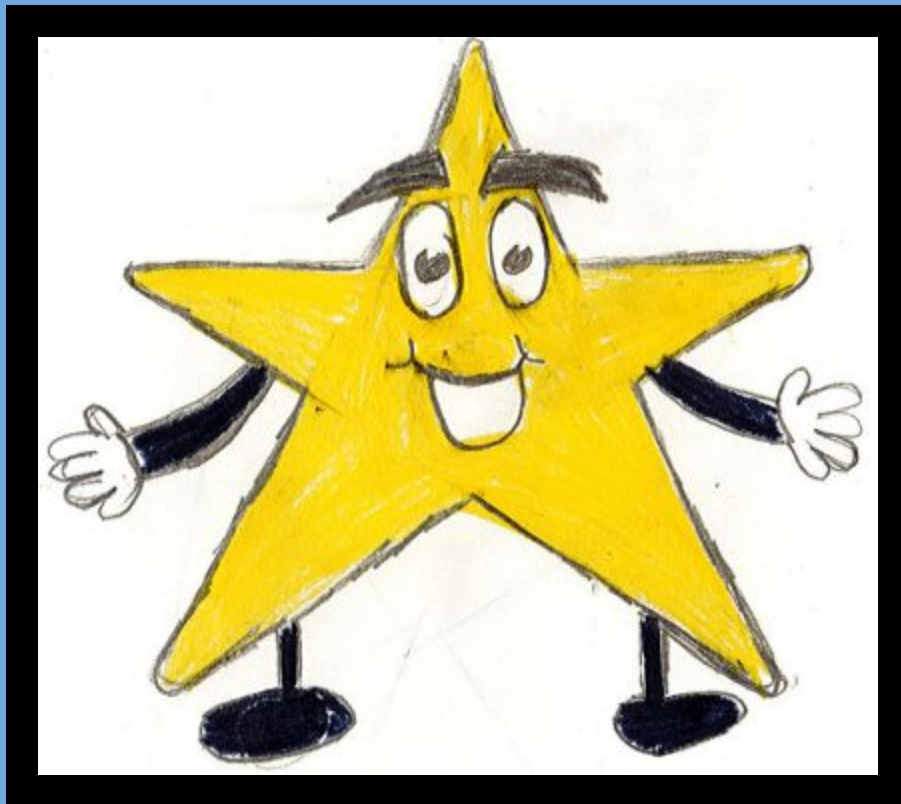


COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



**ROCKINGHAM COUNTY SCHOOLS
EDEN, NC**

Cover Credit:

**Lupita Torres
Huntsville Elementary School
5th Grade**

*Rockingham County Board of Education
Eden, North Carolina*

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

Prepared by
Annie Ellis
and the
Finance Department



ROCKINGHAM COUNTY BOARD OF EDUCATION
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Introductory Section

ROCKINGHAM COUNTY SCHOOLS

**511 Harrington Highway
Eden, NC 27288
Telephone (336) 627-2600**

**Rodney Shotwell, Ed.D.
Superintendent**

**Annie Ellis
Interim Chief Financial Officer**

Letter of Transmittal

December 27, 2018

To the Members of the Rockingham County Board of Education and Citizens of Rockingham County, North Carolina

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Rockingham County Board of Education (the Board), operating as the “Rockingham County Schools” for the fiscal year ended June 30, 2018 is herewith submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Superintendent and the Chief Financial Officer. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board’s financial activities have been included.

This letter of transmittal is designed to complement the management’s discussion and analysis and should be read in conjunction with it. The management’s discussion and analysis can be found immediately following the report of the independent auditors.

Financial Policies

The Board has policies to cover the basic aspects of accounting and reporting. These include fiscal goals, budget planning, and budget administration. Policies also cover daily operating procedures such as deposits, insurance, individual schools accounting, payroll and reimbursements.

The Board is strictly guided by detailed State statutes which mandate the procedures which the Board follows. These are found in section 115C of the School Budget and Fiscal Control Act.

No policy had a significant impact on the reporting of the current year’s financial statements.

Reporting Entity

The Rockingham County Board of Education consists of nine citizens elected for staggered terms of four years. Four are elected from districts, and five at large. The Board has no tax levying authority or borrowing authority and is required to maintain accounting records according to a uniform State format. The Board receives funds from Rockingham County, the State of North Carolina, and the United States Government and must comply with the legal requirements of each source entity. North Carolina General Statute 115C-40 empowers the Rockingham County Board of Education with general control and supervision of all matters pertaining to the schools in the system. The Board neither has nor is a component unit of another reporting entity.

Rockingham County Schools is a public system that serves Kindergarten through grade 12. The system provides educational courses and programs as prescribed by the North Carolina Department of Public Instruction. The average daily membership for the 2017-2018 fiscal year was 11,969.

Outlook

Economic activity for Rockingham County has increased over the last year as the U.S. economy continues to do well. Several of the existing industries in the County are investing in new technologies and physical upgrades to their facilities. The “new” industries continue to thrive and find success here. However, there have been some major employers in the County that have closed and/or relocated and some others that are planning on closing soon.

The County experienced the following economic achievements during fiscal year 2017-2018. Sutherland Products, Inc., makers of Charlie’s Soap, opened a new facility in Stoneville with a project total of approximately \$1 million for building purchase and updates of the 120,000-square-foot facility. Plastic Revolutions, a full-service plastic recycler, announced plans to expand its Reidsville processing plant with \$600,000 of new equipment and creating 35 new jobs. Bibey Machine and Fabrication announced an expansion with the purchase of a 78,000 square-foot-building in Reidsville. Albaad USA, Inc., a multinational manufacturer of wet wipes and other hygiene products, will expand its Reidsville operations, investing \$45 million in the former Ball Corp. facility, creating 302 jobs. Southern Finishing Company, Inc., is expanding its operations, investing \$1.48 million in building renovations and new machinery and equipment in Stoneville, creating 54 new jobs.

Tourism continues to be an economic driver in Rockingham County. Visitors spent a record \$71.6 million in Rockingham County in 2017 and about 570 jobs are directly attributable to travel and tourism.

The local budget has continued to cut expenditures to cover increases in costs. The County is still unable to adequately fund the school system, resulting in additional cuts and forcing the system to budget approximately \$5.0 million from fund balance for the 2018-2019 school year.

Rockingham County was hit hard by the downturn in the U.S. economy. The County is working to attract new industries, assist existing industries and small businesses, and focus on developing a strong tourism industry. The hope is that these efforts will diversify the local economy. Over the past ten years the school district’s student enrollment has decreased approximately 13.6%. The district’s budgeted student enrollment for the current year is 12,099, an increase of approximately 1% over 2017-2018.

As we begin to look toward budgeting for 2018-2019, we are taking a conservative approach regarding expenditures and staffing in order to balance the budget. Expired federal programs have been replaced with local funds, and additional cuts are expected to continue from the State, and possibly local as well.

The district’s school buildings were built between 1935 and 2012. Cooperation between the Board of County Commissioners and the Board of Education has enabled the school system to build five new school buildings in recent years. Four replaced outdated structures while one is an additional school to serve a high population area. We have also added additions to and remodeled four established schools. The County financed all of these projects by designating future sales tax revenues and lottery proceeds to repay loans. The construction cost of the completed projects was \$54 million. We continue to analyze facility needs based on our student enrollment. During 2018-2019, two schools will be closed/merged and one school will be converted to a partnership school with UNC-Greensboro. More school closures/mergers may be needed in the near future. See the Statistical Section of this report for more detailed data on our school buildings.

Major Initiatives

Rockingham County Schools are being faced with many challenges that will require a more efficient and effective use of all of our funding. The past federal “No Child Left Behind” law encourages us to improve student performance by developing strategies for structuring testing/assessment efforts, and more effectively using group and individual data for designing instruction and measuring school success. We have been generating data in more detail to help our schools meet the needs of all our children. There is a system-wide plan for improvement for all of our schools. Student achievement has continued to improve each year. Even with the re-norming of our new student assessments, Rockingham County scores did not drop as great as some school districts of similar size and geography. The 2018-2019 school year should produce higher student achievement than ever before. Last year, our schools achieved the highest testing results under the North Carolina school grading system. We are also addressing the dropout issue with emphasis upon generating accurate student data, including changes by gender and ethnicity, identification of contributing factors, conducting research related to successful

practices and generating a multi-year program. We are developing another diploma pathway for our struggling at-risk students. The dropout rate has been cut in more than half from ten years ago to 2.16% for the 2016-17 school year. The dropout rate for 2017-18 has yet to be determined; however, we anticipate the rate to continue to lower.

