTY BOARD OF EDUCATION**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2018**

---

	Private Purpose Trust Funds		
	Dickson Loan Fund	Kenan Auditorium Renovation	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 84,388	\$ -	\$ 84,388
<b>Net position</b>			
Assets held in trust for private purpose	\$ 84,388	\$ -	\$ 84,388

**DUPLIN COUNTY BOARD OF EDUCATION**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Fiscal Year Ended June 30, 2018**

---

	Private Purpose Trust Funds		
	Dickson Loan Fund	Kenan Auditorium Renovation	Total
<b>Additions:</b>			
Interest income	\$ 947	\$ -	\$ 947
<b>Deductions:</b>			
Transfer out	-	50,000	50,000
<b>Change in net position</b>	947	(50,000)	(49,053)
Beginning net position	83,441	50,000	133,441
<b>Ending net position</b>	<u>\$ 84,388</u>	<u>\$ -</u>	<u>\$ 84,388</u>



## Statistical Section

## **STATISTICAL SECTION (Unaudited)**

The Statistical Section of the District's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial outlook.

### **Sections**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

#### **Revenue Capacity**

Since the District's local revenues are primarily provided by Duplin County, these schedules on the county's revenue sources are relevant to an understanding of Duplin County's most significant local revenue source, the property tax.

#### **Debt Capacity**

Since the District has no tax-levying or debt-issuing authority, the County of Duplin provides significant funding to the school system. Selected fiscal data from the County of Duplin has been included to help the reader better understand the school system and its financial operations.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

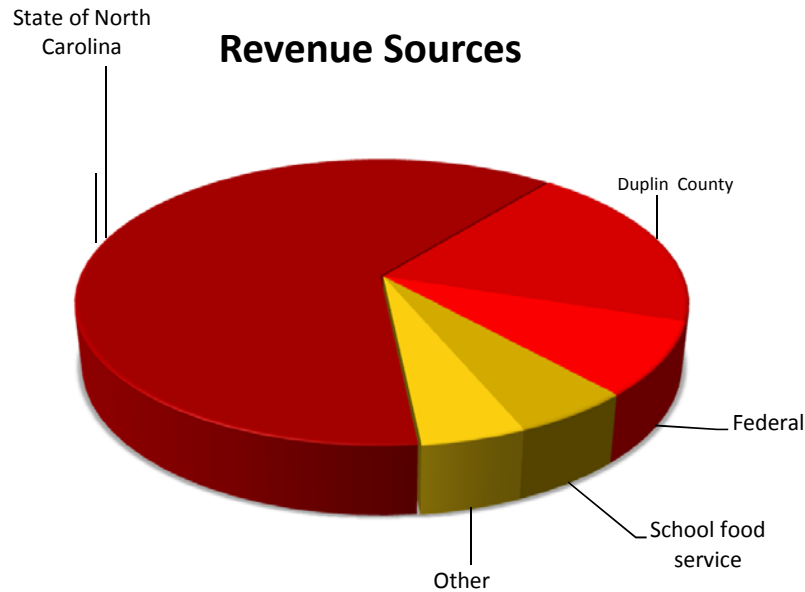
#### **Operating Information**

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

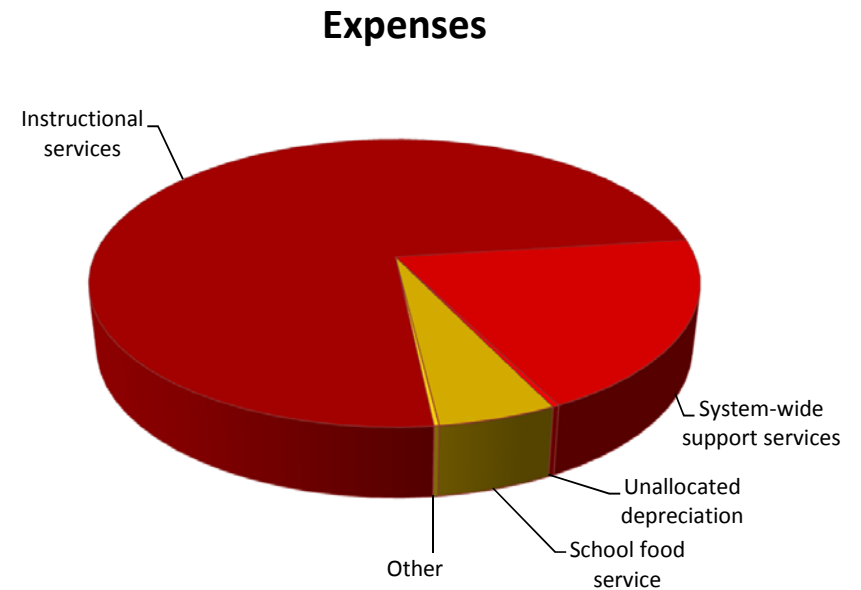




**DUPLIN COUNTY BOARD OF EDUCATION**  
**Financial Perspective**  
**Governmental and Business-type Activities**  
**For Year Ended June 30, 2018**



State of North Carolina	\$ 64,125,093
Duplin County	19,608,052
Federal	8,466,239
School food service	5,504,040
Other	4,825,406
<b>Total revenue sources</b>	<b><u>\$ 102,528,830</u></b>



Instructional services	\$ 77,343,214
System-wide support services	20,183,957
Unallocated depreciation	293,181
School food service	5,471,567
Other	238,041
<b>Total expenses</b>	<b><u>\$ 103,529,960</u></b>

Table 2

**DUPLIN COUNTY BOARD OF EDUCATION**  
**Net Position by Component**  
**Last Ten Fiscal Years**

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 48,075,722	\$ 48,454,472	\$ 49,107,021	\$ 47,963,740	\$ 47,883,304	\$ 47,932,022	\$ 46,290,246	\$ 52,574,657	\$ 97,007,738	\$ 101,580,043
Restricted	858,496	661,213	1,496,346	1,306,762	1,493,543	1,556,356	1,431,820	1,299,006	955,777	1,675,586
Unrestricted	1,586,781	2,999,326	4,068,752	8,061,690	6,680,552	2,160,957	(12,083,785)	(10,874,530)	(13,599,511)	(150,925,614)
Total governmental activities net position (deficit)	\$ 50,520,999	\$ 52,115,011	\$ 54,672,119	\$ 57,332,192	\$ 56,057,399	\$ 51,649,335	\$ 35,638,281	\$ 42,999,133	\$ 84,364,004	\$ (47,669,985)
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 324,832	\$ 307,547	\$ 271,140	\$ 267,655	\$ 218,169	\$ 190,493	\$ 179,510	\$ 180,366	\$ 175,329	\$ 192,456
Restricted	-	-	-	-	-	-	-	-	-	11,496
Unrestricted	3,558,975	3,871,842	4,520,266	4,477,419	5,049,354	5,899,471	5,498,256	5,742,280	6,142,603	2,292,343
Total business-type activities net position (deficit)	\$ 3,883,807	\$ 4,179,389	\$ 4,791,406	\$ 4,745,074	\$ 5,267,523	\$ 6,089,964	\$ 5,677,766	\$ 5,922,646	\$ 6,317,932	\$ 2,496,295
<b>District-wide:</b>										
Net investment in capital assets	\$ 48,400,554	\$ 48,762,019	\$ 49,378,161	\$ 48,231,395	\$ 48,101,473	\$ 48,122,515	\$ 46,469,756	\$ 52,755,023	\$ 97,183,067	\$ 101,772,499
Restricted	858,496	661,213	1,496,346	1,306,762	1,493,543	1,556,356	1,431,820	1,299,006	955,777	1,687,082
Unrestricted	5,145,756	6,871,168	8,589,018	12,539,109	11,729,906	8,060,428	(6,585,529)	(5,132,250)	(7,456,908)	(148,633,271)
Total primary government net position (deficit)	\$ 54,404,806	\$ 56,294,400	\$ 59,463,525	\$ 62,077,266	\$ 61,324,922	\$ 57,739,299	\$ 41,316,047	\$ 48,921,779	\$ 90,681,936	\$ (45,173,690)

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018

Note: Net position for 2015 and before are not comparable to 2016 and after net position due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2016.

Note: Net position for 2017 and before are not comparable to 2018 and after net position due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018.

