

**CASWELL COUNTY
BOARD OF EDUCATION
Yanceyville, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2019*

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ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Caswell County Board of Education
Yanceyville, 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 Caswell County Board of Education, as of and for the year ended June 30, 2019 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 Caswell County Board of Education as of June 30, 2019, 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 Restricted Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the 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 54 through 59, 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 Caswell County Board of Education's basic financial statements. The individual nonmajor fund schedules, budgetary schedules and 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 nonmajor fund 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 nonmajor fund schedules, budgetary schedules and other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019 on our consideration of the Caswell County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Caswell County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 24, 2019
West End, North Carolina
(910) 603-0508

CASWELL COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Caswell 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, 2019. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- For the fiscal year ended June 30, 2019, the Board's total governmental fund's fund balance decreased by \$703,000. General fund balance decreased by \$235,000, to \$2.9 million.
- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2019 was 2,461 students, a decrease of 142 students from the 2018 ADM of 2,603.

Overview of the Financial Statements

The audited financial statements of the Caswell County Board of Education consist of five components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents the Schedules of the Board's Proportionate Share of Net Pension and OPEB Liabilities (assets) and the Schedules of Board Contributions.*
- *Supplemental section that presents budgetary schedules for governmental and 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 funds and proprietary 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. 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.

**CASWELL COUNTY BOARD OF EDUCATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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 district’s property tax base and the condition of its school buildings and other physical assets.

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

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

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

Fund Financial Statements

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

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

Caswell 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 district-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between them. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund and the Federal Grants Fund.

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

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

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. Caswell County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund.

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

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

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

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 \$16.0 million as of June 30, 2019 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$15.2 million as of June 30, 2018, a decrease of \$823,000. The largest component of net position is net investment in capital assets of \$21.1 million.

Following is a summary of the Statement of Net Position at June 30, 2019 and 2018:

**Table 1
Condensed Statement of Net Position
As of June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Current assets	\$ 5,018,635	\$ 5,517,129	\$ 699,869	\$ 783,616	\$ 5,718,504	\$ 6,300,745
Capital assets	21,152,152	21,698,324	14,689	22,615	21,166,841	21,720,939
Total assets	<u>26,170,787</u>	<u>27,215,453</u>	<u>714,558</u>	<u>806,231</u>	<u>26,885,345</u>	<u>28,021,684</u>
Deferred outflows of resources	<u>8,170,600</u>	<u>6,559,467</u>	<u>275,611</u>	<u>234,683</u>	<u>8,446,211</u>	<u>6,794,150</u>
Current liabilities	1,876,282	1,823,466	36,376	40,064	1,912,658	1,863,530
Long-term liabilities	<u>35,372,525</u>	<u>36,483,621</u>	<u>1,206,160</u>	<u>1,313,506</u>	<u>36,578,685</u>	<u>37,797,127</u>
Total liabilities	<u>37,248,807</u>	<u>38,307,087</u>	<u>1,242,536</u>	<u>1,353,570</u>	<u>38,491,343</u>	<u>39,660,657</u>
Deferred inflows of resources	<u>12,432,101</u>	<u>9,985,987</u>	<u>419,355</u>	<u>357,276</u>	<u>12,851,456</u>	<u>10,343,263</u>
Net investment in capital assets	21,109,225	21,486,099	14,689	22,615	21,123,914	21,508,714
Restricted net position	1,519,707	953,903	3,983	3,550	1,523,690	957,453
Unrestricted net position (deficit)	<u>(37,968,453)</u>	<u>(36,958,156)</u>	<u>(690,394)</u>	<u>(696,097)</u>	<u>(38,658,847)</u>	<u>(37,654,253)</u>
Total net position (deficit)	<u>\$ (15,339,521)</u>	<u>\$ (14,518,154)</u>	<u>\$ (671,722)</u>	<u>\$ (669,932)</u>	<u>\$ (16,011,243)</u>	<u>\$ (15,188,086)</u>

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

The net position of the Board's governmental activities decreased \$821,000 during the year, from \$(14.5) million at June 30, 2018 to \$(15.3) million at June 30, 2019, indicating a decline in the financial condition of the Board. Net investment in capital assets decreased by \$377,000 while restricted net position increased by \$566,000 and unrestricted net position decreased by \$1.0 million. The decrease in net investment in capital assets is due to an excess of depreciation over capital additions for the year. Restricted net position increased due primarily to restricting fund balance related to Medicaid reimbursements. Unrestricted net position decreased from a negative \$37.0 million to a negative \$38.0 million primarily as a result of declining fund balance.

The net position of the Board's business-type activities decreased \$2,000 during the year, from \$(670,000) at June 30, 2018 to \$(672,000) as of June 30, 2019. This decrease of \$2,000 is the net loss generated by our School Food Service fund offset by the profit in the Child Care fund from operations during the 2019 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

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

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Revenues:						
Program revenues:						
Charges for services	\$ 653,288	\$ 656,386	\$ 274,594	\$ 309,651	\$ 927,882	\$ 966,037
Operating grants and contributions	19,844,883	20,430,208	1,231,819	1,345,255	21,076,702	21,775,463
Capital grants and contributions	169,298	169,298	-	-	169,298	169,298
General revenues:						
County appropriations	3,169,352	3,453,884	-	-	3,169,352	3,453,884
State appropriations	2,725	-	-	-	2,725	-
Other revenues	<u>3,071,753</u>	<u>3,212,655</u>	<u>13,105</u>	<u>2,701</u>	<u>3,084,858</u>	<u>3,215,356</u>
Total revenues	<u>26,911,299</u>	<u>27,922,431</u>	<u>1,519,518</u>	<u>1,657,607</u>	<u>28,430,817</u>	<u>29,580,038</u>
Expenses:						
Governmental activities:						
Instructional services	20,559,632	22,235,870	-	-	20,559,632	22,235,870
System-wide support services	6,791,470	6,797,629	-	-	6,791,470	6,797,629
Ancillary services	65,945	84,871	-	-	65,945	84,871
Payments to other governments	208,366	204,363	-	-	208,366	204,363
Unallocated depreciation	55,934	48,139	-	-	55,934	48,139
Business-type activities:						
School food service	-	-	1,510,116	1,662,569	1,510,116	1,662,569
Child care	-	-	<u>62,511</u>	<u>67,753</u>	<u>62,511</u>	<u>67,753</u>
Total expenses	<u>27,681,347</u>	<u>29,370,872</u>	<u>1,572,627</u>	<u>1,730,322</u>	<u>29,253,974</u>	<u>31,101,194</u>
Transfers in (out)	<u>(51,319)</u>	<u>(46,848)</u>	<u>51,319</u>	<u>46,848</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(821,367)	(1,495,289)	(1,790)	(25,867)	(823,157)	(1,521,156)
Beginning net position (deficit)	<u>(14,518,154)</u>	<u>(13,022,865)</u>	<u>(669,932)</u>	<u>(644,065)</u>	<u>(15,188,086)</u>	<u>(13,666,930)</u>
Ending net position (deficit)	<u>\$ (15,339,521)</u>	<u>\$ (14,518,154)</u>	<u>\$ (671,722)</u>	<u>\$ (669,932)</u>	<u>\$ (16,011,243)</u>	<u>\$ (15,188,086)</u>

CASWELL COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Total governmental activities generated revenues of \$26.9 million while expenses in this category totaled \$27.7 million for the year ended June 30, 2019, resulting in a decrease in net position of \$821,000 (including transfers out to business-type activities of \$51,000). Comparatively, revenues were \$27.9 million, expenses totaled \$29.4 million and transfers out were \$47,000 for the year ended June 30, 2018, resulting in a decrease in net position of \$1.5 million. In comparing the two years, revenues decreased \$1.0 million and expenses decreased by \$1.7 million. The overall decrease in revenues is primarily attributable to a \$1.0 million decrease in the Other Special Revenue fund due to a 1:1 computer Grant received in the prior year. The overall decrease in expenses is largely attributable to a \$1.5 million decrease in pension and OPEB related expenses, as well as the corresponding expenses related to purchasing computers for the 1:1 computer grant received in the prior year. 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, Caswell County, and the United States Government, which respectively comprised 75.9%, 11.6% and 7.8% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 72.9% of our total expenses during the most recent fiscal year. Of the remaining 27.1% of our total expenses, 22.6% was attributable to system-wide support services.