The 2018-2019 budget focuses on the district's goals and objectives, which are outlined as follows:

- Develop and maintain career technical pathways which are designed to meet the economic needs of the area. Exploring opportunities with RCC to add another technical skill pathway.
- All students achieve academic proficiency at the end of each grade level (K-12)
- Continue to improve under-performing schools by providing the necessary resources
- Eliminate the achievement gaps (race, gender and socioeconomic)
- Increase the number of schools that meet both federal and state academic goals
- Continue the STEM (science, technology, engineering, and mathematics) program in grades 4-9 that began with a grant with NC Golden Leaf Foundation.
- Define measurable achievement goals for each individual school as well as the district. Continue to use the Data Mart system implemented in 2015-16.
- Every effort will be made to retain twenty-first century professionals to meet the demands of a global economy
- Maintain a strong induction program for beginning teachers, as well as new teachers to the district
- Focus recruiting efforts on attracting and retaining high quality personnel
- Continue to implement Character Education Programs for all students K-12
- Continue planning and development of programs to promote schools which are free of drugs, weapons, and disruptive behavior
- The first cohort of students in our four specialized academies graduated in 2017.
- Create a customer-friendly environment for our students, parents, staff, and community
- Educational professionals will make decisions in collaboration with parents, students, businesses, education institutions, faith-based organizations, and other community/civic organizations to impact student success
- School leaders will create collaborative culture that embraces changes and promotes dynamic, continuous improvement
- Continue to develop relative teaching and learning skills to promote a global understanding as well as preparation for post-secondary education
- Implement a mobile learning institute in our high schools using the CAI grant through NC Golden Leaf Foundation
- Continue to move schools toward improving student achievement through alignment of resources that are prioritized
- Continue work on Phase III construction projects, which are designed to provide access to technology within a safe learning environment for students and staff

- Provide professional development for all staff for the New NC English Language Arts and Math Standards.

For the 2017-2018 school year, the State Board of Education designated 21 of our 25 schools as having exceeded or met growth. There were no schools, other than the alternative school (SCORE), with a school performance grade of F. Ten of our elementary schools were in the top 50% for growth statewide; six of these were in the top 25% for growth statewide. Two of our middle schools were ranked in the top 25% for growth in the State. All High School achievement scores went up during the 2017-2018 school year and our Graduation Rate is at an all-time high.

Financial Information

• Internal Control

Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

• Budgetary Control

North Carolina General Statutes requires all governmental units to adopt a balanced budget by July 1 of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board approves the annual budget by purpose, function, and project on a modified accrual basis. Budgets are adopted for all governmental funds and proprietary funds. The final budget amount as amended for the fiscal year is reflected in financial and individual statement sections. No budget is required by State law for individual school funds.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Encumbered amounts lapse at year-end.

Significant accounting policies of the Board are discussed in Note 1 to the financial statements.

• Fund Accounting

As required by law, the fund system of accounting is used. Each fund is a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities in accordance with law, good accounting practice, special regulations or other limitations. Three categories of funds are used: governmental, proprietary (business-type activities) and fiduciary.

Governmental Funds:

- General Fund – County appropriated funds
- State Public School Fund - State appropriated funds
- Individual Schools Fund - Funds of the various clubs and athletics
- Federal Grants Fund - Grants from the federal government
- Capital Project Fund - County appropriated
- Other Restricted Fund - Special purpose funds

Proprietary Funds (Enterprise Funds):

- Food Service Fund
- School Age Child Care Fund

Fiduciary Fund:

- Scholarship Fund
- Child Nutrition Agency Fund

Governmental funds use the modified accrual basis of accounting while the proprietary and fiduciary funds use the full accrual basis of accounting.

The proprietary fund operation consists of the School Food Service Fund and the School Age Child Care Program. The School Food Service Fund operates as an enterprise fund and provides meals to students and staff. The School Age Child Care Program also operates as an enterprise fund, providing before and after school care for students.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Anderson Smith & Wike PLLC has audited the financial statements. There were no limitations on the scope of audit, and their opinion along with basic financial statements and individual fund schedules are included in the financial section of this report.

In addition to meeting the requirements set forth by the State, the audit also was designed to meet the requirements of the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The auditors' reports related specifically to the single audit are included in a separate report issued by the auditors.

Financial Reporting Awards

For the fiscal year ended June 30, 2017, our Comprehensive Annual Financial Report (CAFR) was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA), as well as the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO). Both are prestigious national awards recognizing conformance with the highest standards for preparation of governmental financial reports.

In order to be awarded these certificates, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. These awards are valid for a period of one year only. Rockingham County Schools has received a Certificate of Achievement for the last twenty-two consecutive years, and a Certificate of Excellence for the last twenty-three consecutive years. We believe our current report continues to conform to GFOA and ASBO requirements, and we will submit it for determination of its eligibility for renewed awards.

Acknowledgments

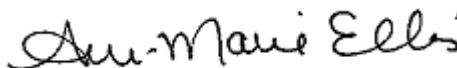
The preparation of this report on a timely basis could not have been accomplished without the efforts and dedication of the personnel in the Finance Office, the Superintendent's Office, and our independent audit firm. We would like to express our appreciation to all of the employees who contributed in the development of this report and to the Rockingham County government in providing the statistical data needed.

Also, we would like to thank the members of the Rockingham County Board of Education for their interest in planning and conducting the financial operations of the school system in a dedicated and responsible manner.

Respectfully submitted,



Rodney Shotwell, Ed.D.
Superintendent



Annie Ellis
Interim Chief Financial Officer

***Rockingham County Board of Education
Eden, North Carolina***

July 1, 2017 - June 30, 2018

Board Members

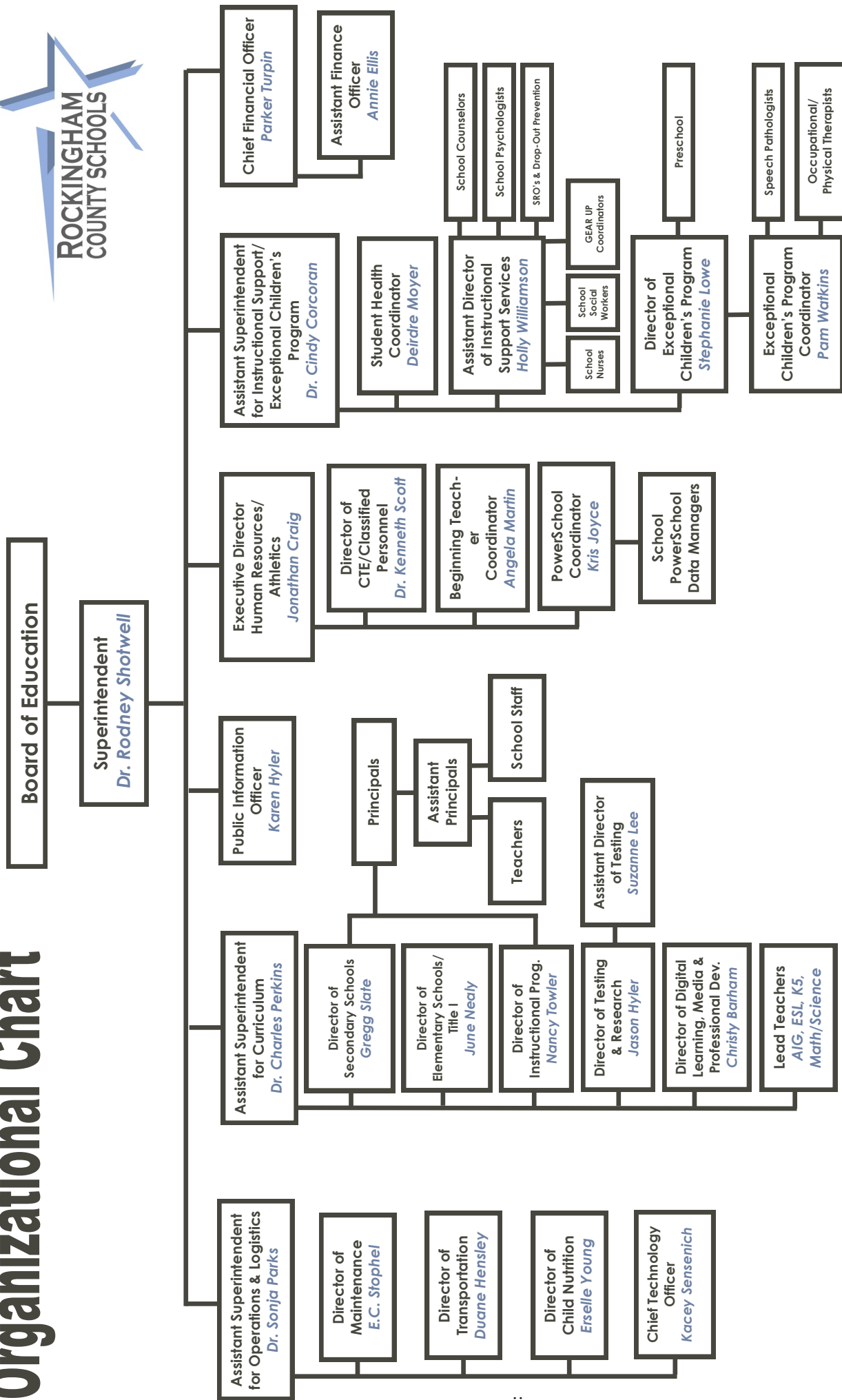
Amanda Bell, *Chair*
Bob Wyatt, *Vice Chair*