## Net Position by Component District-wide

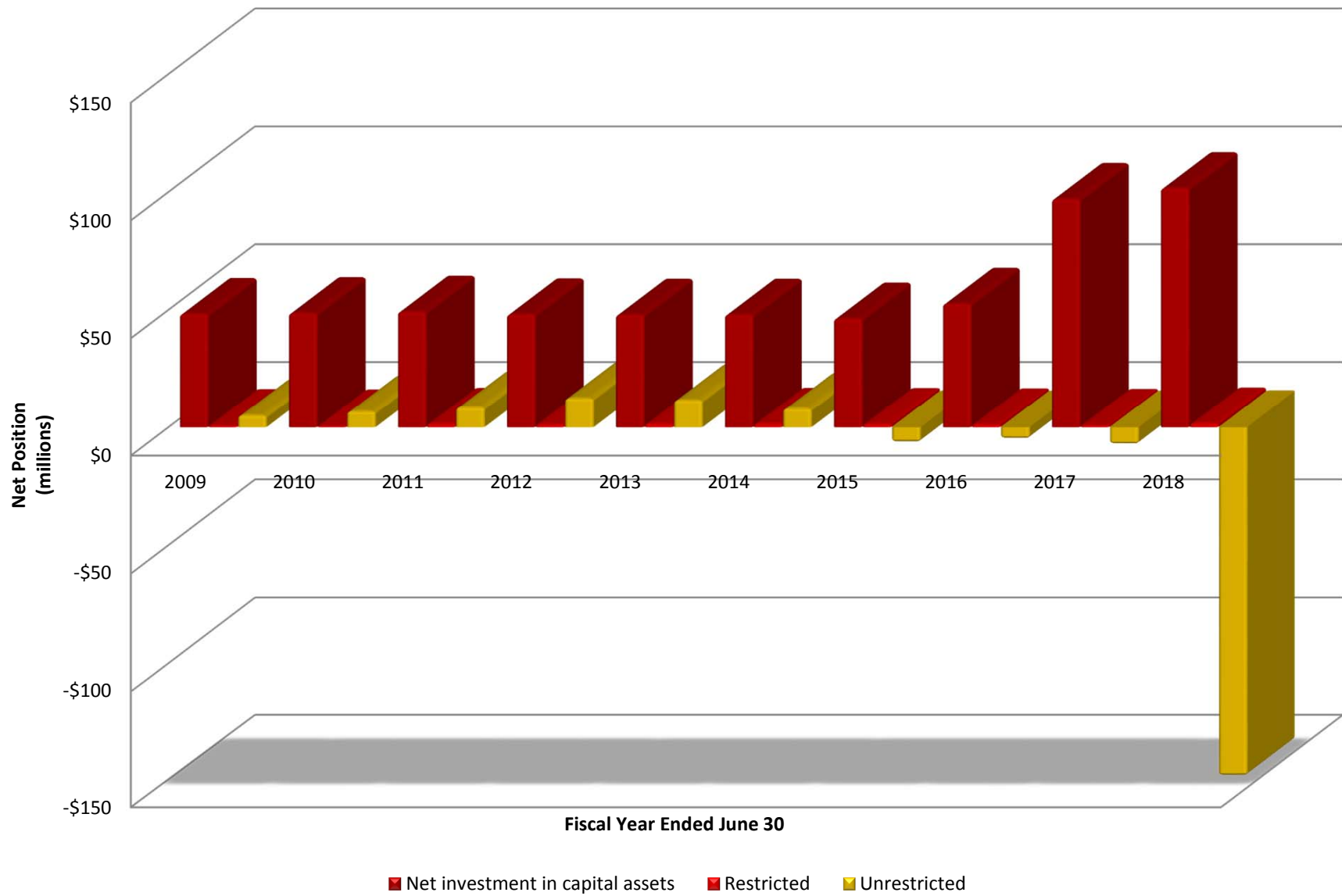


Table 3

**DUPLIN COUNTY BOARD OF EDUCATION**

**Changes in Net Position  
Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Expenses</b>										
Governmental activities:										
Instructional services	\$ 62,357,999	\$ 59,259,019	\$ 60,262,412	\$ 59,583,949	\$ 63,414,764	\$ 64,523,958	\$ 67,033,854	\$ 68,343,664	\$ 73,491,168	\$ 77,343,214
System-wide support services	15,292,300	14,214,337	15,655,930	17,037,224	17,914,870	18,359,098	16,163,282	15,459,211	16,849,972	20,183,957
Ancillary services	18,363	27,667	10,529	105,019	102,045	29,315	21,141	24,800	21,156	3,990
Non-programmed charges	-	21,536	12,044	1,689	990	3,416	3,881	15,669	18,064	28,916
Interest on long-term debt	14,021	102	-	-	-	224,449	58,292	93,514	87,517	81,122
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation expense	2,220,719	2,274,343	1,292,298	393,268	282,041	115,648	540,788	330,791	352,258	293,181
Total governmental activities expenses	79,903,402	75,797,004	77,233,213	77,121,149	81,714,710	83,255,884	83,821,238	84,267,649	90,820,135	97,934,380
Business-type activities:										
School food service	4,976,774	5,101,388	5,224,474	5,537,060	5,318,808	5,413,243	5,328,138	5,408,452	5,204,235	5,471,567
Child care	101,182	40,517	29,802	41,504	-	-	-	-	-	-
Liberty Hall	121,160	210,536	206,653	130,697	164,034	157,324	144,388	133,015	235,878	124,013
	5,199,116	5,352,441	5,460,929	5,709,261	5,482,842	5,570,567	5,472,526	5,541,467	5,440,113	5,595,580
Total district-wide expenses	\$ 85,102,518	\$ 81,149,445	\$ 82,694,142	\$ 82,830,410	\$ 87,197,552	\$ 88,826,451	\$ 89,293,764	\$ 89,809,116	\$ 96,260,248	\$ 103,529,960
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	1,270,205	1,528,335	571,587	490,915	386,119	392,546	2,284,623	2,227,766	2,005,040	2,330,644
Operating grants and contributions	59,556,392	60,057,385	61,402,598	61,300,880	61,808,659	57,957,059	63,341,981	64,162,664	66,394,356	66,559,400
Capital grants and contributions	35,679	1,367,784	-	78,326	558,283	249,925	658,285	785,003	910,114	966,072
Total governmental activities program revenues	60,862,276	62,953,504	61,974,185	61,870,121	62,753,061	58,599,530	66,284,889	67,175,433	69,309,510	69,856,116
Business-type activities:										
Charges for services:										
Student meal services	1,161,955	1,146,580	1,067,573	1,025,967	991,501	951,787	587,084	585,668	318,054	152,077
Child care services	94,325	37,254	42,768	51,082	-	-	-	-	-	-
Liberty Hall	7,436	7,020	5,048	7,129	4,804	7,353	5,590	5,254	5,520	6,854
Operating grants and contributions	3,862,952	4,115,382	4,384,956	4,544,082	4,584,300	4,819,447	4,959,046	5,127,500	5,041,985	5,422,830
Capital grants and contributions	-	-	-	-	-	-	14,526	22,556	-	-
Total business-type activities program revenues	5,126,668	5,306,236	5,500,345	5,628,260	5,580,605	5,778,587	5,566,246	5,740,978	5,365,559	5,581,761
Total district-wide program revenues	\$ 65,988,944	\$ 68,259,740	\$ 67,474,530	\$ 67,498,381	\$ 68,333,666	\$ 64,378,117	\$ 71,851,135	\$ 72,916,411	\$ 74,675,069	\$ 75,437,877
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (19,041,126)	\$ (12,843,500)	\$ (15,259,028)	\$ (15,251,028)	\$ (18,961,649)	\$ (24,656,354)	\$ (17,536,349)	\$ (17,092,216)	\$ (21,510,625)	\$ (28,078,264)
Business-type activities	(72,448)	(46,205)	39,416	(81,001)	97,763	208,020	93,720	199,511	(74,554)	(13,819)
Total district-wide net (expense) revenue	\$ (19,113,574)	\$ (12,889,705)	\$ (15,219,612)	\$ (15,332,029)	\$ (18,863,886)	\$ (24,448,334)	\$ (17,442,629)	\$ (16,892,705)	\$ (21,585,179)	\$ (28,092,083)

**DUPLIN COUNTY BOARD OF EDUCATION**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**

Year Ended June 30	2009	2010	2011	2012`	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 7,727,529	\$ 7,727,529	\$ 8,861,720	\$ 8,861,720	\$ 9,287,444	\$ 9,000,000	\$ 9,485,760	\$ 9,553,920	\$ 9,465,600	\$ 8,800,000
Unrestricted county appropriations - capital	2,957,166	1,438,825	1,131,017	956,217	1,147,462	1,520,827	995,965	6,298,294	47,187,685	10,808,052
Unrestricted State appropriations - operating	3,817,012	3,714,655	1,390,017	1,158,761	3,427,335	6,162,423	5,158,636	5,108,035	4,804,787	5,139,191
Unrestricted State appropriations - capital	233,805	59,590	1,495,180	1,051,444	1,021,837	729,771	-	2,172,691	-	46,577
Unrestricted Federal appropriations - capital	-	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	277,171	55,037	48,454	42,973	35,482	28,123	22,555	21,122	19,651	13,300
Miscellaneous, unrestricted	1,693,287	1,534,346	4,935,807	5,857,923	2,812,356	2,868,013	1,356,736	1,379,599	1,452,766	1,861,104
Transfers	(77,389)	(92,470)	(46,059)	(17,937)	(45,060)	(60,867)	(53,020)	(80,593)	(54,993)	(50,139)
Total governmental activities	16,628,581	14,437,512	17,816,136	17,911,101	17,686,856	20,248,290	16,966,632	24,453,068	62,875,496	26,618,085
Business-type activities:										
Investment earnings, unrestricted	(364,619)	249,317	526,542	16,732	379,626	553,554	(8,402)	(35,224)	414,847	410,953
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	11,776
Transfers	77,389	92,470	46,059	17,937	45,060	60,867	53,020	80,593	54,993	50,139
Total business-type activities	(287,230)	341,787	572,601	34,669	424,686	614,421	44,618	45,369	469,840	472,868
Total district-wide	\$ 16,341,351	\$ 14,779,299	\$ 18,388,737	\$ 17,945,770	\$ 18,111,542	\$ 20,862,711	\$ 17,011,250	\$ 24,498,437	\$ 63,345,336	\$ 27,090,953
<b>Change in Net Position</b>										
Governmental activities	\$ 3,785,081	\$ (821,516)	\$ 2,565,108	\$ (1,050,548)	\$ (6,969,498)	\$ 2,711,941	\$ (125,584)	\$ 2,942,443	\$ 62,875,496	\$ (1,460,179)
Business-type activities	(333,435)	381,203	491,600	132,432	632,706	708,141	244,129	(29,185)	469,840	459,049
Total district-wide change in net position	\$ 3,451,646	\$ (440,313)	\$ 3,056,708	\$ (918,116)	\$ (6,336,792)	\$ 3,420,082	\$ 118,545	\$ 2,913,258	\$ 63,345,336	\$ (1,001,130)