Our business-type activities generated revenues of \$1.5 million, while expenses in this category totaled \$1.6 million as well, for the year ended June 30, 2019. For the year, net position decreased by \$2,000 (including transfers in of \$51,000). Comparatively, revenues were \$1.7 million; expenses were \$1.7 million and transfers in were \$47,000 for the year ended June 30, 2018, resulting in a decrease in net position of \$26,000. In comparing the two years, revenues decreased by \$138,000 while expenses decreased by \$158,000, primarily due to missed school days due to weather as well as a decline in pension and OPEB related expenses.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Caswell 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.

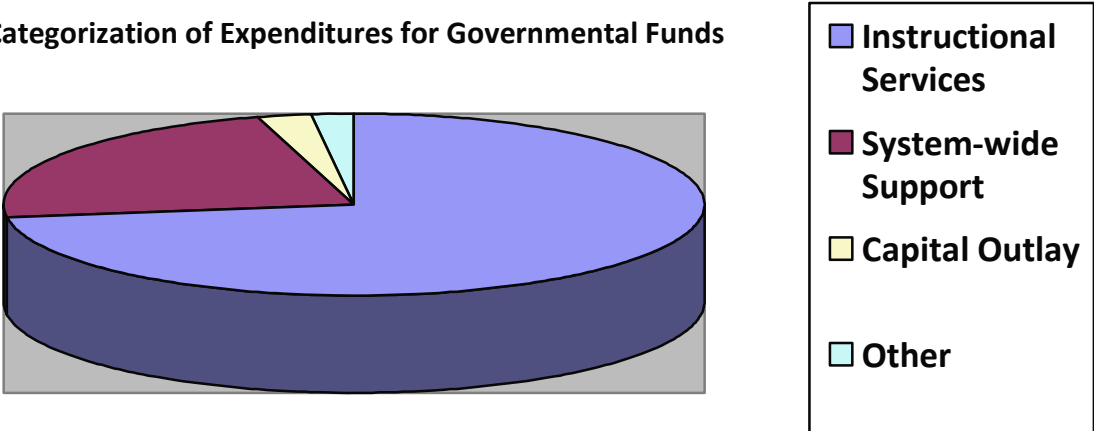
The Board's governmental funds reported a combined fund balance of \$3.8 million at June 30, 2019, a decrease of \$703,000 from the amount reported at June 30, 2018. The General, Special Revenue, Capital Outlay and Individual Schools funds all reported decreases in fund balance for the year. Overall, total governmental fund revenues decreased by \$1.0 million while total expenditures decreased by \$6,000 over the prior year. The decrease in revenues and expenditures is attributable primarily to a decrease in the General fund due to the County not funding teacher supplements and the decrease recognized in the Other Special Revenue fund related to the computer grant received in the prior year. These decreases were offset by an increase of \$395,000 in revenues and expenditures in the State Public School Fund to fund state mandated increased teacher salaries and corresponding benefits. There was also an increase in revenues and expenditures in the Federal Grants fund of \$55,000.

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, 2019 to 2018, the State Public School Fund reported an increase in revenues (and expenditures) of \$395,000, or 2.0%, and the Federal Grants Fund reported an increase of \$55,000, or 2.7%.

The following chart summarizes governmental fund expenditures:

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

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of \$2,000 for the fiscal year ended June 30, 2019 compared to a decrease of \$26,000 for the same 2018 period. Net loss in the School Food Service Fund (including transfers in) was \$4,000 for the fiscal year ended June 30, 2019 compared to a net loss of \$28,000 for 2018, an improvement of \$24,000. The Child Care Fund reported a net income of \$2,000 in 2019 compared to a net income of \$2,000 in 2018; there were no significant changes in the Child Care Fund expenses or child care fees.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. The Board's General Fund reported a decrease in fund balance for the year ended June 30, 2019 of \$235,000, compared to an increase of \$291,000 in 2018. Revenues decreased by \$308,000 due to the County requiring the Board to appropriate for teacher supplements with fund balance rather than County funding. Expenditures increased by \$218,000 over the prior year, as employer funded benefits for retirement and health care for employees continues to rise. Through effective cost-containment and budget management practices, the Board was able to keep expenditures below budget and not use all of the \$359,000 fund balance appropriated in the current year.

Capital Assets

Total primary government capital assets were \$21.2 million at June 30, 2019 compared to \$21.7 million at June 30, 2018, a decrease of 2.6%. The decrease is attributable to an excess of depreciation expense over capital additions for the year. More detailed information about the Board's capital assets is contained in Note 3 - Detail Notes to the financial statements.

The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2019 and 2018:

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

**Table 3
Summary of Capital Assets
As of June 30, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Land	\$ 1,300,521	\$ 1,300,521	\$ -	\$ -	\$ 1,300,521	\$ 1,300,521
Construction in progress	217,836	-	-	-	217,836	-
Buildings and improvements	18,735,010	19,380,024	-	-	18,735,010	19,380,024
Equipment and furniture	384,706	319,744	14,689	22,615	399,395	342,359
Vehicles	514,079	698,035	-	-	514,079	698,035
Total	<u>\$ 21,152,152</u>	<u>\$ 21,698,324</u>	<u>\$ 14,689</u>	<u>\$ 22,615</u>	<u>\$ 21,166,841</u>	<u>\$ 21,720,939</u>

Debt Outstanding

During the year, the Board's long-term debt decreased from \$212,000 at June 30, 2018 to \$43,000 at June 30, 2019. 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. More detailed information about the Board's outstanding debt is contained in Note 3 to the financial statements.

Economic Factors

The Board anticipates decreased enrollment over the next several years and will continue to need highly qualified teachers, technology, and equipment to increase student opportunities and achievement. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school district. The following factors have affected the economic outlook of Caswell County.

- Caswell County's population estimation of approximately 22,600 is a decrease of approximately 4.9% since 2010.
- The unadjusted unemployment rate in Caswell County at June 30, 2019 was 5.2%, slightly above that of the State at 4.4%.

Requests for Information

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

Amy Chandler, CPA
Chief Finance Officer
Caswell County Board of Education
P.O. Box 160
Yanceyville, NC 27379

CASWELL COUNTY SCHOOLS
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 903,502	\$ 74,932	\$ 978,434
Investments	3,322,556	522,776	3,845,332
Due from other governments	738,490	26,033	764,523
Receivables	6,299	5,187	11,486
Net OPEB asset	26,230	884	27,114
Inventories	-	70,057	70,057
Prepays	21,558	-	21,558
Capital assets:			
Land and construction in progress	1,518,357	-	1,518,357
Other capital assets, net of depreciation	19,633,795	14,689	19,648,484
Total capital assets	<u>21,152,152</u>	<u>14,689</u>	<u>21,166,841</u>
Total assets	<u>26,170,787</u>	<u>714,558</u>	<u>26,885,345</u>
Deferred Outflows of Resources	<u>8,170,600</u>	<u>275,611</u>	<u>8,446,211</u>
Liabilities			
Accounts payable and accrued expenses	394,369	1,789	396,158
Accrued salaries and wages payable	779,219	-	779,219
Unearned revenue	-	6,069	6,069
Long-term liabilities:			
Due within one year	702,694	28,518	731,212
Due in more than one year	1,119,420	50,745	1,170,165
Net pension liability	9,665,885	326,046	9,991,931
Net OPEB liability	<u>24,587,220</u>	<u>829,369</u>	<u>25,416,589</u>
Total liabilities	<u>37,248,807</u>	<u>1,242,536</u>	<u>38,491,343</u>
Deferred Inflows of Resources	<u>12,432,101</u>	<u>419,355</u>	<u>12,851,456</u>
Net position			
Net investment in capital assets	21,109,225	14,689	21,123,914
Restricted for:			
Stabilization by State statute	674	-	674
School capital outlay	510,958	-	510,958
Special revenue programs	759,339	-	759,339
Individual schools activities	130,669	-	130,669
DIPNC OPEB plan	118,067	3,983	122,050
Unrestricted (deficit)	<u>(37,968,453)</u>	<u>(690,394)</u>	<u>(38,658,847)</u>
Total net position (deficit)	<u>\$ (15,339,521)</u>	<u>\$ (671,722)</u>	<u>\$ (16,011,243)</u>