Virginia Hoover	Lorie McKinney
Wayne Kirkman	Ron Price
Brent Huss	Lynn Tuttle
Ophelia Wright	

Principal Officers

Dr. Rodney Shotwell, *Superintendent*
Dr. Sonja Parks, *Assistant Superintendent*
Dr. Charles Perkins, *Assistant Superintendent*
Dr. Cindy Corcoran, *Assistant Superintendent*

Organizational Chart





Government Finance Officers Association

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

Presented to

**Rockingham County Schools
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Rockingham County Board of Education

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

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



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

John D. Musso, CAE
Executive Director



Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Rockingham County Board of Education
Eden, 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 Rockingham County Board of Education, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Rockingham County Board of Education as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, State Public School, Federal Grants and Other Restricted funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 49 through 54, 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 Rockingham County Board of Education's basic financial statements. The introductory section, individual fund statement, budgetary schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statement and budgetary schedules 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 individual fund statement and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018 on our consideration of the Rockingham 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 Rockingham County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 7, 2018
Rockingham, North Carolina

ROCKINGHAM COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

As discussed in Note 5 to the financial statements, the Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. As a result, net position as previously reported at June 30, 2017 for governmental and business-type activities decreased by \$160.8 million and \$4.9 million, respectively. For the fiscal year ended June 30, 2018, the Board's total government-wide net position (not including the decrease in net position due to the GASB 75 restatement) decreased by \$4.8 million. Governmental activities net position decreased by \$5.5 million and business-type activities net position increased by \$712,000.

- Total government-wide net investment in capital assets decreased by \$2.7 million, or 3.5%, from the prior year. Governmental activities net investment in capital assets decreased by \$2.7 million and business-type activities net investment in capital assets decreased by \$14,000.
- Total governmental activities restricted net position decreased by \$1.1 million from the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2018 decreased by \$166.7 million from the prior year due largely to the \$165.7 million GASB 75 restatement.
- Financial reporting awards from Association of School Business Officials International and the Government Finance Officers Association were received for the 2017 year.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary schedules and other 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, proprietary funds and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to

ROCKINGHAM COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting.

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

Government-wide Statements

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

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

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

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

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

Rockingham 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

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

government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Restricted Fund, the Individual Schools Fund and the Capital Outlay Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Rockingham 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. Rockingham County Board of Education has two fiduciary funds – a private purpose trust fund and an agency fund. The Private Purpose Trust Fund is a scholarship fund under the control of the Board of Education. The agency fund is used to account for moneys held for the School Nutrition Services section of the NC Department of Public Instruction. The Board is the fiscal agent for this entity. 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 \$97.2 million as of June 30, 2018 as compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$73.2 million as of June 30, 2017, a decrease of \$170.5 million. As previously discussed, this decrease is primarily due to the implementation of GASB 75 during the year which had the effect of reducing beginning of year net position by \$165.7 million. Following is a summary of the Statement of Net Position at June 30, 2018 and 2017:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Current assets	\$ 26,483,419	\$ 24,330,584	\$ 1,575,359	\$ 715,869	\$ 28,058,778	\$ 25,046,453
Capital assets	75,479,199	78,471,846	222,445	236,850	75,701,644	78,708,696
Total assets	101,962,618	102,802,430	1,797,804	952,719	103,760,422	103,755,149
Deferred outflows of resources	23,111,234	26,707,614	694,657	809,355	23,805,891	27,516,969
Current liabilities	7,526,751	8,219,558	170,949	160,501	7,697,700	8,380,059
Long-term liabilities	164,432,084	45,112,935	4,911,302	1,329,241	169,343,386	46,442,176
Total liabilities	171,958,835	53,332,493	5,082,251	1,489,742	177,041,086	54,822,235
Deferred inflows of resources	46,374,768	3,123,773	1,393,889	94,664	47,768,657	3,218,437
Net investment in capital assets	74,293,100	77,003,368	222,445	236,850	74,515,545	77,240,218
Restricted net position	7,913,267	8,994,472	13,076	-	7,926,343	8,994,472
Unrestricted net position (deficit)	(175,466,118)	(12,944,062)	(4,219,200)	(59,182)	(179,685,318)	(13,003,244)
Total net position (deficit)	\$ (93,259,751)	\$ 73,053,778	\$ (3,983,679)	\$ 177,668	\$ (97,243,430)	\$ 73,231,446

The net position of the Board's governmental activities decreased \$166.3 million during the year, from \$73.1 million at June 30, 2017 to \$(93.3) million at June 30, 2018, indicating a decline in the financial

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

condition of the Board. The GASB 75 restatement accounted for the majority of this decrease, reducing beginning of year governmental activities net position by \$160.8 million. Restricted net position decreased by \$1.1 million while unrestricted net position decreased \$162.5 million compared to the prior year, due primarily to implementation of GASB 75. Net investment in capital assets decreased \$2.7 million due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 2 of the financial statements for more details regarding these plans.