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018

Table 4

# DUPLIN COUNTY BOARD OF EDUCATION

## Governmental Funds

### Fund Balances

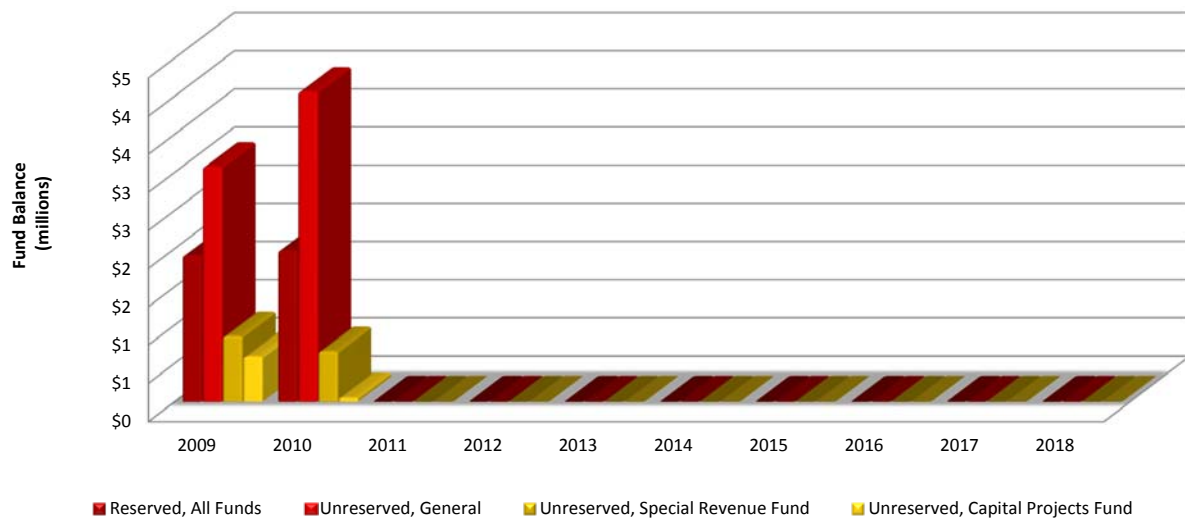
#### Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,006,896	\$ 909,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,079,105	4,063,608	-	-	-	-	-	-	-	-
Nonspendable	-	-	213,423	243,155	173,414	237,037	449,602	400,441	590,125	526,653
Restricted	-	-	450,781	98,409	378,212	440,084	317,070	211,692	1,262,433	1,316,620
Assigned	-	-	1,932,743	4,022,835	3,500,000	4,284,138	1,149,850	-	-	-
Unassigned	-	-	5,736,044	7,703,299	7,361,670	2,171,210	3,964,619	3,609,689	1,530,977	251,999
Total General Fund	\$ 4,086,001	\$ 4,973,419	\$ 8,332,991	\$ 12,067,698	\$ 11,413,296	\$ 7,132,469	\$ 5,881,141	\$ 4,221,822	\$ 3,383,535	\$ 2,095,272
All Other Governmental Funds										
Reserved	\$ 907,788	\$ 1,071,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue Funds	858,496	661,213	-	-	-	-	-	-	-	-
Capital Projects Fund	589,933	54,514	-	-	-	-	-	-	-	-
Restricted	-	-	1,090,045	1,208,353	1,115,331	1,116,272	1,114,750	1,087,314	893,344	1,208,271
Total all other governmental funds	\$ 2,356,217	\$ 1,786,981	\$ 1,090,045	\$ 1,208,353	\$ 1,115,331	\$ 1,116,272	\$ 1,114,750	\$ 1,087,314	\$ 893,344	\$ 1,208,271

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018

Note: Fund balances for 2010 and before are not comparable to 2011 and after fund balances due to the implementation of GASB 54 for the year ended June 30, 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