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

CASWELL COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

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	\$ 12,672,423	\$ -	\$ 10,598,153	\$ -	\$ (2,074,270)	\$ -	\$ (2,074,270)
Special populations	2,771,266	-	2,615,836	-	(155,430)	-	(155,430)
Alternative programs	1,718,933	-	1,464,686	-	(254,247)	-	(254,247)
School leadership	1,376,663	-	831,269	-	(545,394)	-	(545,394)
Co-curricular	468,780	322,410	-	-	(146,370)	-	(146,370)
School-based support	1,551,567	-	1,314,611	-	(236,956)	-	(236,956)
System-wide support services:							
Support and development	129,257	-	36,730	-	(92,527)	-	(92,527)
Special population support and development	144,339	-	146,073	-	1,734	-	1,734
Alternative programs and services support and development	49,614	-	50,713	-	1,099	-	1,099
Technology support	578,364	-	188,221	-	(390,143)	-	(390,143)
Operational support	4,386,090	329,528	1,800,562	169,298	(2,086,702)	-	(2,086,702)
Financial and human resource services	699,246	1,350	277,346	-	(420,550)	-	(420,550)
Accountability	183,950	-	183,869	-	(81)	-	(81)
Policy, leadership and public relations	620,610	-	262,909	-	(357,701)	-	(357,701)
Ancillary services	65,945	-	-	-	(65,945)	-	(65,945)
Non-programmed charges	208,366	-	73,905	-	(134,461)	-	(134,461)
Unallocated depreciation expense**	55,934	-	-	-	(55,934)	-	(55,934)
Total governmental activities	27,681,347	653,288	19,844,883	169,298	(7,013,878)	-	(7,013,878)
Business-type activities:							
School food service	1,510,116	210,684	1,231,819	-	-	(67,613)	(67,613)
Child care	62,511	63,910	-	-	-	1,399	1,399
Total business-type activities	1,572,627	274,594	1,231,819	-	-	(66,214)	(66,214)
Total primary government	\$ 29,253,974	\$ 927,882	\$ 21,076,702	\$ 169,298	(7,013,878)	(66,214)	(7,080,092)
General revenues:							
Unrestricted county and city appropriations - operating					2,655,000	-	2,655,000
Unrestricted county appropriations - capital					514,352	-	514,352
Unrestricted State appropriations - operating					2,672,648	-	2,672,648
Unrestricted State appropriations - capital					2,725	-	2,725
Investment earnings, unrestricted					82,096	13,105	95,201
Miscellaneous, unrestricted					317,009	-	317,009
Transfers					(51,319)	51,319	-
Total general revenues and transfers					6,192,511	64,424	6,256,935
Change in net position					(821,367)	(1,790)	(823,157)
Net position - beginning					(14,518,154)	(669,932)	(15,188,086)
Net position (deficit) - ending					\$ (15,339,521)	\$ (671,722)	\$ (16,011,243)

**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.

CASWELL COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 266,515	\$ -	\$ -	\$ 304,146	\$ 239,433	\$ 93,408	\$ 903,502
Investments	2,753,588	-	-	-	531,707	37,261	3,322,556
Due from other governments	-	670,139	68,351	-	-	-	738,490
Accounts receivable	674	-	-	-	5,625	-	6,299
Prepays	21,558	-	-	-	-	-	21,558
Total assets	\$ 3,042,335	\$ 670,139	\$ 68,351	\$ 304,146	\$ 776,765	\$ 130,669	\$ 4,992,405
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 128,562	\$ -	\$ -	\$ -	\$ 265,807	\$ -	\$ 394,369
Accrued salaries and wages payable	30,314	670,139	68,351	10,415	-	-	779,219
Total liabilities	158,876	670,139	68,351	10,415	265,807	-	1,173,588
Fund balances:							
Nonspendable:							
Prepays	21,558	-	-	-	-	-	21,558
Restricted:							
Stabilization by State statute	674	-	-	-	-	-	674
School capital outlay	-	-	-	-	510,958	-	510,958
Special revenue programs	465,608	-	-	293,731	-	-	759,339
Individual schools	-	-	-	-	-	130,669	130,669
Unassigned	2,395,619	-	-	-	-	-	2,395,619
Total fund balances	2,883,459	-	-	293,731	510,958	130,669	3,818,817
Total liabilities, deferred inflows of resources and fund balances	\$ 3,042,335	\$ 670,139	\$ 68,351	\$ 304,146	\$ 776,765	\$ 130,669	\$ 4,992,405

CASWELL COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit 3 (continued)

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

Total fund balance (All Governmental Funds)	3,818,817
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,152,152
Net OPEB asset	26,230
Deferred outflows of resources related to pensions	5,602,545
Deferred outflows of resources related to OPEB plans	2,568,055
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.	(1,822,114)
Net pension liability	(9,665,885)
Net OPEB liability	(24,587,220)
Deferred inflows of resources related to pensions	(97,004)
Deferred inflows of resources related to OPEB plans	<u>(12,335,097)</u>
Net position (deficit) of governmental activities	<u>\$ (15,339,521)</u>

CASWELL COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2019

Exhibit 4

	Major Funds						Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ 200,000	\$ 20,117,848	\$ -	\$ -	\$ 172,023	\$ -	\$ 20,489,871
Caswell County							
Local current expense	2,655,000	-	-	-	-	-	2,655,000
Other	-	-	-	-	465,000	-	465,000
U.S. Government	-	-	2,098,139	-	-	-	2,098,139
Other	779,130	-	-	102,894	72,760	322,410	1,277,194
Total revenues	<u>3,634,130</u>	<u>20,117,848</u>	<u>2,098,139</u>	<u>102,894</u>	<u>709,783</u>	<u>322,410</u>	<u>26,985,204</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	399,427	11,567,637	148,789	72,658	-	-	12,188,511
Special populations	176,721	1,898,775	717,061	-	-	-	2,792,557
Alternative programs	254,577	538,724	925,962	9,200	-	-	1,728,463
School leadership	22,878	1,372,447	-	-	-	-	1,395,325
Co-curricular	130,836	-	-	-	-	337,743	468,579
School-based support	207,021	1,353,213	11,579	-	-	-	1,571,813
System-wide support services:							
Support and development	93,675	36,687	43	-	-	-	130,405
Special population support and development	-	72,470	73,603	-	-	-	146,073
Alternative programs and services support and development	-	-	50,713	-	-	-	50,713
Technology support	22,446	284,927	-	276,166	-	-	583,539
Operational support	1,606,381	2,248,832	65,177	-	-	-	3,920,390
Financial and human resource services	318,114	246,039	31,307	-	-	-	595,460
Accountability	998	183,869	-	-	-	-	184,867
Policy, leadership and public relations	361,128	262,909	-	-	-	-	624,037
Ancillary services	66,444	-	-	-	-	-	66,444
Non-programmed charges	208,366	-	73,905	-	-	-	282,271
Debt service:							
Principal retirement	-	-	-	-	169,298	-	169,298
Capital outlay	-	-	-	-	738,193	-	738,193
Total expenditures	<u>3,869,012</u>	<u>20,066,529</u>	<u>2,098,139</u>	<u>358,024</u>	<u>907,491</u>	<u>337,743</u>	<u>27,636,938</u>
Revenues over (under) expenditures	(234,882)	51,319	-	(255,130)	(197,708)	(15,333)	(651,734)
Other financing sources (uses):							
Transfers from (to) other funds	-	(51,319)	-	-	-	-	(51,319)
Net change in fund balance	(234,882)	-	-	(255,130)	(197,708)	(15,333)	(703,053)
Fund balances:							
Beginning of year, as restated	3,118,341	-	-	548,861	708,666	146,002	4,521,870
End of year	<u>\$ 2,883,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,731</u>	<u>\$ 510,958</u>	<u>\$ 130,669</u>	<u>\$ 3,818,817</u>

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

CASWELL COUNTY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (703,053)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(438,942)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,834,309
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	956,706
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	169,298
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension expense	(2,329,760)
OPEB expense	(110,839)
Compensated absences	(91,856)
Loss on disposal of capital assets	<u>(107,230)</u>
Total changes in net position of governmental activities	<u>\$ (821,367)</u>

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

CASWELL COUNTY SCHOOLS
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, 2019