Net of a reduction of \$4.9 million to beginning net position for implementation of GASB 75, the net position of the Board's business-type activities increased \$712,000 during the year. This is the combined net profit generated by our school food service and child care operations during the 2018 fiscal year. The following table shows the revenues and expenses of the Board for the current and prior fiscal years:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Revenues:						
Program revenues:						
Charges for services	\$ 1,339,457	\$ 1,552,993	\$ 1,771,399	\$ 1,882,501	\$ 3,110,856	\$ 3,435,494
Operating grants and contributions	91,739,343	90,960,521	5,183,945	5,358,119	96,923,288	96,318,640
Capital grants and contributions	795,052	957,886	-	-	795,052	957,886
General revenues:						
County appropriations	16,724,592	16,822,365	-	-	16,724,592	16,822,365
Other revenues	1,010,764	1,452,413	13,030	2,211	1,023,794	1,454,624
Total revenues	<u>111,609,208</u>	<u>111,746,178</u>	<u>6,968,374</u>	<u>7,242,831</u>	<u>118,577,582</u>	<u>118,989,009</u>
Expenses:						
Governmental activities:						
Instructional services	92,428,336	88,077,721	-	-	92,428,336	88,077,721
System-wide support services	23,564,645	21,849,468	-	-	23,564,645	21,849,468
Ancillary services	377,038	224,675	-	-	377,038	224,675
Payments to other governments	705,062	555,410	-	-	705,062	555,410
Business-type activities:						
School food service	-	-	5,514,758	5,627,311	5,514,758	5,627,311
Child care	-	-	760,610	655,392	760,610	655,392
Total expenses	<u>117,075,081</u>	<u>110,707,274</u>	<u>6,275,368</u>	<u>6,282,703</u>	<u>123,350,449</u>	<u>116,989,977</u>
Excess (deficiency) before transfers	(5,465,873)	1,038,904	693,006	960,128	(4,772,867)	1,999,032
Transfers in (out)	(19,440)	(48,271)	19,440	48,271	-	-
Change in net position	<u>(5,485,313)</u>	<u>990,633</u>	<u>712,446</u>	<u>1,008,399</u>	<u>(4,772,867)</u>	<u>1,999,032</u>
Beginning net position (deficit), as previously reported	73,053,778	72,063,145	177,668	(830,731)	73,231,446	71,232,414
Restatement	(160,828,216)	-	(4,873,793)	-	(165,702,009)	-
Beginning net position (deficit), restated	<u>(87,774,438)</u>	<u>72,063,145</u>	<u>(4,696,125)</u>	<u>(830,731)</u>	<u>(92,470,563)</u>	<u>71,232,414</u>
Ending net position (deficit)	<u>\$ (93,259,751)</u>	<u>\$ 73,053,778</u>	<u>\$ (3,983,679)</u>	<u>\$ 177,668</u>	<u>\$ (97,243,430)</u>	<u>\$ 73,231,446</u>

ROCKINGHAM COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

Total governmental activities generated revenues of \$111.6 million while expenses in this category totaled \$117.1 million for the year ended June 30, 2018, resulting in a decrease in net position of \$5.5 million (including transfers out to business-type activities of \$19,000). Comparatively, revenues were \$111.7 million and expenses totaled \$110.7 million for the year ended June 30, 2017, resulting in an increase in net position of \$991,000. In comparing the two years, revenues were very comparable to the prior year while expenses increased by \$6.4 million, or 5.8%. The overall increase in expenses is largely attributable to the implementation of GASB 75 which required the recording of \$6.8 million of OPEB expense. 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, Rockingham County, and the United States Government, which respectively comprised 71.0%, 15.0% and 7.7% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 79.0% of our total expenses during the most recent fiscal year. Of the remaining 20.4% of our total expenses, 20.1% was attributable to system-wide support services.

Our business-type activities generated revenues of \$7.0 million, while expenses in this category totaled \$6.3 million for the year ended June 30, 2018. For the year, net position increased by \$712,000 (including transfers from governmental activities of \$19,000). Comparatively, revenues were \$7.2 million and expenses totaled \$6.3 million for the year ended June 30, 2017, resulting in an increase in net position of \$1.0 million. In comparing the two years, revenues decreased \$274,000 while expenses were unchanged. The decrease in revenues was attributable to a decrease in the number of meals served which was a result of a decline in the district's ADM.

Financial Analysis of the Board's Funds

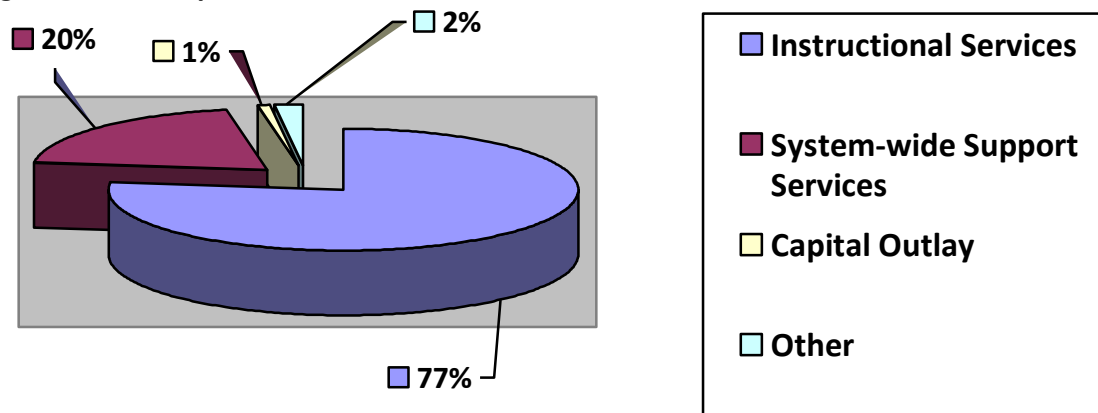
Governmental Funds: The focus of Rockingham County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$21.9 million at June 30, 2018, an increase of \$2.5 million over the amount reported at June 30, 2017. The Board's General and Other Restricted funds each reported an increase in fund balance for the year of \$2.3 million and \$597,000, respectively, while the Capital Outlay and Individual Schools funds reported decreases of \$289,000 and \$115,000, respectively. Overall, total governmental fund revenues decreased slightly from the prior year by \$140,000, or 0.1%, while total expenditures increased by \$2.2 million, or 2.1%.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. In comparing the year ended June 30, 2018 to 2017, the State Public School Fund reported an increase in revenues (and expenditures) of \$809,000, or 1.0%, while the Federal Grants Fund reported an increase of \$329,000, or 4.3%.

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

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined increase in net position of \$712,000 for the fiscal year ended June 30, 2018 compared to an increase of \$1.0 million for the same 2017 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year changes in operating results for the School Food Service and Child Care funds.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget to account for various changes in 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 necessary throughout the year to recognize these adjustments. None of the budget adjustments made during the current year were significant in nature and expenditures did not exceed the budget in any category.

Fund balance in the General Fund at June 30, 2018 was \$12.5 million, an increase of \$2.3 million over the amount reported at June 30, 2017. The Board budgeted to use \$4.0 million of fund balance for the year. Variances between actual expenditures and final budget amounts primarily relate to conservative budgeting practices and cost containment strategies.

Capital Assets

Total primary government capital assets were \$75.7 million at June 30, 2018 compared to \$78.7 million at June 30, 2017, a decrease of 3.8%. This decrease is due to an excess of depreciation expense over capital additions for the year. The following table is a summary of the Board's capital assets, net of depreciation, at June 30, 2018 and 2017. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/17</u>
Land	\$ 2,986,396	\$ 2,986,396	\$ -	\$ -	\$ 2,986,396	\$ 2,986,396
Construction in progress	62,386	-	-	-	62,386	-
Buildings and improvements	69,509,398	72,339,658	-	-	69,509,398	72,339,658
Equipment and furniture	651,559	729,248	222,445	236,850	874,004	966,098
Vehicles	2,269,460	2,416,544	-	-	2,269,460	2,416,544
Total	<u>\$ 75,479,199</u>	<u>\$ 78,471,846</u>	<u>\$ 222,445</u>	<u>\$ 236,850</u>	<u>\$ 75,701,644</u>	<u>\$ 78,708,696</u>

Debt Outstanding

The Board's outstanding debt at June 30, 2018 was \$1.2 million, a decrease of \$282,000 from the \$1.5 million reported at June 30, 2017. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2 to the financial statements.

Economic Factors

The Board relies on funding from local, State and federal sources for a majority of its revenues. The Board receives federal funding primarily from federal grants that flow through the NC Department of Public Instruction. State funds are mainly received as allotments from the State Public School Fund. Local funds consist mostly of county appropriations from property taxes, fines and forfeitures.

The following factors impact the economic outlook of Rockingham County:

- As of June 30, 2018, Rockingham County experienced an unemployment rate of approximately 4.8% as compared to an unemployment rate of approximately 4.7% at June 30, 2017. Rockingham County's unemployment rate is above the June 30, 2018 State of N.C. and national unemployment rates which were both 4.2%.
- The Board anticipates a continued decrease in enrollment over the next few years.