### Governmental Funds Fund Balances - Before GASB 54 Implementation



### Governmental Funds Fund Balances - After GASB 54 Implementation

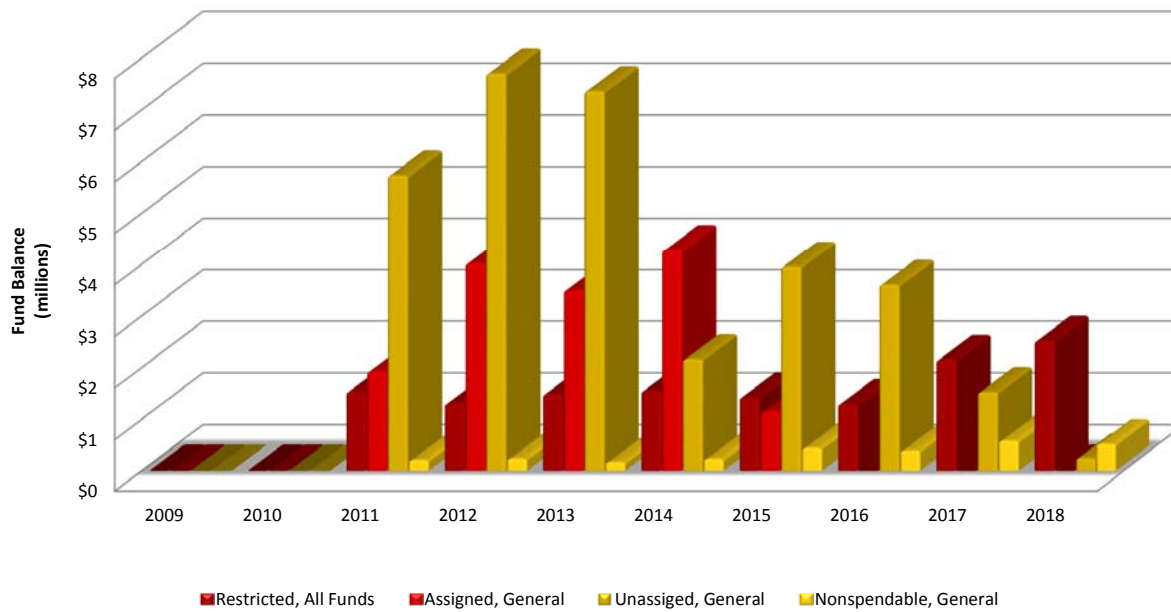


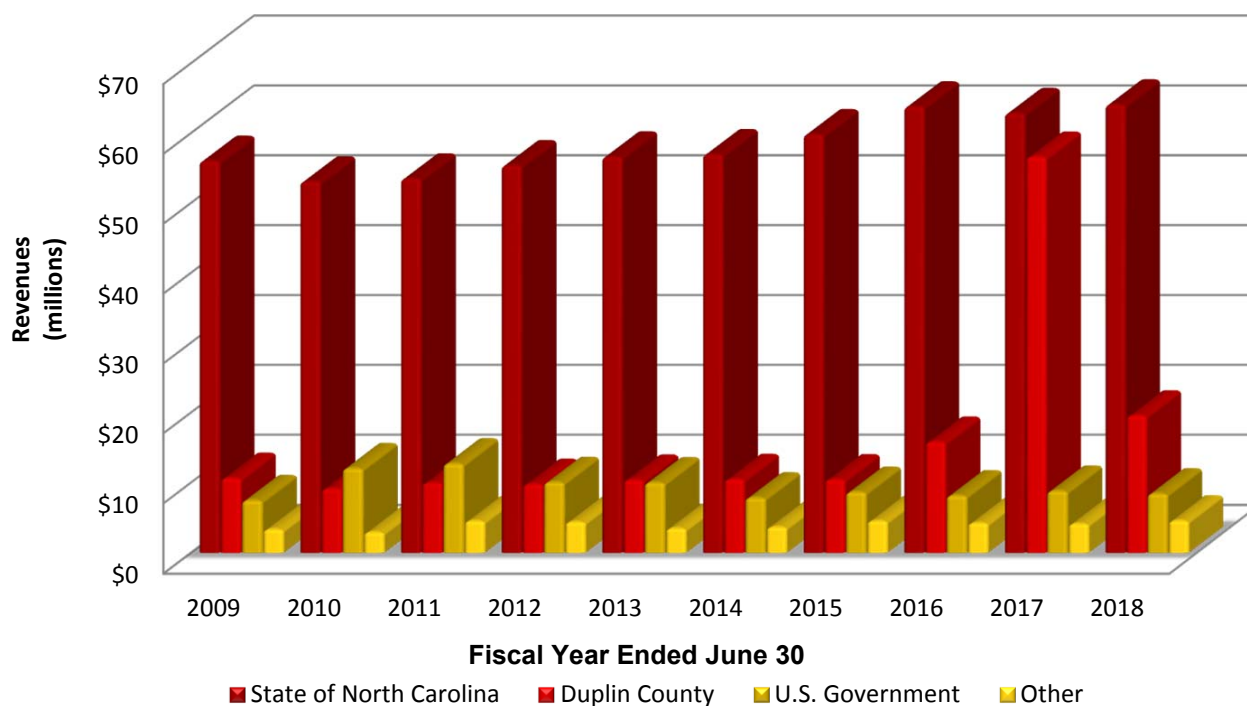
Table 5

<b>DUPLIN COUNTY BOARD OF EDUCATION</b> <b>Governmental Funds</b> <b>Changes in Fund Balances</b> <b>Last Ten Fiscal Years</b>						
<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
<b>Revenues</b>						
State of North Carolina	\$ 56,055,096	\$ 53,095,779	\$ 53,518,605	\$ 55,417,688	\$ 56,665,606	
Duplin County	10,684,695	9,166,354	9,992,737	9,817,937	10,434,906	
U.S. Government	7,509,579	12,068,973	12,740,339	10,094,282	10,045,217	
Other	3,387,556	2,978,247	4,583,883	4,439,520	3,519,871	
Total revenues	77,636,926	77,309,353	80,835,564	79,769,427	80,665,600	
<b>Expenditures</b>						
Instructional services	62,110,151	59,698,667	60,143,940	58,500,422	60,970,614	
System-wide support services	14,021,017	15,618,974	15,127,513	16,449,405	17,263,429	
Ancillary services	18,363	20,890	10,519	104,882	102,045	
Non-programmed charges	140,824	21,536	369,355	239,804	181,613	
Debt service - Principal	219,784	59,488	117,980	78,880	558,283	
Debt service - Interest	14,021	102	-	-	-	
Capital outlay	2,045,786	1,891,381	2,134,231	1,554,512	6,064,226	
Total expenditures	78,569,946	77,311,038	77,903,538	76,927,905	85,140,210	
Revenues over (under) expenditures	(933,020)	(1,685)	2,932,026	2,841,522	(4,474,610)	
<b>Other financing sources</b>						
Transfers to other funds	(77,389)	(92,470)	(46,059)	(17,937)	(45,060)	
Installment purchase obligations	-	232,029	82,753	999,698	3,841,987	
Total other financing sources	(77,389)	139,559	36,694	981,761	3,796,927	
Net change in fund balances	\$ (1,010,409)	\$ 137,874	\$ 2,968,720	\$ 3,823,283	\$ (677,683)	
Ratio of debt service expenditures to total non-capital expenditures	0.31%	0.08%	0.16%	0.11%	0.71%	
<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
<b>Revenues</b>						
State of North Carolina	\$ 57,006,199	\$ 59,859,404	\$ 63,832,009	\$ 62,896,807	\$ 64,125,093	
Duplin County	10,520,827	10,481,725	15,852,214	56,653,285	19,608,052	
U.S. Government	7,885,009	8,690,170	8,197,181	8,854,372	8,466,239	
Other	3,712,542	4,594,767	4,288,626	4,184,623	4,621,318	
Total revenues	79,124,577	83,626,066	92,170,030	132,589,087	96,820,702	
<b>Expenditures</b>						
Instructional services	62,386,917	66,466,858	68,231,260	69,292,061	69,577,068	
System-wide support services	18,039,949	15,989,892	15,432,110	15,420,181	16,138,701	
Ancillary services	29,315	21,158	24,818	21,144	3,958	
Non-programmed charges	130,766	185,406	336,605	227,152	49,425	
Debt service - Principal	451,925	951,224	1,045,721	1,186,437	1,258,668	
Debt service - Interest	22,449	58,292	93,514	87,517	81,122	
Capital outlay	3,008,758	1,906,136	10,086,660	48,622,266	11,801,205	
Total expenditures	84,070,079	85,578,966	95,250,688	134,856,758	98,910,147	
Revenues over (under) expenditures	(4,945,502)	(1,952,900)	(3,080,658)	(2,267,671)	(2,089,445)	
<b>Other financing sources (uses)</b>						
Transfers to other funds	(60,867)	(53,020)	(80,593)	(54,993)	(50,139)	
Installment purchase obligations	720,365	816,720	1,510,574	1,313,160	1,040,556	
Total other financing sources (uses)	659,498	763,700	1,429,981	1,258,167	990,417	
Net change in fund balances	\$ (4,286,004)	\$ (1,189,200)	\$ (1,650,677)	\$ (1,009,504)	\$ (1,099,028)	
Ratio of debt service expenditures to total non-capital expenditures	0.59%	1.22%	1.36%	1.49%	1.52%	

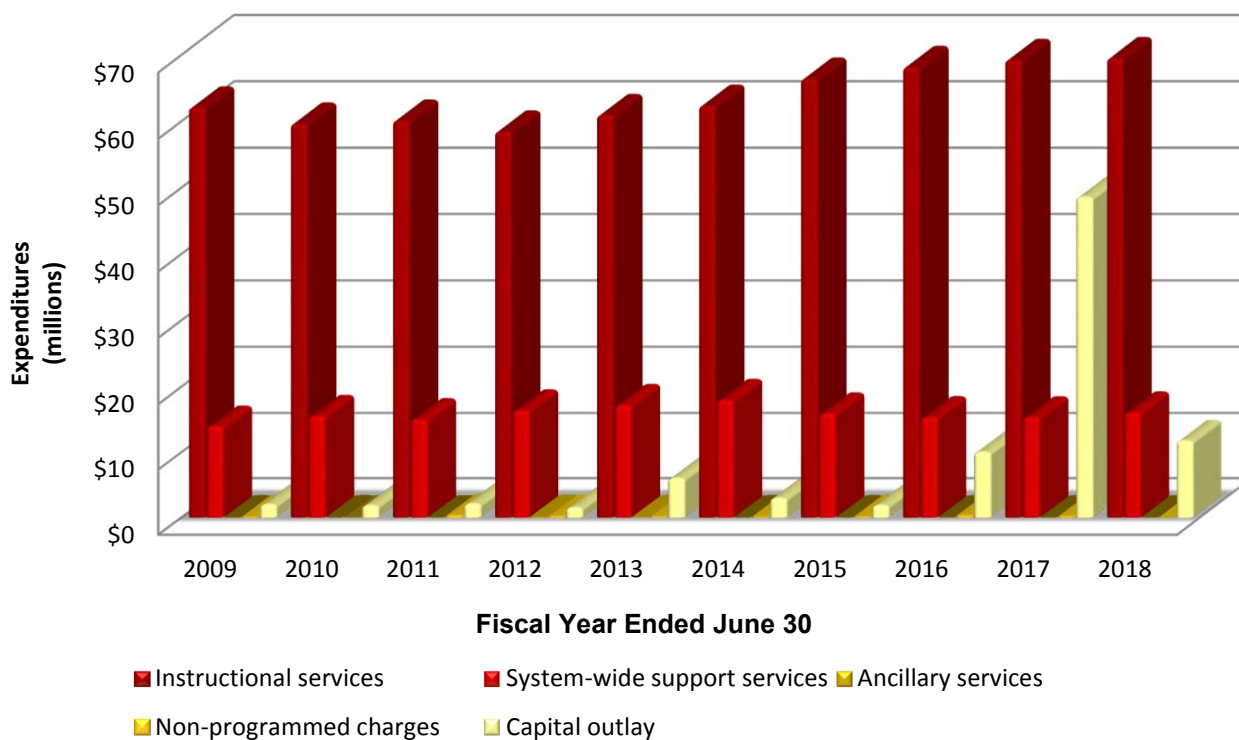
Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018



## Governmental Funds Revenues by Source



## Expenditures by Function



# DUPLIN COUNTY BOARD OF EDUCATION

## Operational Expenditures Per Pupil

### Expenditures by Function

#### Last Ten Fiscal Years

#### EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2009	2010	2011	2012	2013
Average Daily Membership	8,815	8,837	8,945	9,158	9,315
Instructional	\$ 7,046	\$ 6,756	\$ 6,724	\$ 6,388	\$ 6,545
System-wide support	1,591	1,767	1,691	1,796	1,853
Ancillary	2	2	1	11	11
Total expenditures per pupil	\$ 8,639	\$ 8,525	\$ 8,416	\$ 8,195	\$ 8,409

#### EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2014	2015	2016	2017	2018
Average Daily Membership	9,597	9,881	9,952	9,860	9,660
Instructional	\$ 6,501	\$ 6,727	\$ 6,856	\$ 7,028	\$ 7,203
System-wide support	1,880	1,618	1,551	1,564	1,671
Ancillary	3	2	2	2	-
Total expenditures per pupil	\$ 8,384	\$ 8,347	\$ 8,409	\$ 8,594	\$ 8,874

#### EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2009	2010	2011	2012	2013
Instructional	\$ 3,267	\$ 3,100	\$ 2,979	\$ 2,784	\$ 2,803
System-wide support	738	811	749	783	794
Ancillary	1	1	-	5	5
Total expenditures per pupil	\$ 4,006	\$ 3,912	\$ 3,728	\$ 3,572	\$ 3,602

#### EXPRESSED IN CONSTANT DOLLARS

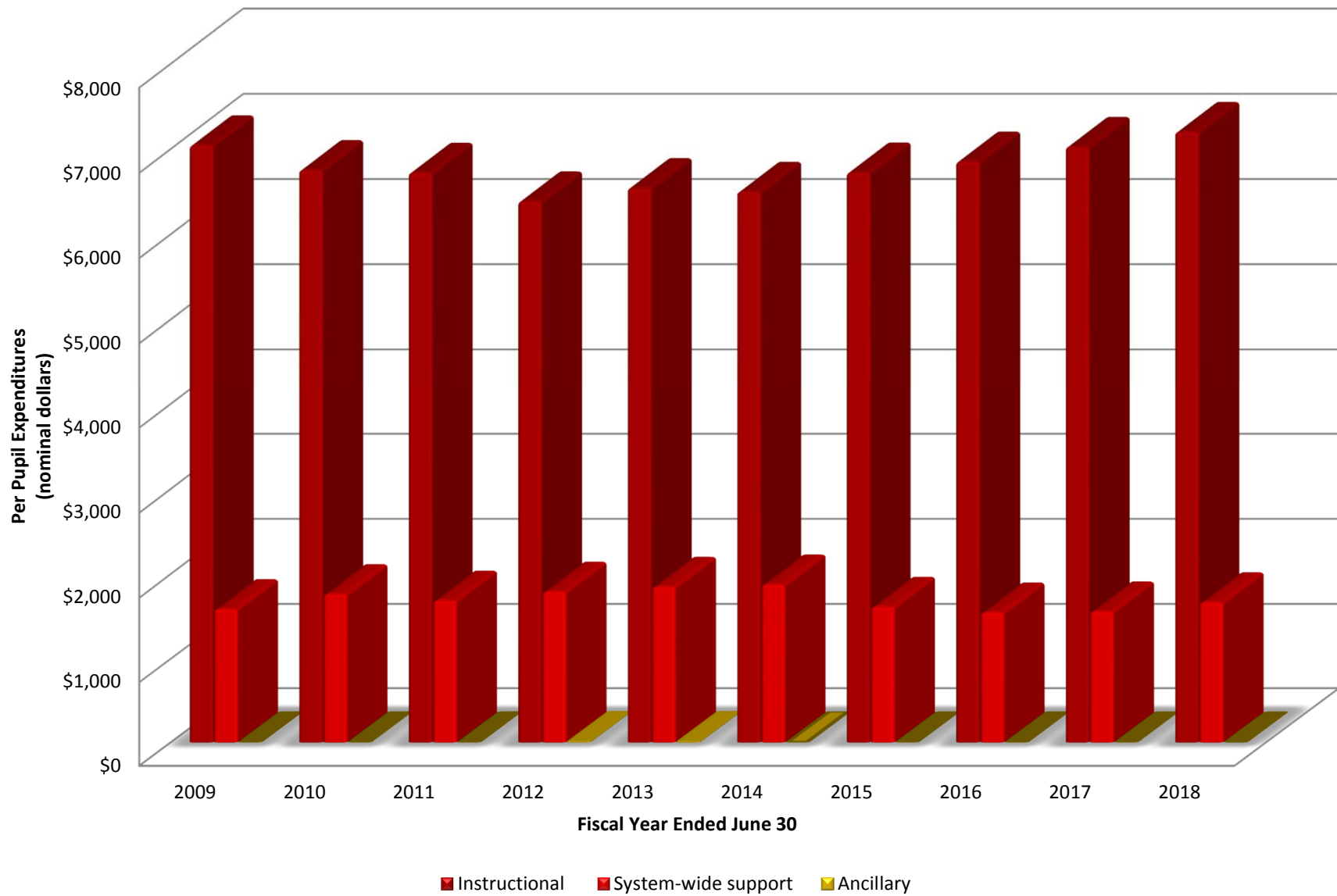
Year Ended June 30	2014	2015	2016	2017	2018
Instructional	\$ 2,728	\$ 2,819	\$ 2,845	\$ 2,869	\$ 2,858
System-wide support	789	678	644	638	663
Ancillary	1	1	1	1	-
Total expenditures per pupil	\$ 3,518	\$ 3,498	\$ 3,490	\$ 3,508	\$ 3,521

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018.