Exhibit 6

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Caswell County	2,655,000	2,655,000	2,655,000	-
U.S. Government	-	-	-	-
Other	779,790	799,133	779,130	(20,003)
Total revenues	<u>3,634,790</u>	<u>3,654,133</u>	<u>3,634,130</u>	<u>(20,003)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	19,560	398,111	399,427	(1,316)
Special populations	157,250	176,593	176,721	(128)
Alternative programs	295,906	295,906	254,577	41,329
School leadership	30,000	28,102	22,878	5,224
Co-curricular	134,983	134,983	130,836	4,147
School-based support	208,021	208,021	207,021	1,000
System-wide support services				
Support and development	104,354	104,354	93,675	10,679
Special populations	-	-	-	-
Alternative programs	-	-	-	-
Technology support	22,740	22,740	22,446	294
Operational support	1,692,127	1,674,682	1,606,381	68,301
Financial and human resource services	325,904	325,404	318,114	7,290
Accountability	1,000	1,000	998	2
Policy, leadership and public relations	370,789	371,289	361,128	10,161
Ancillary services				
Community	62,156	62,156	66,444	(4,288)
Nutrition	-	-	-	-
Nonprogrammed charges	210,000	210,000	208,366	1,634
Total expenditures	<u>3,634,790</u>	<u>4,013,341</u>	<u>3,869,012</u>	<u>144,329</u>
Revenues over (under) expenditures	-	(359,208)	(234,882)	124,326
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	359,208	-	(359,208)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(234,882)</u>	<u>\$ (234,882)</u>
Fund balances:				
Beginning of year, as restated (Note 6)			3,118,341	
End of year			<u>\$ 2,883,459</u>	

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

CASWELL COUNTY SCHOOLS
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, 2019

Exhibit 6 (continued)

	State Public School Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 20,280,711	\$ 21,031,117	\$ 20,117,848	\$ (913,269)
Caswell County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>20,280,711</u>	<u>21,031,117</u>	<u>20,117,848</u>	<u>(913,269)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	11,979,634	12,009,653	11,567,637	442,016
Special populations	1,842,025	1,898,963	1,898,775	188
Alternative programs	477,260	613,457	538,724	74,733
School leadership	1,407,422	1,417,540	1,372,447	45,093
Co-curricular	-	-	-	-
School-based support	1,518,666	1,606,798	1,353,213	253,585
System-wide support services				
Support and development	49,443	58,225	36,687	21,538
Special populations	70,596	72,735	72,470	265
Alternative programs	-	-	-	-
Technology support	234,937	294,427	284,927	9,500
Operational support	1,949,984	2,290,223	2,248,832	41,391
Financial and human resource services	261,260	265,477	246,039	19,438
Accountability	184,284	185,779	183,869	1,910
Policy, leadership and public relations	258,757	266,308	262,909	3,399
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>20,234,268</u>	<u>20,979,585</u>	<u>20,066,529</u>	<u>913,056</u>
Revenues over (under) expenditures	46,443	51,532	51,319	(213)
Other financing uses:				
Transfers to other funds	(46,443)	(51,532)	(51,319)	213
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

CASWELL COUNTY SCHOOLS
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, 2019

Exhibit 6 (continued)

	Federal Grants Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Caswell County	-	-	-	-
U.S. Government	2,289,275	2,445,034	2,098,139	(346,895)
Other	-	-	-	-
Total revenues	<u>2,289,275</u>	<u>2,445,034</u>	<u>2,098,139</u>	<u>(346,895)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	124,475	182,460	148,789	33,671
Special populations	609,001	855,132	717,061	138,071
Alternative programs	870,036	1,048,610	925,962	122,648
School leadership	-	3,225	-	3,225
Co-curricular	-	-	-	-
School-based support	10,000	11,579	11,579	-
System-wide support services				
Support and development	250	250	43	207
Special populations	67,035	104,825	73,603	31,222
Alternative programs	50,531	50,575	50,713	(138)
Technology support	-	-	-	-
Operational support	68,722	67,163	65,177	1,986
Financial and human resource services	31,912	31,912	31,307	605
Accountability	-	-	-	-
Policy, leadership and public relations	-	2,580	-	2,580
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Nonprogrammed charges	<u>457,313</u>	<u>86,723</u>	<u>73,905</u>	<u>12,818</u>
Total expenditures	<u>2,289,275</u>	<u>2,445,034</u>	<u>2,098,139</u>	<u>346,895</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

CASWELL COUNTY SCHOOLS
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, 2019

Exhibit 6 (continued)

	Other Special Revenue Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Caswell County	-	-	-	-
U.S. Government	-	-	-	-
Other	69,241	120,786	102,894	(17,892)
Total revenues	69,241	120,786	102,894	(17,892)
Expenditures:				
Current:				
Instructional services				
Regular instructional	101,808	144,153	72,658	71,495
Special populations	-	-	-	-
Alternative programs	-	9,200	9,200	-
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	-	-	-	-
System-wide support services				
Support and development	-	-	-	-
Special populations	-	-	-	-
Alternative programs	-	-	-	-
Technology support	283,540	283,540	276,166	7,374
Operational support	-	-	-	-
Financial and human resource services	-	-	-	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	385,348	436,893	358,024	78,869
Revenues over (under) expenditures	(316,107)	(316,107)	(255,130)	60,977
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	316,107	316,107	-	(316,107)
Net change in fund balance	\$ -	\$ -	(255,130)	\$ (255,130)
Fund balances:				
Beginning of year, as restated (Note 6)			548,861	
End of year			\$ 293,731	

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

**CASWELL COUNTY SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2019**

Exhibit 7

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Community Schools	
Assets			
Current assets:			
Cash and cash equivalents	\$ 61,416	\$ 13,516	\$ 74,932
Investments	479,711	43,065	522,776
Due from other governments	26,033	-	26,033
Receivables	5,187	-	5,187
Net OPEB asset	852	32	884
Inventories	70,057	-	70,057
Total current assets	<u>643,256</u>	<u>56,613</u>	<u>699,869</u>
Noncurrent assets:			
Capital assets:			
Furniture, equipment and vehicles, net	14,689	-	14,689
Total assets	<u>657,945</u>	<u>56,613</u>	<u>714,558</u>
Deferred Outflows of Resources	<u>265,492</u>	<u>10,119</u>	<u>275,611</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,789	-	1,789
Compensated absences	25,961	2,557	28,518
Unearned revenue	6,069	-	6,069
Total current liabilities	<u>33,819</u>	<u>2,557</u>	<u>36,376</u>
Noncurrent liabilities:			
Compensated absences	45,790	4,955	50,745
Net pension liability	314,076	11,970	326,046
Net OPEB liability	798,920	30,449	829,369
Total noncurrent liabilities	<u>1,158,786</u>	<u>47,374</u>	<u>1,206,160</u>
Total liabilities	<u>1,192,605</u>	<u>49,931</u>	<u>1,242,536</u>
Deferred Inflows of Resources	<u>403,960</u>	<u>15,395</u>	<u>419,355</u>
Net position			
Investment in capital assets	14,689	-	14,689
Restricted for DIPNC OPEB plan	3,837	146	3,983
Unrestricted (deficit)	(691,654)	1,260	(690,394)
Total net position (deficit)	<u>\$ (673,128)</u>	<u>\$ 1,406</u>	<u>\$ (671,722)</u>

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

CASWELL COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2019

Exhibit 8

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Community Schools	
Operating revenues:			
Food sales	\$ 210,684	\$ -	\$ 210,684
Child care fees	-	63,910	63,910
Total operating revenues	<u>210,684</u>	<u>63,910</u>	<u>274,594</u>
Operating expenses:			
Food cost:			
Purchase of food	582,161	8,660	590,821
Donated commodities	104,407	-	104,407
Salaries and benefits	760,128	53,160	813,288
Materials and supplies	11,039	691	11,730
Repairs and maintenance	1,086	-	1,086
Depreciation	7,926	-	7,926
Non-capitalized equipment	2,236	-	2,236
Contracted services	28,661	-	28,661
Other	<u>12,472</u>	<u>-</u>	<u>12,472</u>
Total operating expenses	<u>1,510,116</u>	<u>62,511</u>	<u>1,572,627</u>
Operating income (loss)	<u>(1,299,432)</u>	<u>1,399</u>	<u>(1,298,033)</u>
Nonoperating revenues:			
Federal reimbursements	1,126,552	-	1,126,552
Federal commodities	104,407	-	104,407
State reimbursements	860	-	860
Interest earned	<u>12,024</u>	<u>1,081</u>	<u>13,105</u>
Total nonoperating revenues	<u>1,243,843</u>	<u>1,081</u>	<u>1,244,924</u>
Income (loss) before transfers	(55,589)	2,480	(53,109)
Transfers from other funds	<u>51,319</u>	<u>-</u>	<u>51,319</u>
Change in net position	(4,270)	2,480	(1,790)
Net position, beginning of year	<u>(668,858)</u>	<u>(1,074)</u>	<u>(669,932)</u>
Net position (deficit), end of year	<u>\$ (673,128)</u>	<u>\$ 1,406</u>	<u>\$ (671,722)</u>