Requests for Information

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

Annie Ellis, Finance Officer
Rockingham County Board of Education
511 Harrington Hwy
Eden, NC 27288

ROCKINGHAM COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2018

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 22,064,186	\$ 1,794,786	\$ 23,858,972
Due from other governments	3,294,169	127,051	3,421,220
Receivables	297,076	31,674	328,750
Internal balances	600,000	(600,000)	-
Net OPEB asset	227,988	6,853	234,841
Inventories	-	214,995	214,995
Capital assets:			
Land and construction in progress	3,048,782	-	3,048,782
Other capital assets, net of depreciation	72,430,417	222,445	72,652,862
Total capital assets	75,479,199	222,445	75,701,644
Total assets	101,962,618	1,797,804	103,760,422
Deferred Outflows of Resources	23,111,234	694,657	23,805,891
Liabilities			
Accounts payable and accrued expenses	1,061,434	46,612	1,108,046
Accrued salaries and wages payable	3,335,405	16,531	3,351,936
Unearned revenue	-	35,059	35,059
Long-term liabilities:			
Due within one year	3,129,912	72,747	3,202,659
Due in more than one year	164,432,084	4,911,302	169,343,386
Total liabilities	171,958,835	5,082,251	177,041,086
Deferred Inflows of Resources	46,374,768	1,393,889	47,768,657
Net position			
Net investment in capital assets	74,293,100	222,445	74,515,545
Restricted for:			
Stabilization by State statute	968,701	-	968,701
School capital outlay	802,376	-	802,376
Instructional services	4,665,857	-	4,665,857
Individual schools activities	1,041,318	-	1,041,318
DIPNC OPEB plan	435,015	13,076	448,091
Unrestricted (deficit)	(175,466,118)	(4,219,200)	(179,685,318)
Total net position (deficit)	\$ (93,259,751)	\$ (3,983,679)	\$ (97,243,430)

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

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

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 55,413,846	\$ -	\$ 47,390,680	\$ -	\$ (8,023,166)	\$ -	\$ (8,023,166)
Special populations	13,324,973	1,316,560	12,774,697	-	766,284	-	766,284
Alternative programs	4,637,553	-	4,374,274	-	(263,279)	-	(263,279)
School leadership	7,102,627	-	6,147,713	-	(954,914)	-	(954,914)
Co-curricular	3,879,820	-	2,909,232	-	(970,588)	-	(970,588)
School-based support	8,069,517	-	6,937,113	-	(1,132,404)	-	(1,132,404)
System-wide support services:							
Support and development	1,194,933	-	1,049,925	-	(145,008)	-	(145,008)
Special population support and development	1,303,524	-	915,905	-	(387,619)	-	(387,619)
Alternative programs and services support and development	226,430	-	216,499	-	(9,931)	-	(9,931)
Technology support	1,315,848	-	557,488	-	(758,360)	-	(758,360)
Operational support	16,172,727	22,897	6,407,750	795,052	(8,947,028)	-	(8,947,028)
Financial and human resource services	1,369,969	-	806,773	-	(563,196)	-	(563,196)
Accountability	112,997	-	80,506	-	(32,491)	-	(32,491)
System-wide pupil support	227,671	-	66,563	-	(161,108)	-	(161,108)
Policy, leadership and public relations	1,640,546	-	836,479	-	(804,067)	-	(804,067)
Ancillary services	377,038	-	101,188	-	(275,850)	-	(275,850)
Payments to other governments	705,062	-	166,558	-	(538,504)	-	(538,504)
Total governmental activities	117,075,081	1,339,457	91,739,343	795,052	(23,201,229)	-	(23,201,229)
Business-type activities:							
School food service	5,514,758	1,167,442	5,183,945	-	-	836,629	836,629
Child care	760,610	603,957	-	-	-	(156,653)	(156,653)
Total business-type activities	6,275,368	1,771,399	5,183,945	-	-	679,976	679,976
Total primary government	\$ 123,350,449	\$ 3,110,856	\$ 96,923,288	\$ 795,052	(23,201,229)	679,976	(22,521,253)
General revenues:							
Unrestricted county appropriations - operating					15,834,840	-	15,834,840
Unrestricted county appropriations - capital					889,752	-	889,752
Investment earnings, unrestricted					114,543	13,030	127,573
Miscellaneous, unrestricted					896,221	-	896,221
Transfers					(19,440)	19,440	-
Total general revenues and transfers					17,715,916	32,470	17,748,386
Change in net position					(5,485,313)	712,446	(4,772,867)
Net position - beginning, as previously reported					73,053,778	177,668	73,231,446
Restatement (Note 5)					(160,828,216)	(4,873,793)	(165,702,009)
Net position (deficit) - beginning, as restated					(87,774,438)	(4,696,125)	(92,470,563)
Net position (deficit) - ending					\$ (93,259,751)	\$ (3,983,679)	\$ (97,243,430)

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

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

Exhibit 3

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 12,692,106	\$ -	\$ -	7,387,525	\$ 938,215	\$ 1,046,340	\$ 22,064,186
Due from other governments	20,708	2,997,437	245,977	30,047	-	-	3,294,169
Accounts receivable	33,264	-	-	263,812	-	-	297,076
Due from other funds	605,022	-	-	15,848	-	-	620,870
Total assets	<u>\$ 13,351,100</u>	<u>\$ 2,997,437</u>	<u>\$ 245,977</u>	<u>\$ 7,697,232</u>	<u>\$ 938,215</u>	<u>\$ 1,046,340</u>	<u>\$ 26,276,301</u>
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 806,251	\$ -	\$ -	\$ 119,344	\$ 135,839	\$ -	\$ 1,061,434
Accrued salaries and wages payable	8,324	2,997,437	245,977	83,667	-	-	3,335,405
Due to other funds	15,848	-	-	-	-	5,022	20,870
Total liabilities	<u>830,423</u>	<u>2,997,437</u>	<u>245,977</u>	<u>203,011</u>	<u>135,839</u>	<u>5,022</u>	<u>4,417,709</u>
Fund balances:							
Restricted:							
Stabilization by State statute	658,994	-	-	309,707	-	-	968,701
School capital outlay	-	-	-	-	802,376	-	802,376
Instructional services	-	-	-	4,665,857	-	-	4,665,857
Individual schools	-	-	-	-	-	1,041,318	1,041,318
Assigned:							
Subsequent year's expenditures	4,983,886	-	-	-	-	-	4,983,886
Special revenues	-	-	-	2,518,657	-	-	2,518,657
Unassigned	6,877,797	-	-	-	-	-	6,877,797
Total fund balances	<u>12,520,677</u>	<u>-</u>	<u>-</u>	<u>7,494,221</u>	<u>802,376</u>	<u>1,041,318</u>	<u>21,858,592</u>
Total liabilities and fund balances	<u>\$ 13,351,100</u>	<u>\$ 2,997,437</u>	<u>\$ 245,977</u>	<u>\$ 7,697,232</u>	<u>\$ 938,215</u>	<u>\$ 1,046,340</u>	<u>\$ 26,276,301</u>

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

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

Exhibit 3 (continued)

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

Total fund balances of governmental funds	\$ 21,858,592
Net OPEB asset	227,988
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	75,479,199
Deferred outflows of resources related to pensions	17,246,307
Deferred outflows of resources related to OPEB	5,864,927
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.	(7,530,656)
Net pension liability	(33,881,267)
Net OPEB liability	(126,150,073)
Deferred inflows of resources related to pensions	(2,541,539)
Deferred inflows of resources related to OPEB	<u>(43,833,229)</u>
Net position (deficit) of governmental activities	<u>\$ (93,259,751)</u>