The above operational expenditures per pupil include all governmental funds.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

## Operational Expenditures Per Pupil Expenditures by Function



**DUPLIN COUNTY BOARD OF EDUCATION**  
**Proprietary Fund - Food Services Operations**  
**Revenues by Source**  
**Last Ten Fiscal Years**

**EXPRESSED IN NOMINAL DOLLARS**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Food sales	\$ 1,161,809	\$ 1,145,792	\$ 1,067,573	\$ 1,025,967	\$ 991,501
Federal reimbursements	3,425,412	3,711,132	3,740,341	3,941,518	4,192,117
Federal commodities	292,540	244,250	332,199	285,987	293,128
Other	266,949	2,318	34,300	239,559	18,831
<b>Total revenues</b>	<b>\$ 5,146,710</b>	<b>\$ 5,103,492</b>	<b>\$ 5,174,413</b>	<b>\$ 5,493,031</b>	<b>\$ 5,495,577</b>

**EXPRESSED IN NOMINAL DOLLARS**

<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Food sales	\$ 951,787	\$ 587,084	\$ 585,668	\$ 318,054	\$ 152,077
Federal reimbursements	4,356,053	4,572,431	4,628,794	4,565,804	4,961,687
Federal commodities	354,616	278,557	387,771	398,780	386,008
Other	16,510	16,527	15,112	7,201	4,268
<b>Total revenues</b>	<b>\$ 5,678,966</b>	<b>\$ 5,454,599</b>	<b>\$ 5,617,345</b>	<b>\$ 5,289,839</b>	<b>\$ 5,504,040</b>

**EXPRESSED IN CONSTANT DOLLARS**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Food sales	\$ 538,640	\$ 525,677	\$ 472,959	\$ 447,087	\$ 424,618
Federal reimbursements	1,588,096	1,702,627	1,657,056	1,717,602	1,795,308
Federal commodities	135,628	112,059	147,172	124,625	125,534
Other	123,763	1,063	15,196	104,393	8,065
<b>Total revenues</b>	<b>\$ 2,386,127</b>	<b>\$ 2,341,426</b>	<b>\$ 2,292,383</b>	<b>\$ 2,393,707</b>	<b>\$ 2,353,525</b>

**EXPRESSED IN CONSTANT DOLLARS**

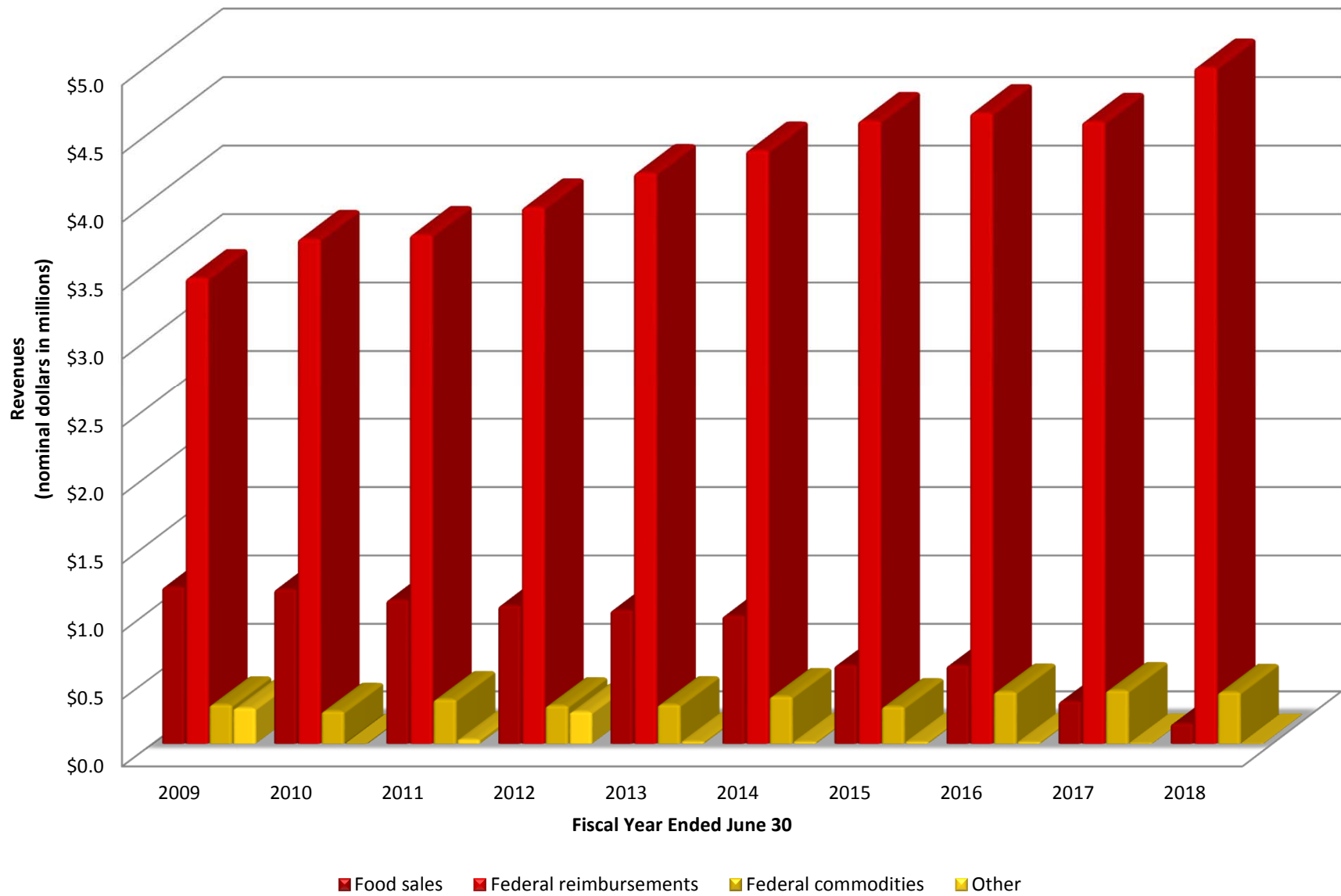
<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Food sales	\$ 399,335	\$ 246,014	\$ 242,998	\$ 129,842	\$ 60,351
Federal reimbursements	1,827,640	1,916,053	1,920,518	1,863,936	1,969,009
Federal commodities	148,784	116,728	160,889	162,797	153,184
Other	6,927	6,926	6,270	2,940	1,694
<b>Total revenues</b>	<b>\$ 2,382,686</b>	<b>\$ 2,285,721</b>	<b>\$ 2,330,675</b>	<b>\$ 2,159,515</b>	<b>\$ 2,184,238</b>

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018.

Note: Other revenue includes interest earned, State reimbursements, indirect costs not paid, and other revenue.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

## Proprietary Fund - Food Services Operations Revenues by Source



**DUPLIN COUNTY BOARD OF EDUCATION**  
**Proprietary Fund - Food Services Operations**  
**Expenses by Category**  
**Last Ten Fiscal Years**

**EXPRESSED IN NOMINAL DOLLARS**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Purchase of food	\$ 2,154,943	\$ 2,058,017	\$ 2,154,849	\$ 2,246,664	\$ 2,545,769
Salaries and benefits	2,329,492	2,277,120	2,357,396	2,484,177	2,622,182
Other	757,786	766,251	712,229	806,219	150,857
<b>Total expenses</b>	<b>\$ 5,242,221</b>	<b>\$ 5,101,388</b>	<b>\$ 5,224,474</b>	<b>\$ 5,537,060</b>	<b>\$ 5,318,808</b>

**EXPRESSED IN NOMINAL DOLLARS**

<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Purchase of food	\$ 2,548,443	\$ 2,410,025	\$ 2,469,686	\$ 2,257,049	\$ 2,274,957
Salaries and benefits	2,650,849	2,618,349	2,626,208	2,628,160	2,705,337
Other	213,951	299,764	312,558	319,026	491,273
<b>Total expenses</b>	<b>\$ 5,413,243</b>	<b>\$ 5,328,138</b>	<b>\$ 5,408,452</b>	<b>\$ 5,204,235</b>	<b>\$ 5,471,567</b>

**EXPRESSED IN CONSTANT DOLLARS**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Purchase of food	\$ 999,079	\$ 944,196	\$ 954,647	\$ 979,032	\$ 1,090,246
Salaries and benefits	1,080,004	1,044,718	1,044,380	1,082,534	1,122,971
Other	351,326	351,548	315,534	351,327	64,606
<b>Total expenses</b>	<b>\$ 2,430,409</b>	<b>\$ 2,340,462</b>	<b>\$ 2,314,561</b>	<b>\$ 2,412,893</b>	<b>\$ 2,277,823</b>