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

CASWELL COUNTY SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2019

Exhibit 9

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Community Schools	
Cash flows from operating activities:			
Cash received from customers	\$ 207,772	\$ 63,910	\$ 271,682
Cash paid for goods and services	(642,140)	(9,351)	(651,491)
Cash paid to employees for services	(796,295)	(56,556)	(852,851)
Net cash provided (used) by operating activities	<u>(1,230,663)</u>	<u>(1,997)</u>	<u>(1,232,660)</u>
Cash flows from noncapital financing activities:			
Federal and State reimbursements	<u>1,131,209</u>	<u>-</u>	<u>1,131,209</u>
Cash flows from investing activities:			
Purchase of investments	(12,007)	(1,078)	(13,085)
Interest earned on investments	<u>12,024</u>	<u>1,081</u>	<u>13,105</u>
Net cash used by investing activities	<u>17</u>	<u>3</u>	<u>20</u>
Net increase (decrease) in cash and cash equivalents	(99,437)	(1,994)	(101,431)
Cash and cash equivalents, beginning of year	<u>160,853</u>	<u>15,510</u>	<u>176,363</u>
Cash and cash equivalents, end of year	<u>\$ 61,416</u>	<u>\$ 13,516</u>	<u>\$ 74,932</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	<u>\$ (1,299,432)</u>	<u>\$ 1,399</u>	<u>\$ (1,298,033)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	7,926	-	7,926
Donated commodities	104,407	-	104,407
Salaries paid by special revenue fund	51,319	-	51,319
Changes in assets and liabilities:			
Increase in accounts receivable	(3,669)	-	(3,669)
Increase in inventories	(5,666)	-	(5,666)
Increase in accounts payable and accrued liabilities	1,181	-	1,181
Increase in pension liability	56,243	2,145	58,388
Decrease in OPEB liability	(165,468)	(6,302)	(171,770)
Decrease in OPEB asset	904	35	939
Increase in deferred outflow	(39,424)	(1,504)	(40,928)
Increase in deferred inflow	59,799	2,280	62,079
Increase in unearned revenue	757	-	757
Increase (Decrease) in compensated absences payable	460	(50)	410
Total adjustments	<u>68,769</u>	<u>(3,396)</u>	<u>65,373</u>
Net cash used by operating activities	<u>\$ (1,230,663)</u>	<u>\$ (1,997)</u>	<u>\$ (1,232,660)</u>

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

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$104,407 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 State Public School Fund paid salaries and benefits of \$51,319 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

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

CASWELL COUNTY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUND
June 30, 2019

Exhibit 10

	<u>Private Purpose Trust Fund</u>
Assets	
Investments	<u>\$ 269,765</u>
Net position	
Assets held in trust for private purpose	<u>\$ 269,765</u>

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

CASWELL COUNTY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2019

Exhibit 11

	Private Purpose Trust Fund
ADDITIONS:	
Contributions and other revenue	\$ 1,000
Interest	<u>6,933</u>
Total additions	<u>7,933</u>
DEDUCTIONS:	
Scholarship payments	<u>13,417</u>
Change in net position	(5,484)
Beginning net position	<u>275,249</u>
Ending net position	<u><u>\$ 269,765</u></u>

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

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caswell 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 Caswell 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 Caswell County, North Carolina. The Board provides public school education to the children of Caswell County not living within the boundaries of the Kannapolis Local Educational Agency. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. 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.

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.

**CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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 Caswell County appropriations, restricted sales tax moneys, proceeds of Caswell County bonds issued for public school construction as well as certain State assistance.

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

Private Purpose Trust. The Private Purpose Trust is used to account for scholarship and other restricted money under the control of the Board for the benefit of students in the County.

C. Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted 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.

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. 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.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. The NCCMT Government Portfolio's securities are measured at fair value, which is the NCCMT's share price. The STIF securities (as valued under level 2 of the fair value hierarchy) are reported at cost and maintain a constant \$1 per share value. Investments valued under level 2 of the fair value hierarchy are valued using prices that are either directly or indirectly observable for an asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

**CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

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 with original maturities of three months or less 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. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Prepaid Expenditures

Prepaid items consist of deposits made with various insurance companies, thus, an equivalent portion of fund balance is classified as nonspendable. 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 \$1,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

	<u>Years</u>
Buildings	60
Improvements	15-25
Equipment and furniture	10
Vehicles	6
Computer equipment	3

Depreciation for equipment serves multiple purposes and cannot be allocated ratably, therefore it is reported as “unallocated depreciation” on the Statement of Activities. Land and construction in progress are not depreciated.

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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. 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.

8. 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, 2019 is recorded in the district-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.

9. 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 four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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]

Special revenue programs – portion of fund balance that can only be used for the specific purposes as specified by the grantor.

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

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. The assignment of fund balance is governed by NC General Statutes. The Board of Education is authorized to approve appropriations of fund balance in accordance with restrictions established by NC General Statutes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

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, and lastly board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

10. Reconciliation of District-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 \$(19,158,338) 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)	\$ 40,994,744
Less Accumulated Depreciation	<u>(19,842,592)</u>
Net capital assets	21,152,152
Net OPEB Asset	26,230
Pension related deferred outflows of resources	5,602,545
OPEB related deferred outflows of resources	2,568,055
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 financing	(42,927)
Compensated absences	(1,779,187)
Net pension liability	(9,665,885)
Net OPEB liability	(24,587,220)
Deferred inflows of resources related to pensions	(97,004)
Deferred inflows of resources related to OPEB	<u>(12,335,097)</u>
Total adjustment	<u>\$ (19,158,338)</u>

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-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 \$(118,314) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 461,551
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	(900,493)
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	169,298
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,834,309
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	956,706
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Pension expense	(2,329,760)
OPEB expense	(110,839)
Loss on disposal of asset	(107,230)
Total adjustment	\$ (118,314)

11. 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.

**CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2019, the Board reported expenditures within the School Food Service Fund that violated State law [G.S. 115C-441] because they exceeded the amount appropriated in the budget ordinance, as summarized below:

School Food Service Fund – Total expenditures \$ 87,707

Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

NOTE 3 - 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, 2019, the Board had deposits with banks and savings and loans with a carrying amount of \$978,434. The bank balances with the financial institutions and the State Treasurer were \$1,061,469 and \$151,542 respectively. Of these balances, \$346,208 was covered by federal depository insurance and \$866,803 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

CASWELL COUNTY BOARD OF EDUCATION
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2. Investments

At June 30, 2019, the Board had \$4,115,130 invested in fixed income securities and agency bonds.

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 Board investments are in accordance with NC General Statute 115C, which limits investments in obligations of less than 18 months to reduce interest rate risk. The Department of State Treasurer Short Term Investment Fund (STIF) is unrated and has a weighted average maturity of 1.3 years as of June 30, 2019.

Credit Rating for Bonds

The Board's investments in U.S. Government Agency debt consists of Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage and Federal Home Loan Mortgage bonds. These bonds were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The Board's N.C. municipal debt consists of a University of North Carolina bond and a Greensboro North Carolina bond and both are rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The Board's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard and Poor's as of June 30, 2019. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries and agencies, and money market instruments. The Board has no policy on credit risk..

Concentration of Credit Risk

The Board places no limit on the amount the Board may invest in any one issuer. The Board does not have any investments, other than the fixed income mortgage backed securities, that account for more than 5% of total invested funds.