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

Exhibit 4

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 78,526,692	\$ -	\$ 85,720	\$ 795,052	\$ -	\$ 79,407,464
Rockingham County:							
Local current expense	15,834,840	-	-	-	-	-	15,834,840
Other	-	-	-	-	882,525	-	882,525
U.S. Government	-	-	8,018,378	561,554	-	-	8,579,932
Contributions and donations	-	-	-	768,514	-	-	768,514
Other	540,798	-	-	2,839,433	14,228	2,908,032	6,302,491
Total revenues	16,375,638	78,526,692	8,018,378	4,255,221	1,691,805	2,908,032	111,775,766
Expenditures:							
Current:							
Instructional services:							
Regular instructional	1,658,199	45,536,566	765,286	1,195,183	33,305	-	49,188,539
Special populations	56,213	8,778,672	3,125,572	598,972	-	-	12,559,429
Alternative programs	16,973	1,512,876	2,861,398	12,526	-	-	4,403,773
School leadership	555,496	5,820,753	-	183,234	156,622	-	6,716,105
Co-curricular	800,913	-	1,200	11,208	-	3,023,180	3,836,501
School-based support	103,679	6,654,191	282,922	619,035	-	-	7,659,827
System-wide support services:							
Support and development	94,916	894,437	155,488	-	-	-	1,144,841
Special population support and development	44,235	641,707	274,198	270,122	-	-	1,230,262
Alternative programs and services support and development	-	51,605	164,894	1,292	-	-	217,791
Technology support	718,687	556,694	794	-	75	-	1,276,250
Operational support	8,022,482	6,207,122	200,628	334,128	520,182	-	15,284,542
Financial and human resource services	447,539	806,773	-	211	-	-	1,254,523
Accountability	24,852	80,506	-	-	-	-	105,358
System-wide pupil support	48,369	66,563	-	98,740	-	-	213,672
Policy, leadership and public relations	688,765	836,479	-	51,800	-	-	1,577,044
Ancillary services	5,545	81,748	19,440	281,792	-	-	388,525
Non-programmed charges	705,062	-	166,558	-	-	-	871,620
Debt service:							
Principal retirement	-	-	-	-	795,052	-	795,052
Capital outlay	-	-	-	-	988,408	-	988,408
Total expenditures	13,991,925	78,526,692	8,018,378	3,658,243	2,493,644	3,023,180	109,712,062
Revenues over (under) expenditures	2,383,713	-	-	596,978	(801,839)	(115,148)	2,063,704
Other financing sources:							
Installment purchase obligations issued	-	-	-	-	512,673	-	512,673
Net change in fund balance	2,383,713	-	-	596,978	(289,166)	(115,148)	2,576,377
Fund balances:							
Beginning of year	10,187,135	-	-	6,897,243	1,091,542	1,156,466	19,332,386
Change in reserve for inventories	(50,171)	-	-	-	-	-	(50,171)
End of year	\$ 12,520,677	\$ -	\$ -	\$ 7,494,221	\$ 802,376	\$ 1,041,318	\$ 21,858,592

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

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

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

Net changes in fund balances - total governmental funds	\$ 2,576,377
Change in fund balance due to change in reserve for inventory	(50,171)
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.	(2,989,023)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,536,011
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	3,753,054
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.	282,379
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	(8,602,809)
Net OPEB expense	(6,815,223)
Compensated absences	(172,284)
Loss on disposal of capital assets	<u>(3,624)</u>
Total changes in net position of governmental activities	<u>\$ (5,485,313)</u>

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

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

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rockingham County	15,834,840	15,834,840	15,834,840	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	340,000	340,000	540,798	200,798
Total revenues	16,174,840	16,174,840	16,375,638	200,798
Expenditures:				
Current:				
Instructional services:				
Regular instructional	3,078,031	3,265,065	1,658,199	1,606,866
Special populations	72,181	98,731	56,213	42,518
Alternative programs	23,618	48,018	16,973	31,045
School leadership	1,589,634	1,737,771	555,496	1,182,275
Co-curricular	868,462	817,118	800,913	16,205
School-based support	434,896	446,146	103,679	342,467
Total instructional services	6,066,822	6,412,849	3,191,473	3,221,376
System-wide support services:				
Support and development	462,205	450,908	94,916	355,992
Special population support and development	139,681	139,681	44,235	95,446
Alternative programs and services support and development	5,200	5,200	-	5,200
Technology support	508,128	858,430	718,687	139,743
Operational support	9,643,075	9,876,419	8,022,482	1,853,937
Financial and human resource services	494,422	546,022	447,539	98,483
Accountability	46,350	46,350	24,852	21,498
System-wide pupil support	58,389	60,139	48,369	11,770
Policy, leadership and public relations	843,655	892,505	688,765	203,740
Total system-wide support services	12,201,105	12,875,654	10,089,845	2,785,809
Ancillary services:				
Community	-	-	-	-
Nutrition	9,000	9,000	5,545	3,455
Total ancillary services	9,000	9,000	5,545	3,455
Nonprogrammed charges	918,750	918,750	705,062	213,688
Total expenditures	19,195,677	20,216,253	13,991,925	6,224,328
Revenues over (under) expenditures	(3,020,837)	(4,041,413)	2,383,713	6,425,126
Other financing uses:				
Transfers to other funds	(737,461)	-	-	-
Fund balance appropriated	3,758,298	4,041,413	-	(4,041,413)
Net change in fund balance	\$ -	\$ -	2,383,713	\$ 2,383,713
Fund balances:				
Beginning of year			10,187,135	
Change in reserve for inventories			(50,171)	
End of year			\$ 12,520,677	

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

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

	State Public School Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 79,992,379	\$ 87,069,714	\$ 78,526,692	\$ (8,543,022)
Rockingham County	-	-	-	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>79,992,379</u>	<u>87,069,714</u>	<u>78,526,692</u>	<u>(8,543,022)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	46,770,537	48,216,260	45,536,566	2,679,694
Special populations	9,767,921	10,181,107	8,778,672	1,402,435
Alternative programs	1,390,553	2,501,215	1,512,876	988,339
School leadership	5,829,397	6,430,904	5,820,753	610,151
Co-curricular	-	-	-	-
School-based support	<u>6,413,594</u>	<u>8,201,280</u>	<u>6,654,191</u>	<u>1,547,089</u>
Total instructional services	<u>70,172,002</u>	<u>75,530,766</u>	<u>68,303,058</u>	<u>7,227,708</u>
System-wide support services:				
Support and development	836,706	1,045,650	894,437	151,213
Special population support and development	523,961	741,751	641,707	100,044
Alternative programs and services support and development	35,492	85,492	51,605	33,887
Technology support	722,794	931,529	556,694	374,835
Operational support	5,857,694	6,577,525	6,207,122	370,403
Financial and human resource services	828,650	904,495	806,773	97,722
Accountability	67,226	144,356	80,506	63,850
System-wide pupil support	65,401	92,224	66,563	25,661
Policy, leadership and public relations	<u>823,366</u>	<u>895,867</u>	<u>836,479</u>	<u>59,388</u>
Total system-wide support services	<u>9,761,290</u>	<u>11,418,889</u>	<u>10,141,886</u>	<u>1,277,003</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	<u>59,087</u>	<u>120,059</u>	<u>81,748</u>	<u>38,311</u>
Total ancillary services	<u>59,087</u>	<u>120,059</u>	<u>81,748</u>	<u>38,311</u>
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>79,992,379</u>	<u>87,069,714</u>	<u>78,526,692</u>	<u>8,543,022</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			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

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

	Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rockingham County	-	-	-	-
U.S. Government	11,041,954	11,419,843	8,018,378	(3,401,465)
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	11,041,954	11,419,843	8,018,378	(3,401,465)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	704,326	1,064,013	765,286	298,727
Special populations	4,235,447	4,339,016	3,125,572	1,213,444
Alternative programs	3,682,953	3,709,602	2,861,398	848,204
School leadership	-	-	-	-
Co-curricular	-	1,500	1,200	300
School-based support	679,515	614,550	282,922	331,628
Total instructional services	9,302,241	9,728,681	7,036,378	2,692,303
System-wide support services:				
Support and development	190,170	194,489	155,488	39,001
Special population support and development	290,668	294,643	274,198	20,445
Alternative programs and services support and development	166,798	177,345	164,894	12,451
Technology support	236,283	794	794	-
Operational support	19,440	237,494	200,628	36,866
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Total system-wide support services	903,359	904,765	796,002	108,763
Ancillary services:				
Community	-	-	-	-
Nutrition	-	19,440	19,440	-
Total ancillary services	-	19,440	19,440	-
Nonprogrammed charges	836,354	766,957	166,558	600,399
Total expenditures	11,041,954	11,419,843	8,018,378	3,401,465
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			\$ -	