**EXPRESSED IN CONSTANT DOLLARS**

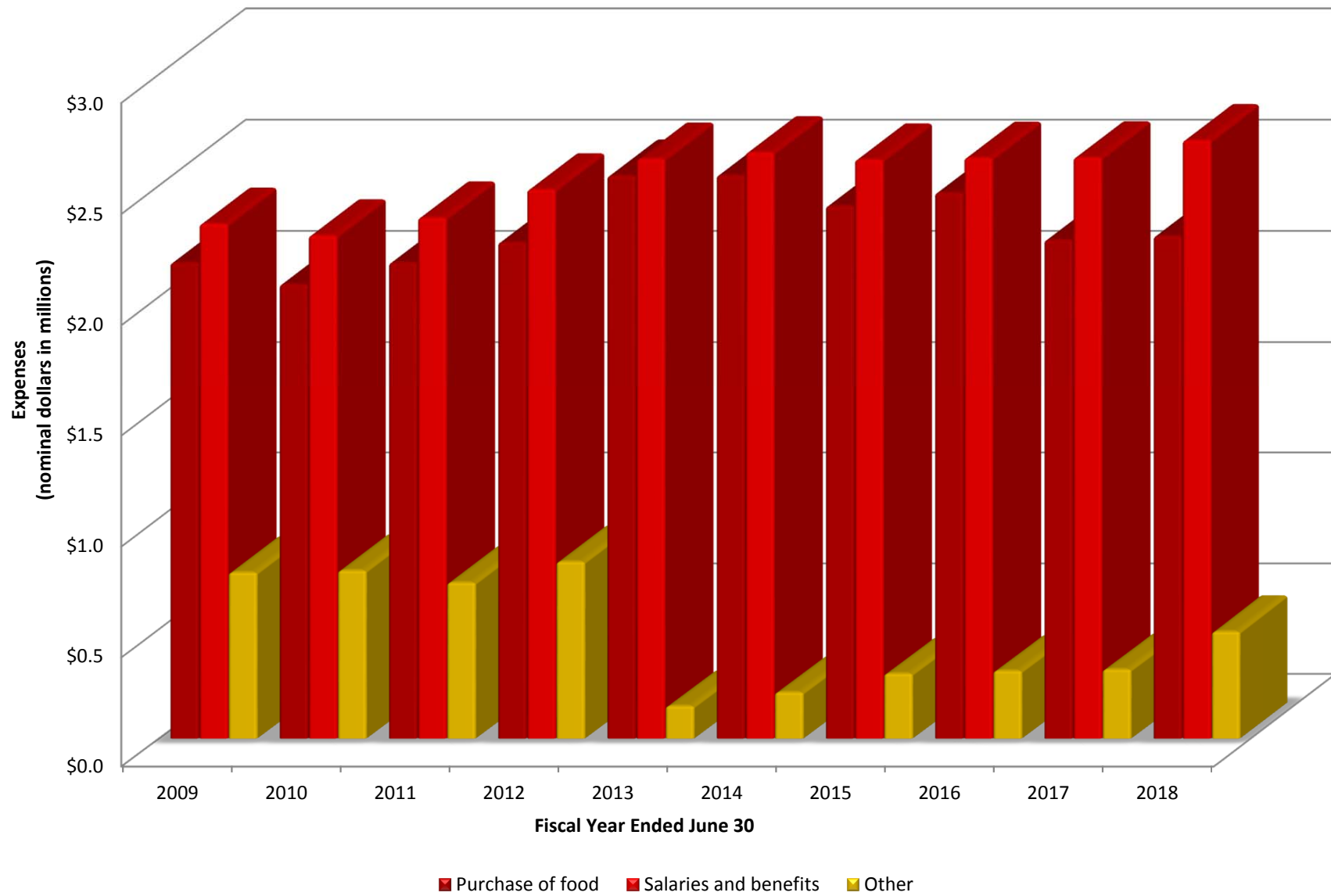
<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Purchase of food	\$ 1,069,233	\$ 1,009,908	\$ 1,024,689	\$ 921,414	\$ 902,800
Salaries and benefits	1,112,199	1,097,205	1,089,631	1,072,915	1,073,593
Other	89,766	125,615	129,682	130,239	194,958
<b>Total expenses</b>	<b>\$ 2,271,198</b>	<b>\$ 2,232,728</b>	<b>\$ 2,244,002</b>	<b>\$ 2,124,568</b>	<b>\$ 2,171,351</b>

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018.

Note: Other expense includes indirect costs, materials and supplies, repairs and maintenance, depreciation, and other expenses.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

## Proprietary Fund - Food Services Operations Expenses by Category



**DUPLIN COUNTY BOARD OF EDUCATION**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Installment Purchases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2018	\$ 5,051,236	\$ 5,051,236	N/A	N/A
2017	5,269,348	5,269,348	N/A	89
2016	5,142,625	5,142,625	0.27%	87
2015	4,677,772	4,677,772	0.24%	80
2014	4,812,276	4,812,276	0.22%	72
2013	4,341,836	4,341,836	0.00%	18
2012	1,058,132	1,058,132	0.01%	3
2011	137,314	137,314	0.03%	0
2010	172,541	172,541	0.00%	4
2009	-	-	0.02%	8

N/A = Not available

Source: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2018.

Note: Duplin County School System cannot incur debt without obtaining prior approval from the Board.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2017 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2019, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2017 and June 30, 2018 income based information will be shown above as "N/A", and the June 30, 2017 information will be reported for the year ended June 30, 2019, if applicable.



**DUPLIN COUNTY BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

<b>Governmental Unit <sup>(1)</sup></b>	<b>Debt Outstanding <sup>(2)</sup></b>	<b>Estimated Percentage Applicable</b>	<b>Amount Applicable to Primary Government</b>
Duplin County Schools	\$ 5,269,348	100.00%	\$ 5,269,348
Direct Debt Total	5,269,348		5,269,348
Duplin County	68,021,000	100.00%	68,021,000
Overlapping Debt Total	68,021,000		68,021,000
Total Direct and Overlapping Debt	\$ 73,290,348		\$ 73,290,348

**Notes:**

(1) Overlapping governments are those that coincide, at least in part, with geographic boundaries within the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Duplin County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) Total outstanding Governmental activities debt is provided by each governmental unit.

Sources: Duplin County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2017,  
and Duplin County, North Carolina, Annual Financial Report for the year ended June 30, 2017.

# **DUPLIN COUNTY BOARD OF EDUCATION** **Average Daily Membership** **Last Ten Fiscal Years**

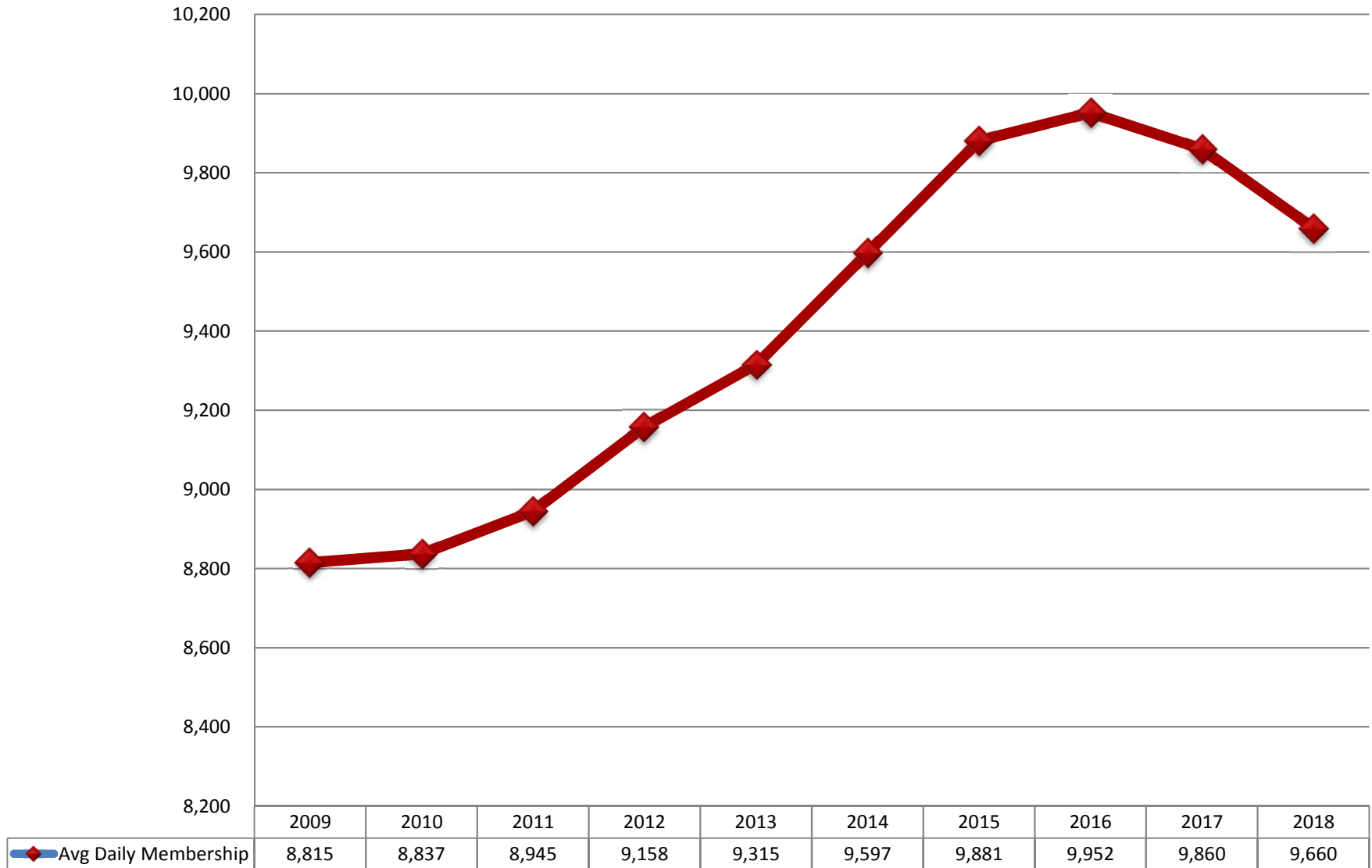


Table 12

# DUPLIN COUNTY BOARD OF EDUCATION

## Student Statistics Last Ten Fiscal Years

Year Ended June 30	Teaching Staff <sup>(1)</sup>	Students <sup>(2)</sup>	Pupil/ Teacher Ratio	Student Attendance Percentage <sup>(2)</sup>	Percentage of Students Eligible for Free/Reduced Lunch <sup>(3)</sup>
2018	635	9,660	1/15	94.67%	75.25%
2017	635	9,860	1/16	94.52%	75.41%
2016	648	9,952	1/15	94.40%	74.89%
2015	636	9,881	1/16	94.25%	74.74%
2014	619	9,597	1/16	92.00%	71.83%
2013	616	9,315	1/15	94.82%	72.33%
2012	610	9,158	1/15	95.47%	76.40%
2011	614	8,945	1/15	95.53%	69.76%
2010	606	8,837	1/15	95.28%	69.71%
2009	616	8,815	1/14	95.52%	67.36%