All investments in fixed income securities and guaranteed agency bonds are measured using the market approach fair value hierarchy Level 1: Securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. At June 30, 2019, the Board's investment balances in securities were as follows:

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	<u>Cost</u>	<u>Fair Value</u>
<u>Cash Equivalents:</u>		
AMNB Collateralized Money Market - Principal	\$ 81,511	\$ 81,511
AMNB Collateralized Money Market - Income	723,497	723,497
US Treasury Bill 1/30/2020	97,620	97,620
US Treasury Bill 10/10/2019	98,410	98,410
US Treasury Bill 11/7/2019	98,208	98,208
US Treasury Bill 12/5/2019	98,018	98,018
US Treasury Bill 2/27/2020	97,685	97,685
US Treasury Bill 3/26/2020	98,117	98,117
US Treasury Bill 5/21/2020	146,557	146,557
US Treasury Bill 7/18/2019	98,980	98,980
US Treasury Bill 8/15/2019	98,773	98,773
US Treasury Bill 9/12/2019	98,598	98,598
 <u>Fixed Income Securities:</u>		
Federal Farm Credit Bank 2.5% due 4/27/2020	150,105	150,633
Federal Farm Credit Bank 3.375% due 5/28/2020	150,037	150,401
JP Morgan Step% CD due 8/17/2023	49,800	50,047
Federal Home Loan Bank 2.51% due 9/1/2020	150,000	150,042
Federal Home Loan Bank 2.52% due 10/9/2020	150,000	150,110
Federal Home Loan Bank 2.875% due 9/11/2020	150,856	151,656
Federal Home Loan Mortgage Step% due 12/29/2022	99,875	100,000
Federal Home Loan Mortgage Step% due 12/29/2022	99,975	100,075
Federal Home Loan Mortgage Step% due 2/22/2023	149,850	150,074
Federal Home Loan Mortgage 1.85% due 7/13/2020	148,605	149,617
Federal Home Loan Mortgage 1.875% due 11/17/2020	150,066	149,953
Federal Home Loan Mortgage 2.5% due 1/30/2023	149,925	150,059
Federal Home Loan Mortgage 2.625% due 2/16/2023	149,887	150,061
Federal National Mortgage 2.875% due 10/30/2019	151,464	151,905
Federal National Mortgage 2% due 10/30/2020	150,162	150,238
Greensboro North Carolina 2.750% due 10/1/2019	100,064	100,129
University of North Carolina 2.098% due 12/1/2019	99,334	99,918
Accrued Income	-	24,238
	<u>\$ 4,085,979</u>	<u>\$ 4,115,130</u>

**CASWELL COUNTY BOARD OF EDUCATION
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3. Accounts Receivable

Receivables at the district-wide level at June 30, 2019 are as follows:

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ -	\$ 674	\$ 674
Other governmental activities	<u>738,490</u>	<u>5,625</u>	<u>744,115</u>
Total governmental activities	<u>\$ 738,490</u>	<u>\$ 6,299</u>	<u>\$ 744,789</u>
Business-type activities:			
School Food Service	<u>\$ 26,033</u>	<u>\$ 5,187</u>	<u>\$ 31,220</u>

Due from other governments consists of the following:

Governmental activities:		
State Public School Fund	\$ 670,139	Operating funds from DPI
Federal Grants Fund	<u>68,351</u>	Federal grant funds
Total	<u>\$ 738,490</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 26,033</u>	Federal grant funds

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4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,300,521	\$ -	\$ -	\$ 1,300,521
Construction in progress	-	217,836	-	217,836
Total capital assets not being depreciated	<u>1,300,521</u>	<u>217,836</u>	<u>-</u>	<u>1,518,357</u>
Capital assets being depreciated:				
Buildings and improvements	34,270,488	-	55,526	34,214,962
Equipment and furniture	1,344,248	219,605	157,649	1,406,204
Vehicles	4,159,445	24,110	328,334	3,855,221
Total capital assets being depreciated	<u>39,774,181</u>	<u>243,715</u>	<u>541,509</u>	<u>39,476,387</u>
Less accumulated depreciation for:				
Buildings and improvements	14,890,464	643,421	53,933	15,479,952
Equipment and furniture	1,024,504	55,934	58,940	1,021,498
Vehicles	3,461,410	201,138	321,406	3,341,142
Total accumulated depreciation	<u>19,376,378</u>	<u>900,493</u>	<u>434,279</u>	<u>19,842,592</u>
Total capital assets being depreciated, net	<u>20,397,803</u>			<u>19,633,795</u>
Governmental activity capital assets, net	<u>\$ 21,698,324</u>			<u>\$ 21,152,152</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 1,002,894	\$ -	\$ -	\$ 1,002,894
Vehicles	55,130	-	-	55,130
Total capital assets being depreciated	<u>1,058,024</u>	<u>-</u>	<u>-</u>	<u>1,058,024</u>
Less accumulated depreciation for:				
Equipment and furniture	980,279	7,926	-	988,205
Vehicles	55,130	-	-	55,130
Total accumulated depreciation	<u>1,035,409</u>	<u>7,926</u>	<u>-</u>	<u>1,043,335</u>
School Food Service capital assets, net	<u>\$ 22,615</u>			<u>\$ 14,689</u>

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Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 643,421
System-wide support services	201,138
Unallocated depreciation	<u>55,934</u>
Total	<u>\$ 900,493</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (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

CASWELL COUNTY BOARD OF EDUCATION
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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, 2019, was 12.29% 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 \$1,896,184 for the year ended June 30, 2019.

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, 2019, the Board reported a liability of \$9,991,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018 and at June 30, 2017, the Board's proportion was .10036% and .09766%, respectively.

For the year ended June 30, 2019, the Board recognized pension expense of \$2,400,847. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 729,218	\$ 100,276
Changes of assumptions	2,005,124	-
Net difference between projected and actual earnings on pension plan investments	952,233	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	208,771	-
Board contributions subsequent to the measurement date	1,896,184	-
Total	\$ 5,791,530	\$ 100,276

\$1,896,184 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:	
2020	\$ 2,213,947
2021	1,385,365
2022	213,243
2023	(17,485)
2024	-
Thereafter	-
Total	<u>\$ 3,795,070</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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	7.00 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, 2017 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, 2018 are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 7.00%, a decrease of .20% from the prior year discount rate of 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board’s proportionate share of the net pension liability (asset)	\$ 19,056,306	\$ 9,991,931	\$ 2,386,023

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.

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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.

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

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determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$967,378.

At June 30, 2019, Board reported a liability of \$25,416,589 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 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, 2018 and at June 30, 2017, the Board's proportion was .08922% and .08840%, respectively.

\$967,378 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (2,574,404)
2021	(2,574,404)
2022	(2,574,404)
2023	(2,571,686)
2024	(863,915)
Thereafter	<u>-</u>
Total	\$ (11,158,813)

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

Inflation	3.00%
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	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 3.87%, an increase of .29% over the prior year discount rate of 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 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

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

**CASWELL COUNTY BOARD OF EDUCATION
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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 (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	\$ 30,029,956	\$ 25,416,589	\$ 21,718,480

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 or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-6.25%, Medicare Advantage - 3.00-4.00%, Administrative - 2.00%)	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%)
Net OPEB liability	\$ 20,968,024	\$ 25,416,589	\$ 31,256,683

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

**CASWELL COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019**

disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, 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 \$21,600 for the year ended June 30, 2019.

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, 2019, Board reported an OPEB asset of \$27,114 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 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, 2018 and at June 30, 2017, the Board's proportion was .08926% and .08632%, respectively.

\$21,600 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, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 18,666
2021	18,664
2022	12,760
2023	9,774
2024	6,736
Thereafter	<u>6,736</u>
Total	<u>\$ 73,336</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

**CASWELL COUNTY BOARD OF EDUCATION
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Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB 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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 20,775	\$ 27,114	\$ 33,194

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 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, 2018. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

CASWELL COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2019

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, 2019:

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
OPEB Expense	\$ 40,272	\$ 2,335	\$ 42,607
OPEB Liability (Asset)	25,416,589	(27,114)	25,389,475
Proportionate share of the net OPEB liability (asset)	0.08922%	0.08926%	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	-	47,297	47,297
Changes of assumptions	-	5,120	5,120
Net difference between projected and actual earnings on plan investments	2,733	21,116	23,849
Changes in proportion and defferences between Board contributions and proportionate share of contributions	1,587,605	1,832	1,589,437
Board contributions subsequent to the measurement date	<u>967,378</u>	<u>21,600</u>	<u>988,978</u>
Total Deferred of Outflows of Resources	<u>2,557,716</u>	<u>96,965</u>	<u>2,654,681</u>
 Deferred of Inflows of Resources			
Differences between Expected and actual experience	1,738,098	-	1,738,098
Changes of assumptions	11,011,053	-	11,011,053
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	<u>-</u>	<u>2,029</u>	<u>2,029</u>
Total Deferred of Inflows of Resources	<u>12,749,151</u>	<u>2,029</u>	<u>12,751,180</u>

2. Accounts Payable

Accounts payable as of June 30, 2019 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 128,562	\$ 30,314	\$ 158,876
Other Governmental	<u>265,807</u>	<u>748,905</u>	<u>1,014,712</u>
Total governmental activities	<u>\$ 394,369</u>	<u>\$ 779,219</u>	<u>\$ 1,173,588</u>
 Business-type activities:			
School Food Service Fund	<u>\$ 1,789</u>	<u>\$ -</u>	<u>\$ 1,789</u>

**CASWELL COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019**

3. Unearned Revenues

The balances in unearned revenues at year-end have no time restrictions and are composed of the following elements:

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

Business-type activities:

Prepayments of meals (School Food Service Fund)	<u>\$ 6,069</u>
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4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 776,515	\$ 1,838,374
Changes of assumptions	2,010,244	11,011,053
Net difference between projected and actual earnings on pension plan investments	976,082	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	1,798,208	2,029
Board contributions subsequent to the measurement date	2,885,162	-
Total	<u>\$ 8,446,211</u>	<u>\$ 12,851,456</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The 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 \$2,000,000, and \$1,400,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$100,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for workers' compensation coverage. 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. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Reinsurance is provided by the Fund to provide financial solvency for property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake.