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

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

	Other Restricted Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 85,720	\$ 85,720	\$ 85,720	\$ -
Rockingham County	-	-	-	-
U.S. Government	874,041	894,041	561,554	(332,487)
Contributions and donations	768,043	1,190,141	768,514	(421,627)
Other	3,516,867	3,122,054	2,839,433	(282,621)
Total revenues	5,244,671	5,291,956	4,255,221	(1,036,735)
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,615,546	1,879,766	1,195,183	684,583
Special populations	1,023,728	1,032,104	598,972	433,132
Alternative programs	77,870	73,370	12,526	60,844
School leadership	58,907	245,069	183,234	61,835
Co-curricular	9,000	33,942	11,208	22,734
School-based support	1,077,872	1,189,888	619,035	570,853
Total instructional services	3,862,923	4,454,139	2,620,158	1,833,981
System-wide support services:				
Support and development	-	-	-	-
Special population support and development	271,543	288,779	270,122	18,657
Alternative programs and services support and development	-	3,900	1,292	2,608
Technology support	1,211,635	-	-	-
Operational support	-	1,158,157	334,128	824,029
Financial and human resource services	-	250	211	39
Accountability	-	-	-	-
System-wide pupil support	-	101,636	98,740	2,896
Policy, leadership and public relations	2,100	61,160	51,800	9,360
Total system-wide support services	1,485,278	1,613,882	756,293	857,589
Ancillary services:				
Community	176,721	297,401	281,792	15,609
Nutrition	-	-	-	-
Total ancillary services	176,721	297,401	281,792	15,609
Nonprogrammed charges	400	400	-	400
Total expenditures	5,525,322	6,365,822	3,658,243	2,707,579
Revenues over (under) expenditures	(280,651)	(1,073,866)	596,978	1,670,844
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	280,651	1,073,866	-	(1,073,866)
Net change in fund balance	\$ -	\$ -	596,978	\$ 596,978
Fund balances:				
Beginning of year			6,897,243	
Change in reserve for inventories			-	
End of year			\$ 7,494,221	

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

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

Exhibit 7

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,633,966	\$ 160,820	\$ 1,794,786
Due from other governments	127,051	-	127,051
Receivables	31,674	-	31,674
Net OPEB asset	5,446	1,407	6,853
Inventories	214,995	-	214,995
Total current assets	<u>2,013,132</u>	<u>162,227</u>	<u>2,175,359</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	<u>222,445</u>	<u>-</u>	<u>222,445</u>
Total assets	<u>2,235,577</u>	<u>162,227</u>	<u>2,397,804</u>
Deferred Outflows of Resources	<u>552,035</u>	<u>142,622</u>	<u>694,657</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	43,640	2,972	46,612
Accrued salaries and wages payable	16,531	-	16,531
Due to other funds	600,000	-	600,000
Compensated absences	61,305	11,442	72,747
Unearned revenue	35,059	-	35,059
Total current liabilities	<u>756,535</u>	<u>14,414</u>	<u>770,949</u>
Noncurrent liabilities:			
Net pension liability	809,288	209,084	1,018,372
Net OPEB liability	3,013,220	778,481	3,791,701
Compensated absences	84,759	16,470	101,229
Total noncurrent liabilities	<u>3,907,267</u>	<u>1,004,035</u>	<u>4,911,302</u>
Total liabilities	<u>4,663,802</u>	<u>1,018,449</u>	<u>5,682,251</u>
Deferred Inflows of Resources	<u>1,107,707</u>	<u>286,182</u>	<u>1,393,889</u>
Net position			
Investment in capital assets	222,445	-	222,445
DIPNC OPEB plan	10,391	2,685	13,076
Unrestricted (deficit)	<u>(3,216,733)</u>	<u>(1,002,467)</u>	<u>(4,219,200)</u>
Total net position (deficit)	<u>\$ (2,983,897)</u>	<u>\$ (999,782)</u>	<u>\$ (3,983,679)</u>

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

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

Exhibit 8

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Operating revenues:			
Food sales	\$ 1,167,442	\$ -	\$ 1,167,442
Child care fees	-	603,957	603,957
Total operating revenues	<u>1,167,442</u>	<u>603,957</u>	<u>1,771,399</u>
Operating expenses:			
Food cost:			
Purchase of food	2,229,664	15,557	2,245,221
Donated commodities	413,288	-	413,288
Salaries and benefits	2,669,328	719,627	3,388,955
Indirect costs	307,766	-	307,766
Materials and supplies	11,470	3,844	15,314
Repairs and maintenance	106,716	-	106,716
Depreciation	40,904	-	40,904
Non-capitalized equipment	8,683	1,193	9,876
Contracted services	4,716	-	4,716
Other	29,989	20,389	50,378
Total operating expenses	<u>5,822,524</u>	<u>760,610</u>	<u>6,583,134</u>
Operating loss	<u>(4,655,082)</u>	<u>(156,653)</u>	<u>(4,811,735)</u>
Nonoperating revenues:			
Federal reimbursements	4,751,654	-	4,751,654
Federal commodities	413,288	-	413,288
State reimbursements	6,303	-	6,303
Indirect costs not paid	307,766	-	307,766
Interest earned	11,456	1,574	13,030
Contributions and donations	12,700	-	12,700
Total nonoperating revenues	<u>5,503,167</u>	<u>1,574</u>	<u>5,504,741</u>
Income (loss) before capital contributions	848,085	(155,079)	693,006
Capital contributions	<u>19,440</u>	<u>-</u>	<u>19,440</u>
Change in net position	<u>867,525</u>	<u>(155,079)</u>	<u>712,446</u>
Net position, beginning of year, as previously reported	99,246	78,422	177,668
Restatement (Note 5)	<u>(3,950,668)</u>	<u>(923,125)</u>	<u>(4,873,793)</u>
Net position (deficit), beginning of year, as restated	<u>(3,851,422)</u>	<u>(844,703)</u>	<u>(4,696,125)</u>
Net position (deficit), end of year	<u>\$ (2,983,897)</u>	<u>\$ (999,782)</u>	<u>\$ (3,983,679)</u>

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

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

Exhibit 9

	Enterprise		
	Major Funds		
	School Food Service	Child Care	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 1,163,182	\$ 603,957	\$ 1,767,139
Cash paid for goods and services	(2,348,373)	(41,698)	(2,390,071)
Cash paid to employees for services	(2,667,274)	(610,980)	(3,278,254)
Net cash used by operating activities	(3,852,465)	(48,721)	(3,901,186)
Cash flows from noncapital financing activities:			
Due to other funds	(650,000)	-	(650,000)
Federal and State reimbursements	4,782,942	-	4,782,942
Contributions and donations	12,700	-	12,700
Net cash provided (used) by noncapital financing activities	4,145,642	-	4,145,642
Cash flows from investing activities:			
Interest earned on investments	11,456	1,574	13,030
Net increase (decrease) in cash and cash equivalents	297,574	(47,147)	250,427
Cash and cash equivalents, beginning of year	1,336,392	207,967	1,544,359
Cash and cash equivalents, end of year	\$ 1,633,966	\$ 160,820	\$ 1,794,786
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (4,655,082)	\$ (156,653)	\$ (4,811,735)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	40,904	-	40,904
Donated commodities	413,288	-	413,288
Indirect costs not paid	307,766	-	307,766
Changes in assets and liabilities:			
Increase in accounts receivable	(7,620)	-	(7,620)
(Increase) decrease in net OPEB asset	510	(15)	495
Decrease in inventories	30,425	-	30,425
Increase (decrease) in accounts payable and accrued liabilities	12,440	(715)	11,725
Decrease in accrued salaries and wages payable	(9,300)	-	(9,300)
Increase in unearned revenue	3,360	-	3,360
Decrease in net pension liability	(190,329)	(24,490)	(214,819)
Decrease in net OPEB liability	(1,036,215)	(167,723)	(1,203,938)
Decrease in deferred outflows	196,835	32,361	229,196
Increase in deferred inflows	1,030,973	268,252	1,299,225
Increase in compensated absences payable	9,580	262	9,842
Total adjustments	802,617	107,932	910,549
Net cash used by operating activities	\$ (3,852,465)	\$ (48,721)	\$ (3,901,186)

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

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

Exhibit 9 (continued)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$413,288 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.

School Food Service capital assets with a value of \$19,440 were purchased by the Federal Grants Fund during the year. The value of these assets is reflected as a capital contribution on Exhibit 8.