# DUPLIN COUNTY BOARD OF EDUCATION

## Student Statistics (continued)

### Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage <sup>(4)</sup>					Graduates <sup>(3)</sup>	Percentage of Graduates Continuing Education <sup>(3)</sup>
	White	Black	Asian	Hispanic	Other		
2018	33%	22%	1%	41%	3%	618	74%
2017	34%	24%	1%	40%	3%	574	83%
2016	42%	28%	1%	27%	2%	602	84%
2015	40%	31%	0%	28%	1%	551	81%
2014	35%	24%	0%	38%	3%	469	85%
2013	36%	25%	0%	37%	2%	456	85%
2012	38%	25%	0%	35%	2%	533	85%
2011	38%	26%	0%	34%	2%	422	87%
2010	39%	30%	0%	31%	0%	450	84%
2009	40%	30%	0%	30%	0%	468	87%

#### Sources:

(1) Public School Personnel Summary, North Carolina Department of Public Instruction

(2) NC Department of Public Instruction Average Daily Attendance(ADA):Average Daily Membership(ADM) Ratio Reports

(3) Duplin County Board of Education Student Data

(4) North Carolina Public Schools Statistical Profile (2009-2018 Editions).

Table 13

**DUPLIN COUNTY BOARD OF EDUCATION**  
**Full-time Equivalent Governmental Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Officials, admins, mgrs	11	12	13	13	17	16	17	21	21	19
Principals	16	16	16	16	15	16	16	17	16	13
Asst. Principals, non-teaching	17	15	15	13	15	17	20	20	20	22
Total administrators	44	43	44	42	47	49	53	58	57	54
Elementary teachers	433	434	434	438	445	443	450	473	456	458
Secondary teachers	177	169	177	171	169	170	175	170	173	173
Other teachers	6	3	3	1	2	6	11	5	6	4
Total teachers	616	606	614	610	616	619	636	648	635	635
Guidance	22	22	22	23	20	21	21	23	26	22
Psychological	0	0	-	1	1	1	0	0	1	2
Librarian, audiovisual	14	15	15	15	14	14	14	15	15	13
Consultant, supervisor	-	-	-	-	2	0	0	0	0	1
Other professionals	26	26	27	31	30	35	37	41	30	35
Total professionals	722	712	722	722	730	739	761	785	764	762
Teacher Assistants	222	207	208	203	202	211	208	203	195	187
Technicians	5	5	6	6	7	8	8	8	8	8
Clerical, secretarial	66	71	68	69	67	68	68	68	66	60
Service workers	164	120	125	122	124	132	131	131	120	110
Skilled crafts	33	31	30	28	26	24	27	29	27	32
Laborers, unskilled	4	4	2	2	2	3	3	0	0	0
Total employees	1,216	1,150	1,161	1,152	1,158	1,185	1,206	1,224	1,180	1,159

Source: North Carolina Public Schools Statistical Profile (2009 -2018 Editions)

# DUPLIN COUNTY BOARD OF EDUCATION

## Instructional Personnel Last Ten Fiscal Years

Year Ended June 30	Teacher Salaries <sup>(1)</sup>			Bachelors Degree <sup>(2)</sup>	Masters Degree <sup>(2)</sup>	Advanced Degree <sup>(2)</sup>	Doctorate Degree <sup>(2)</sup>
	Minimum	Maximum	Average				
2018	\$ 35,000	\$ 63,440	\$ 46,549	N/A	N/A	N/A	N/A
2017	35,000	63,530	40,755	505	117	4	1
2016	35,000	61,380	42,498	516	126	2	2
2015	33,000	61,380	39,299	490	116	1	1
2014	30,800	59,500	37,977	479	148	1	1
2013	30,800	65,270	39,714	497	90	0	1
2012	30,430	64,625	39,734	489	106	1	1
2011	30,430	64,750	40,046	485	113	2	2
2010	30,430	64,750	40,917	470	120	2	2
2009	30,430	64,750	40,994	497	111	3	3

The above tabulation represents total salaries but does not include the following:

- (a) Longevity payments, ranging from 1 1/2% to 4 1/2% of the annual salary, made to each teacher for 10 or more years of service.
- (b) Payments of varying amounts for performing extra duties.
- (c) Bonus payments

Sources:

- (1) Duplin County Board of Education Payroll Data
- (2) Public Schools of North Carolina - Statistical Profile

Table 15

**DUPLIN COUNTY BOARD OF EDUCATION**

School Building Data

June 30, 2018

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
B. F. Grady Elementary	1994	1,155	905	-22%	Good
Beulaville Elementary	1996	935	877	-7%	Good
Chinquapin Elementary	1955	600	503	-17%	Good
Warsaw Elementary	1974	1,347	804	-41%	Good
Duplin Early College	2009	160	200	25%	Good
East Duplin High	1962	750	984	32%	Good
James Kenan High	1956	645	653	2%	Good
Kenansville Elementary	1980	726	573	-21%	Good
North Duplin Elementary	1974	669	694	4%	Good
North Duplin Jr. Sr. High	1955	654	498	-24%	Good
Rose Hill-Magnolia Elementary	1972	1,155	1,110	-4%	Good
Wallace Elementary	1974	919	1,099	20%	Good
Wallace-Rose Hill High	1955	715	662	-8%	Good

Source: Duplin County Board of Education PowerSchool software.

Table 16

**DUPLIN COUNTY, NORTH CAROLINA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Population estimate (1)	57,434	58,599	59,309	59,466	59,241
Personal income (2)	\$1,590,950,000	\$1,703,301,000	\$1,709,665,000	\$1,849,253,000	\$1,935,393,000
Per capita income (2)	\$27,700	\$29,067	\$28,826	\$31,098	\$32,670
Median age (3)	35.4	35.6	35.7	35.7	35.6
School enrollment (4)	8,815	8,837	8,945	9,158	9,315
Unemployment rate (5)	5.8%	9.6%	9.0%	9.8%	9.4%
<b>Year Ended June 30</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Population estimate (1)	59,258	58,670	58,969	59,039	N/A
Personal income (2)	\$2,128,538,000	\$1,911,853,000	\$1,877,835,000	N/A	N/A
Per capita income (2)	\$35,920	\$32,587	\$31,844	N/A	N/A
Median age (3)	35.6	35.7	38.9	38.7	38.7
School enrollment (4)	9,597	9,881	9,952	9,860	9,660
Unemployment rate (5)	6.9%	5.8%	5.5%	4.6%	4.7%

N/A = Not Available

Sources:

- (1) U.S. Census Bureau. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis
- (3) Office of State Budget and Management
- (4) North Carolina Department of Public Instruction
- (5) North Carolina Employment Security Commission, annual average for prior calendar year

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2018 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2019, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2017 and June 30, 2018 income based information will be shown above as "N/A", and the June 30, 2017 information will be reported for the year ended June 30, 2019, if applicable.



# DUPLIN COUNTY, NORTH CAROLINA

Principal Employers  
For Years Ended June 30, 2017 and 2008

Employer	2017			2008		
	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment	Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment
Butterball LLC	1000+	1	5%	-		-
Smithfield Foods, Inc.	1000+	2	5%	-		-
Duplin County Schools	1000+	3	5%	500-999	4	3%
House of Raeford, Inc.	500-999	4	3%	1000+	3	5%
Murphy Family Ventures, LLC	500-999	5	3%	500-999	6	3%
County of Duplin	500-999	6	3%	500-999	8	3%
Lear Corporation	500-999	7	3%	-		-
Bay Valley Foods, LLC	500-999	8	3%	500-999	7	3%
Vidant Medical Center	250-499	9	2%	-		-
Burch Equipment, LLC	250-499	10	2%	-		-
Carolina Turkeys	-		-	1000+	1	5%
Murphy-Brown, LLC	-		-	1000+	2	5%
Guilford Mills, Inc	-		-	500-999	5	3%
Johnson Breeders, Inc.	-		-	250-499	9	2%
Duplin General Hospital, Inc.	-		-	250-499	10	2%
			<u>34.00%</u>			<u>34.00%</u>
Total County Employment <sup>(1)</sup>	<u>23,467</u>			<u>23,044</u>		

Sources:

(1) Labor and Economic Analysis Division of the NC Department of Commerce

# DUPLIN COUNTY, NORTH CAROLINA

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Year Ended June 30	Governmental Activities					Business -Type Activities				Percentage of		
	Notes Payable	Certificates of Participation	Board of Education Judgment	General Obligation Debt	Limited Obligation Debt	Capitalized Leases	Notes Payable	General Obligation Debt	Limited Obligation Debt	Total Primary Government	Personal Income	Per Capita
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	9,675,462	-	-	-	58,345,538	-	3,410,297	-	14,221,311	85,652,608	N/A	N/A
2016	9,847,522	-	-	-	60,514,251	-	3,626,882	-	14,775,403	88,764,058	4.73%	1,505
2015	10,012,316	-	-	-	-	-	3,883,629	-	15,314,495	29,210,440	1.53%	498
2014	10,171,014	1,357,827	-	-	-	-	1,359,427	-	15,843,587	28,731,855	1.35%	485
2013	10,323,424	2,655,657	-	-	-	-	1,711,577	15,915,000	15,915,000	46,520,658	2.40%	785
2012	10,470,245	4,093,487	-	450,000	-	-	1,181,223	16,593,300	-	32,788,255	1.77%	551
2011	10,633,783	5,451,317	-	910,000	-	-	1,294,521	16,958,500	-	35,248,121	2.06%	594
2010	10,903,563	6,754,147	4,795,784	1,380,000	-	-	1,406,457	17,306,000	-	42,545,951	2.50%	726
2009	11,455,539	8,016,977	-	1,865,000	-	14,465	1,050,143	17,635,200	-	40,037,324	2.52%	697

N/A = Not Available

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

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2018 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2019, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2017 and June 30, 2018 income based information will be shown above as "N/A", and the June 30, 2017 information will be reported for the year ended June 30, 2019, if applicable.