**CASWELL COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019**

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

In accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

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

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third party financing arrangements. During the fiscal year ended June 30, 2016 and 2017, the Board entered into such direct placement financing contracts for the purchase of school buses. 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 15th dates. The future minimum payments of the direct placement installment purchases as of June 30, 2019 are as follows:

Year Ending June 30:	<u>Governmental Activities</u> <u>Principal</u>
2020	\$ 42,927
2021	-
2022	-
Total	<u>\$ 42,927</u>

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Governmental activities:					
Direct placement					
installment purchases	\$ 212,225	\$ -	\$ 169,298	\$ 42,927	\$ 42,927
Net pension liability	7,481,117	2,184,768	-	9,665,885	-
Net OPEB liability	27,982,090	-	3,394,870	24,587,220	-
Compensated absences	<u>1,687,331</u>	<u>880,888</u>	<u>789,032</u>	<u>1,779,187</u>	<u>659,767</u>
Total	<u>\$ 37,362,763</u>	<u>\$ 3,065,656</u>	<u>\$ 4,353,200</u>	<u>\$ 36,075,219</u>	<u>\$ 702,694</u>
Business-type activities:					
Net pension liability	\$ 267,658	\$ 58,388	\$ -	\$ 326,046	\$ -
Net OPEB liability	1,001,139	-	171,770	829,369	-
Compensated absences	<u>78,853</u>	<u>35,095</u>	<u>34,684</u>	<u>79,264</u>	<u>28,518</u>
Total	<u>\$ 1,347,650</u>	<u>\$ 93,483</u>	<u>\$ 206,454</u>	<u>\$ 1,234,679</u>	<u>\$ 28,518</u>

Compensated absences, net pension and net OPEB liabilities related to governmental activities are typically liquidated by the General and other governmental funds. Installment purchases are typically liquidated by the Capital Outlay Fund.

C. Interfund Balances and Activity

Transfers to/from other Funds

Transfers to/from other funds at June 30, 2019 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 51,319</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	\$ 2,883,459
Less:	
Prepaid expenditures	(21,558)
Special revenue programs	(465,608)
Stabilization by State statute	<u>(674)</u>
Remaining fund balance	<u>\$ 2,395,619</u>

CASWELL COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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.

**CASWELL 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 SIX FISCAL YEARS***

	<u>2019</u>
Board's proportion of the net pension liability (asset)	0.10036%
Board's proportionate share of the net pension liability (asset)	\$ 9,991,931
Board's covered payroll	\$ 15,176,877
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	65.84%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.09766%	0.09865%	0.09863%	0.09900%	0.09600%
Board's proportionate share of the net pension liability (asset)	\$ 7,748,775	\$ 9,066,954	\$ 3,634,710	\$ 1,121,303	\$ 6,022,451
Board's covered payroll	\$ 14,842,927	\$ 14,530,568	\$ 14,819,574	\$ 13,989,898	\$ 14,918,840
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.21%	62.40%	24.53%	8.02%	40.37%
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 is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only six years of data presented.

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

	<u>2019</u>
Contractually required contribution	\$ 1,896,184
Contributions in relation to the contractually required contribution	<u>1,896,184</u>
Contribution deficiency (excess)	<u>\$ -</u>
Board's covered-employee payroll	\$ 15,428,674
Contributions as a percentage of covered-employee payroll	12.29%

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,636,067	\$ 1,481,324	\$ 1,329,547	\$ 1,355,991	\$ 1,215,722
Contributions in relation to the contractually required contribution	<u>1,636,067</u>	<u>1,481,324</u>	<u>1,329,547</u>	<u>1,355,991</u>	<u>1,215,722</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 15,176,877	\$ 14,842,927	\$ 14,530,568	\$ 14,819,574	\$ 13,989,896
Contributions as a percentage of covered-employee payroll	10.78%	9.98%	9.15%	9.15%	8.69%

Note: This is a ten year schedule. However, GASB 68 was not adopted until the fiscal year ended June 30, 2015. Therefore, there are only six years of data presented.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.08922%	0.08840%	0.08403%
Board's proportionate share of the net OPEB liability	\$ 25,416,589	\$ 28,983,229	\$ 36,556,086
Board's covered payroll	\$ 15,176,877	\$ 14,842,927	\$ 14,530,568
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	167.47%	195.27%	251.58%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	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 three years of data presented.

**CASWELL COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST SIX FISCAL YEARS**

	<u>2019</u>
Contractually required contribution	\$ 967,378
Contributions in relation to the contractually required contribution	<u>967,378</u>
Contribution deficiency (excess)	<u>\$ -</u>
Board's covered payroll	\$ 15,428,674
Contributions as a percentage of covered payroll	6.27%

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 918,201	\$ 860,163	\$ 811,842	\$ 809,506	\$ 754,688
Contributions in relation to the contractually required contribution	<u>918,201</u>	<u>860,163</u>	<u>811,842</u>	<u>809,506</u>	<u>754,688</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 15,176,877	\$ 14,842,927	\$ 14,530,568	\$ 14,819,574	\$ 13,989,896
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 six years of data presented as the remaining information was not readily available.

**CASWELL 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 THREE FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.08926%	0.08632%	0.08749%
Board's proportionate share of the net OPEB asset	\$ 27,114	\$ 52,759	\$ 54,331
Board's covered payroll	\$ 15,176,877	\$ 14,842,927	\$ 14,530,568
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.18%	0.36%	0.37%
Plan fiduciary net position as a percentage of the total OPEB liability	108.47%	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 three years of data presented.

**CASWELL COUNTY SCHOOLS
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST SIX FISCAL YEARS**

	<u>2019</u>
Contractually required contribution	\$ 21,600
Contributions in relation to the contractually required contribution	<u>21,600</u>
Contribution deficiency (excess)	<u>\$ -</u>
Board's covered payroll	\$ 15,428,674
Contributions as a percentage of covered payroll	0.14%

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 21,248	\$ 56,259	\$ 59,438	\$ 60,455	\$ 61,493
Contributions in relation to the contractually required contribution	<u>21,248</u>	<u>56,259</u>	<u>59,438</u>	<u>60,455</u>	<u>61,493</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 15,176,877	\$ 14,842,927	\$ 14,530,568	\$ 14,819,574	\$ 13,989,896
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 six years of data presented as the remaining information was not readily available.

CASWELL COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State School Nurse Initiative	\$ 200,000	\$ 200,000	\$ -
Caswell County:			
County appropriation	2,655,000	2,655,000	-
Other:			
Fines and forfeitures	-	70,417	70,417
Interest earned on investment	-	68,724	68,724
Indirect costs allocated	-	73,905	73,905
Rental of school property	-	38,434	38,434
Reimbursements	-	223,718	223,718
Tuition and fees	-	291,094	291,094
Miscellaneous	-	12,838	12,838
Total other	799,133	779,130	779,130
Total revenues	3,654,133	3,634,130	779,130
Expenditures:			
Current:			
Instructional services:			
Regular instructional	398,111	399,427	(1,316)
Special populations	176,593	176,721	(128)
Alternative programs	295,906	254,577	41,329
School leadership	28,102	22,878	5,224
Co-curricular	134,983	130,836	4,147
School-based support	208,021	207,021	1,000
Total instructional services	1,241,716	1,191,460	50,256
System-wide support services:			
Support and development	104,354	93,675	10,679
Technology support	22,740	22,446	294
Operational support	1,674,682	1,606,381	68,301
Financial and human resource services	325,404	318,114	7,290
Accountability	1,000	998	2
Policy, leadership and public relations	371,289	361,128	10,161
Total system-wide support services	2,499,469	2,402,742	96,727

CASWELL COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Community	<u>62,156</u>	<u>66,444</u>	<u>(4,288)</u>
Nonprogrammed charges:			
Payments to other governments	<u>210,000</u>	<u>208,366</u>	<u>1,634</u>
Total expenditures	<u>4,013,341</u>	<u>3,869,012</u>	<u>144,329</u>
Revenues over (under) expenditures	(359,208)	(234,882)	124,326
Fund balance appropriated	<u>359,208</u>	<u>-</u>	<u>(359,208)</u>
Net change in fund balance	<u>\$ -</u>	(234,882)	<u>\$ (234,882)</u>
Fund balance:			
Beginning of year		<u>3,118,341</u>	
End of year		<u>\$ 2,883,459</u>	

CASWELL COUNTY SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 73,000	\$ 2,725	\$ (70,275)
State Buses Appropriation	169,298	169,298	-
Total State of North Carolina	<u>242,298</u>	<u>172,023</u>	<u>(70,275)</u>
Caswell County:			
County appropriations	<u>465,000</u>	<u>465,000</u>	<u>-</u>
Other:			
ABC revenues	35,000	49,352	14,352
Interest earned on investments	11,610	13,372	1,762
Miscellaneous	<u>9,000</u>	<u>10,036</u>	<u>1,036</u>
Total other	<u>55,610</u>	<u>72,760</u>	<u>17,150</u>
Total revenues	<u>762,908</u>	<u>709,783</u>	<u>(53,125)</u>
Expenditures:			
Debt service:			
Principal retirement	<u>169,298</u>	<u>169,298</u>	<u>-</u>
Capital outlay:			
Real property and buildings:			
Central Office HVAC	-	161,545	-
Landscaping	-	81,022	-
BYE Annex renovations	-	364,117	-
Various other real property improvements	<u>-</u>	<u>67,728</u>	<u>-</u>
Total real property and buildings	<u>946,372</u>	<u>674,412</u>	<u>271,960</u>
Furnishings and equipment	67,138	39,753	27,385
Buses and motor vehicles	<u>19,000</u>	<u>24,028</u>	<u>(5,028)</u>
Total capital outlay	<u>1,032,510</u>	<u>738,193</u>	<u>294,317</u>
Total expenditures	<u>1,201,808</u>	<u>907,491</u>	<u>294,317</u>
Revenues over (under) expenditures	(438,900)	(197,708)	241,192
Fund balance appropriated	<u>438,900</u>	<u>-</u>	<u>(438,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>(197,708)</u>	<u>\$ (197,708)</u>
Fund balance:			
Beginning of year		<u>708,666</u>	
End of year		<u>\$ 510,958</u>	

CASWELL COUNTY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 215,650	\$ 210,684	\$ (4,966)
Operating expenditures:			
Business support services:			
Purchase of food	-	587,827	-
Donated commodities	-	104,407	-
Salaries and benefits	-	847,614	-
Materials and supplies	-	11,039	-
Repairs and maintenance	-	1,086	-
Non-capitalized equipment	-	2,236	-
Contracted services	-	28,661	-
Other	-	12,472	-
Total operating expenditures	<u>1,507,635</u>	<u>1,595,342</u>	<u>(87,707)</u>
Operating loss	<u>(1,291,985)</u>	<u>(1,384,658)</u>	<u>(92,673)</u>
Nonoperating revenues:			
Federal reimbursements	1,235,000	1,126,552	(108,448)
Federal commodities	-	104,407	104,407
State reimbursements	500	860	360
Interest earned	<u>10,485</u>	<u>12,024</u>	<u>1,539</u>
Total nonoperating revenues	<u>1,245,985</u>	<u>1,243,843</u>	<u>(2,142)</u>
Revenues over (under) expenditures before other financing sources	(46,000)	(140,815)	(94,815)
Other financing sources:			
Transfers from other funds	<u>46,000</u>	<u>51,319</u>	<u>5,319</u>
Net change in fund balance	<u>\$ -</u>	(89,496)	<u>\$ (89,496)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(7,926)	
Net OPEB asset		(904)	
Net pension liability		(56,243)	
Net OPEB liability		165,468	
Deferred outflows		39,424	
Deferred inflows		(59,799)	
Decrease in compensated absences payable		(460)	
Increase in inventories		<u>5,666</u>	
Change in net position (full accrual)		<u>\$ (4,270)</u>	

CASWELL COUNTY SCHOOLS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
COMMUNITY SCHOOLS
For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Child care fees	\$ 70,000	\$ 63,910	\$ (6,090)
Operating expenditures:			
Regular community services:			
Purchase of food	-	8,660	-
Salaries and benefits	-	56,556	-
Materials and supplies	-	691	-
Total operating expenditures	<u>71,350</u>	<u>65,907</u>	<u>5,443</u>
Nonoperating revenues:			
Interest earned	<u>1,350</u>	<u>1,081</u>	<u>(269)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(916)</u>	<u>\$ (916)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(35)	
Net pension liability		(2,145)	
Net OPEB liability		6,302	
Deferred outflows		1,504	
Deferred inflows		(2,280)	
Decrease in compensated absences payable		<u>50</u>	
Change in net position (full accrual)		<u>\$ 2,480</u>	



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 Caswell County Board of Education
Yanceyville, 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 Caswell County Board of Education, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Caswell County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Caswell 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 Caswell 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 24, 2019
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 Caswell County Board of Education
Yanceyville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Caswell 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, 2019. The Caswell 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 Caswell 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 Caswell 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 Caswell County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Caswell 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, 2019.

Report on Internal Control Over Compliance

Management of the Caswell 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 Caswell 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 Caswell 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 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 24, 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 Caswell County Board of Education
Yanceyville, North Carolina

Report on Compliance for Each Major State Program

We have audited Caswell 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, 2019. The Caswell 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Caswell 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 Caswell 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 Caswell County Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Caswell 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, 2019.

Report on Internal Control Over Compliance

Management of the Caswell 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 Caswell 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 Caswell 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 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 24, 2019
West End, North Carolina*

**CASWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
	Child Nutrition Cluster:
10.555	National School Lunch Program (Commodities)
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010	Title I - Educationally Deprived Children

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 750,000*

Auditee qualified as low-risk auditee? *No*

**CASWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019**

Section I - Summary of Auditors' Results (Continued)
State Awards

Internal control over major State programs:

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

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 State 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 State awards aggregating \$25,000 or more were noted.

**CASWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2019**

There were no audit findings reported in the prior year.

CASWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555		\$ 104,407
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553		272,306
National School Lunch Program	10.555		837,021
Summer Food Service Program for Children	10.555		17,225
Cash Assistance Subtotal			<u>1,126,552</u>
Total Child Nutrition Cluster:			<u>1,230,959</u>
<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	961,634
Supporting Effective Instruction	84.367	PRC 103	109,590
Student Support and Academic Enrichment	84.424	PRC 108	66,210
Rural and Low Income Schools	84.358	PRC 109	26,404
<u>Office of Special Education and Rehabilitative Services</u>			
Pass-through			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
- Education of the Handicapped	84.027	PRC 060	814,315
- Targeted Assistance	84.027	PRC 118	13,656
- Targeted Assistance for Preschool	84.027	PRC 119	3,942
- Preschool Handicapped	84.173	PRC 049	40,801
Total Special Education Cluster:			<u>872,714</u>
Title VI-B, Education of the Handicapped	84.323	PRC 082	<u>9,756</u>
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990			
Basic Grants to States			
- Program Development and Capacity Building	84.048	PRC 017	51,831
Total U.S. Department of Education			<u>2,098,139</u>
Total federal assistance			<u>3,329,098</u>

**CASWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
State Grants:			
<u>N.C. Department of Public Instruction:</u>			
Direct Programs:			
State Public School Fund			18,898,912
Driver Training - SPSF		PRC 012	44,342
School Technology Fund - SPSF		PRC 015	70,195
Career and Technical Education			
- State Months of Employment		PRC 013	1,039,283
- Program Support Funds		PRC 014	65,116
Passed through Caswell County:			
Public School Capital Fund - Lottery			2,725
Total N.C. Department of Public Instruction			<u>20,120,573</u>
<u>N.C. Department of Public Instruction:</u>			
School buses - Noncash			169,298
<u>N.C. Department of Health and Human Services:</u>			
School Nurse Grant			200,000
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			860
Total State assistance			<u>20,490,731</u>
Total federal and State assistance			<u><u>\$ 23,819,829</u></u>

**CASWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

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 Caswell County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. 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 Caswell County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Caswell 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.

Caswell 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