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2018 had not been released at the time of this report. Therefore, June 30, 2018 information from Duplin County's financial statements will be shown above as "N/A" and will be reported for the year ended June 30, 2019, if applicable.

Table 19

**DUPLIN COUNTY, NORTH CAROLINA**

**Principal Property Taxpayers  
June 30, 2017 and June 30, 2008**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Butterball, Inc.	\$ 132,563,296	1	3.15%	\$ -	-	-
Murphy-Brown LLC	106,368,609	2	2.53%	-	-	-
House of Raeford	70,188,537	3	1.67%	33,588,232	7	1.10%
Duke Progress Energy	51,487,588	4	1.23%	28,596,819	8	0.93%
Guilford Mills	51,301,063	5	1.22%	47,774,314	3	1.56%
Nash Johnson & Sons	46,037,575	6	1.10%	37,310,122	5	1.22%
Duplin Land Development	45,680,452	7	1.09%	47,391,074	4	1.55%
Murphy Family Ventures	40,952,224	8	0.97%	-	-	-
United States Cold Storage	37,930,567	9	0.90%	-	-	-
Four County EMC	28,334,747	10	0.67%	18,548,695	10	0.61%
Carolina Turkeys	-	-	-	91,957,423	1	3.00%
Murphy Farms, Inc.	-	-	-	51,253,344	2	1.67%
Carroll's Food	-	-	-	34,524,462	6	1.13%
Murfarm, Inc.	-	-	-	20,353,452	9	0.66%
	<u>\$ 610,844,658</u>		<u>14.53%</u>	<u>\$ 411,297,937</u>		<u>13.43%</u>
Total Assessed Valuation	<u>\$ 4,201,944,521</u>			<u>\$ 3,063,479,367</u>		

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

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2018 had not been released at the time of this report. Therefore, the most recent ten year comparison of principal property tax payers released by Duplin County is shown above

Table 20

**DUPLIN COUNTY, NORTH CAROLINA**  
**Property Tax Levies and Current Collections**  
**Last Ten Fiscal Years**

EXPRESSED IN NOMINAL DOLLARS						
Year Ended June 30	Collected Within Fiscal Year of Levy			Subsequent Collections	Total Collections to Date	
	Total Tax Levy	Amount	Percent of Levy		Amount	Percent of Levy Collected
2018	N/A	N/A	N/A	N/A	N/A	N/A
2017	27,647,111	26,755,479	96.77%	N/A	26,755,479	96.77%
2016	26,948,314	26,102,572	96.86%	526,180	26,628,752	98.81%
2015	29,749,210	28,972,293	97.39%	568,905	29,541,198	99.30%
2014	29,583,852	28,461,798	96.21%	931,952	29,393,750	99.36%
2013	28,023,946	26,579,982	94.85%	1,324,670	27,904,652	99.57%
2012	27,109,094	25,724,577	94.89%	1,299,617	27,024,194	99.69%
2011	25,952,188	24,537,688	94.55%	1,346,268	25,883,956	99.74%
2010	25,836,831	24,353,960	94.26%	1,429,287	25,783,247	99.79%
2009	25,128,446	23,741,088	94.48%	1,340,765	25,081,853	99.81%

EXPRESSED IN CONSTANT DOLLARS						
Year Ended June 30	Collected Within Fiscal Year of Levy			Subsequent Collections	Total Collections to Date	
	Original Tax Levy	Amount	Percent of Levy		Amount	Percent of Levy Collected
2018	N/A	N/A	N/A	N/A	N/A	N/A
2017	11,470,022	11,100,108	96.77%	N/A	11,100,108	96.77%
2016	11,292,549	10,938,146	96.86%	220,493	11,158,639	98.81%
2015	12,481,680	12,155,714	97.39%	238,692	12,394,406	99.30%
2014	12,669,527	12,188,998	96.21%	399,116	12,588,114	99.36%
2013	12,212,040	11,582,802	94.85%	577,254	12,160,055	99.57%
2012	12,009,948	11,396,575	94.89%	575,760	11,972,335	99.69%
2011	11,906,585	11,257,628	94.55%	617,653	11,875,281	99.74%
2010	11,978,521	11,291,029	94.26%	662,649	11,953,678	99.79%
2009	11,483,877	10,849,845	94.48%	612,739	11,462,584	99.81%

Source: Duplin County Finance Department

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Note: This table is a ten year schedule. However, Duplin County's financial statements for the year ended June 30, 2018 had not been released at the time of this report. Therefore, June 30, 2018 information from Duplin County's financial statements will be shown above as "N/A" and will be reported for the year ended June 30, 2019, if applicable.



## **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 Duplin County Board of Education  
Kenansville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Duplin County Board of Education, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the Duplin County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 15, 2018.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Duplin County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control over financial reporting 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.

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Anderson Smith & Wike PLLC*

*October 15, 2018  
West End, North Carolina*



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

Report On Compliance With Requirements Applicable to Each Major Federal Program  
And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and  
the State Single Audit Implementation Act

## ***INDEPENDENT AUDITORS' REPORT***

To the Duplin County Board of Education  
Kenansville, North Carolina

### ***Report on Compliance for Each Major Federal Program***

We have audited Duplin County Board of Education, North Carolina'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 the Board's major federal programs for the year ended June 30, 2018. The Duplin County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### ***Auditors' Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

In our opinion, the Duplin County Board of Education complied, in all material respects, with the 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, 2018.

### ***Report on Internal Control Over Compliance***

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

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

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

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

*Anderson Smith & Wike PLLC*

October 15, 2018  
West End, North Carolina



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

Report On Compliance With Requirements Applicable to Each Major State  
Program and Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and  
The State Single Audit Implementation Act

## **INDEPENDENT AUDITORS' REPORT**

To the Duplin County Board of Education  
Kenansville, North Carolina

### **Report on Compliance for Each Major State Program**

We have audited Duplin County Board of Education, North Carolina'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 the Board's major State programs for the year ended June 30, 2018. The Duplin County Board of Education's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

### **Auditor's Responsibility**

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

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

### ***Opinion on Each Major State Program***

In our opinion, the Duplin County Board of Education complied, in all material respects, with the 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, 2018.

### ***Report on Internal Control Over Compliance***

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

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

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

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

*Anderson Smith & Wike PLLC*

*October 15, 2018  
West End, North Carolina*

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2018**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Noncompliance material to financial statements noted	<i>No</i>

**Federal Awards**

Internal control over major federal programs:	
• Material weakness(es) identified?	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Type of auditors' report issued on compliance for major federal programs	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<i>No</i>
Identification of major federal programs:	

<b>CFDA Numbers</b>	<b>Names of Federal Programs or Clusters</b>
84.027	Special Education Cluster:
84.173	Special Education Program
	Special Education – Preschool Program
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B Programs	<u><i>\$ 750,000</i></u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2018**

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**State Awards**

Internal control over major State programs:

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

*No*

Identification of major State programs:

**Program Name**

State Public School Fund  
 North Carolina Pre-Kindergarten Program  
 State appropriations - buses

**Section II - Financial Statement Findings**

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

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - State Award Findings and Questioned Costs**

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

***DUPLIN COUNTY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2018***

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There were no audit findings reported in the prior year.

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<b>Federal Grants:</b>			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555		\$ 386,008
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553		1,260,661
National School Lunch Program	10.555		3,647,047
Summer Food Service Program for Children	10.559		53,979
Cash Assistance Subtotal			4,961,687
Total Child Nutrition Cluster:			5,347,695
Total U.S. Department of Agriculture			5,347,695
<u>U.S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050	3,883,657
Education for Homeless Children	84.196	PRC 026	32,886
Supporting Effective Instruction	84.367	PRC 103	336,162
Student Support and Academic Enrichment	84.424	PRC 108	31,621
Rural and Low Income Education	84.658	PRC 109	166,732
English Language Acquisition Grants	84.365	PRC 104	243,721
Special Education - State Personnel Development	84.323	PRC 082	21,132
Title I, Migrant Education	84.011	PRC 051	137,474
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
- Education of the Handicapped	84.027	PRC 060	1,845,994
- Targeted Assistance	84.027	PRC 118	8,294
- Targeted Assistance for Preschool	84.027	PRC 119	1,587
- Preschool Handicapped	84.173	PRC 049	41,490
Total Special Education Cluster:			1,897,365

**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
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 & Career Pathways Grant	84.048	PRC 017 & 058	215,568
Total U.S. Department of Education			6,966,318
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	NONE		151,470
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u>			
Direct Program:			
Head Start	93.600		1,300,640
Passed-through the N.C. Department of Public Instruction:			
Title V Abstinence Education	93.235	PRC 101	47,811
Total U.S. Department of Health and Human Services			1,348,451
Total federal assistance			13,813,934
<b>State Grants:</b>			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund			58,122,916
Driver Training - SPSF		PRC 012	166,478
School Technology Fund - SPSF		PRC 015	112,236
Vocational Education			
- State Months of Employment		PRC 013	2,780,490
- Program Support Funds		PRC 014	130,348
Passed-through Duplin County			
Public School Building Capital Fund - Lottery			46,577
Cash assistance subtotal			61,359,045
Non-Cash Assistance:			
School buses - Noncash			966,072
Total N.C. Department of Public Instruction			62,325,117
<u>N.C. Department of Health and Human Services:</u>			
North Carolina Pre-Kindergarten Program			1,362,609



**DUPLIN COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Passed-through the Duplin County Partnership for Children Smart Start			210,334
Total N.C. Department of Health and Human Services			1,572,943
<u>N.C. Department of Cultural Resources</u> N.C. Arts Council Grant			18,689
<u>Office of the Governor</u> Education Workforce & Innovation Program			208,344
Total State assistance			64,125,093
Total federal and State assistance			\$ 77,939,027

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 Duplin County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. 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 Duplin County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Duplin County Schools.

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.

Duplin County Schools has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

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



**DUPLIN COUNTY BOARD OF EDUCATION  
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