Indirect costs of \$307,766 that would be due to the Restricted Revenue Fund were not paid. These unpaid costs are reflected as a non-operating revenue and an operating expense on Exhibit 8.

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

ROCKINGHAM COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

Exhibit 10

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 111,459	\$ 341,770
Liabilities		
Due to NC Department of Public Instruction	-	341,770
Net position		
Assets held in trust for private purpose	\$ 111,459	\$ -

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

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

Exhibit 11

	Private Purpose Trust Fund
Additions:	
Contributions and other revenue	<u>\$ 1,554</u>
Deductions:	
Instructional costs	<u>-</u>
Change in net position	1,554
Beginning net position	<u>109,905</u>
Ending net position	<u>\$ 111,459</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rockingham 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 Rockingham 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 Rockingham County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

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.

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

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

Other Restricted Fund. The Other Restricted Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and special programs. The Other Restricted Fund is reported as a special revenue fund.

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

The Board reports the following nonmajor governmental fund:

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

The Board reports the following major enterprise funds:

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

Child Care Fund. The Child Care Fund is used to account for the after school care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

The Board reports the following fiduciary funds:

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

Child Nutrition Agency Fund. This fund is used to account for moneys held for the School Nutrition Services section of the N.C. Department of Public Instruction for which the Board is the fiscal agent.

C. Measurement Focus and Basis of Accounting

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

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

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.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the Board of Education. 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. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

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

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. 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 December 31, 2005 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 \$2,000 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

Rockingham 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 and improvements	40
Playground structures/fencing	15
Equipment and furniture	5-12
Vehicles	5-12

5. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meets this criterion – pension and other post-employment benefit-related deferrals. 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 two items that meets this criterion – pension and other post-employment benefit-related deferrals.

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

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2018 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. 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:

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

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

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

Restricted for instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

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.

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

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.

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

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. 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 pay expenditures from restricted revenue sources first and then from general unrestricted revenues. 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.

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$(115,118,343) consists of the following elements:

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)	\$ 208,570,314
Less accumulated depreciation	(133,091,115)
Net capital assets	75,479,199
Net OPEB asset	227,988
Deferred outflows of resources related to pensions	17,246,307
Deferred outflows of resources related to OPEB	5,864,927
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchases	(1,186,099)
Compensated absences	(6,344,557)
Net pension liability	(33,881,267)
Net OPEB liability	(126,150,073)
Deferred inflows of resources related to pensions	(2,541,539)
Deferred inflows of resources related to OPEB	(43,833,229)
Total adjustment	<u>\$ (115,118,343)</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(8,061,690) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,203,031
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(4,192,054)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(512,673)
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	795,052
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	6,536,011
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	3,753,054
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	(8,602,809)
OPEB expense	(6,815,223)
Loss on disposal of asset	(3,624)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(172,284)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(50,171)
Total adjustment	<u>\$ (8,061,690)</u>

10. Defined Benefit Pension 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.

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

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2018, the Board had deposits with banks and savings and loans with a carrying amount of \$24,061,978 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$24,543,603 and \$711,975, respectively. Of these balances, \$1,373,771 was covered by federal depository insurance and \$23,881,807 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. The Board had cash on hand at year-end of \$30.

2. Investments

At June 30 2018, the Board had \$250,193 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no investment balances in the STIF as of June 30, 2018. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach.

ROCKINGHAM COUNTY BOARD OF EDUCATION
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For the Fiscal Year Ended June 30, 2018

3. Accounts Receivable

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

	Due from (to) other Funds (Internal Balances)	Due from other Governments	Other	Total
Governmental activities:				
General Fund	\$ 589,174	\$ 20,708	\$ 33,264	\$ 643,146
Other governmental funds	10,826	3,273,461	263,812	3,548,099
Total governmental activities	<u>\$ 600,000</u>	<u>\$ 3,294,169</u>	<u>\$ 297,076</u>	<u>\$ 4,191,245</u>
Business-type activities:				
School Food Service Fund	<u>\$ (600,000)</u>	<u>\$ 127,051</u>	<u>\$ 31,674</u>	<u>\$ (441,275)</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 20,708	Amounts due from County
State Public School Fund	2,997,437	Operating funds from DPI
Federal Grants Fund	245,977	Federal grant funds
Other Restricted Fund	<u>30,047</u>	State and federal grants funds and reimbursements
Total	<u>\$ 3,294,169</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 127,051</u>	Federal grant funds

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	\$ 2,986,396	\$ -	\$ -	\$ 2,986,396
Construction in progress	-	62,386	-	62,386
Total capital assets not being depreciated	<u>2,986,396</u>	<u>62,386</u>	<u>-</u>	<u>3,048,782</u>
Capital assets being depreciated:				
Buildings and improvements	186,542,692	460,696	-	187,003,388
Equipment and furniture	4,602,618	152,276	102,466	4,652,428
Vehicles	13,873,465	527,673	535,422	13,865,716
Total capital assets being depreciated	<u>205,018,775</u>	<u>1,140,645</u>	<u>637,888</u>	<u>205,521,532</u>
Less accumulated depreciation for:				
Buildings and improvements	114,203,034	3,290,956	-	117,493,990
Equipment and furniture	3,873,370	226,341	98,842	4,000,869
Vehicles	11,456,921	674,757	535,422	11,596,256
Total accumulated depreciation	<u>129,533,325</u>	<u>4,192,054</u>	<u>634,264</u>	<u>133,091,115</u>
Total capital assets being depreciated, net	<u>75,485,450</u>			<u>72,430,417</u>
Governmental activity capital assets, net	<u>\$ 78,471,846</u>			<u>\$ 75,479,199</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 3,217,585	\$ 26,499	\$ -	\$ 3,244,084
Less accumulated depreciation for:				
Equipment and furniture	<u>2,980,735</u>	<u>40,904</u>	<u>-</u>	<u>3,021,639</u>
School Food Service capital assets, net	<u>236,850</u>			<u>222,445</u>
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	15,551	-	-	15,551
Less accumulated depreciation for:				
Equipment and furniture	<u>15,551</u>	<u>-</u>	<u>-</u>	<u>15,551</u>
Child Care Fund capital assets, net	<u>-</u>			<u>-</u>
Business-type activities capital assets, net	<u>\$ 236,850</u>			<u>\$ 222,445</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,517,297
System-wide support services	<u>674,757</u>
Total	<u>\$ 4,192,054</u>

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

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2018, was 10.78% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$6,732,464 for the year ended June 30, 2018.

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

At June 30, 2018, the Board reported a liability of \$34,899,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2017 and at June 30, 2016, the Board's proportion was 0.440% and 0.456%, respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$8,857,149. At June 30, 2018, 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	756,560	\$ 1,141,749
Changes of assumptions	5,513,617	-
Net difference between projected and actual earnings on pension plan investments	4,723,107	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	38,935	1,476,181
Board contributions subsequent to the measurement date	6,732,464	-
Total	<u>\$ 17,764,683</u>	<u>\$ 2,617,930</u>

\$6,732,464 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2019	\$	1,338,549
2020		6,090,077
2021		2,875,897
2022		<u>(1,890,234)</u>
Total	\$	<u>8,414,289</u>

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

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Inflation	3.0 percent
Salary increases	3.5 to 8.1 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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.

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board's proportionate share of the net pension liability (asset)	\$ 71,837,903	\$ 34,899,639	\$ 3,950,082

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

1. Healthcare Benefits

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

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

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

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

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retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.05% of covered payroll which amounted to \$3,778,424.

At June 30, 2018, the Board reported a liability of \$129,941,774 for its proportionate share of the net RHBF OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017 and 2016, the Board's proportion was 0.396% and 0.390%, respectively.

\$3,778,424 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (8,622,653)
2020	(8,622,653)
2021	(8,622,653)
2022	(8,622,653)
2023	<u>(8,610,580)</u>
Total	<u>\$ (43,101,192)</u>

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

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

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

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	\$ 155,013,073	\$ 129,941,774	\$ 110,056,676

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	Healthcare Trend Rates		
	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Medicare Advantage - 3.00-4.00%, Administrative - 2.00%)	(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	\$ 106,150,462	\$ 129,941,774	\$ 161,563,469

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.

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2. Disability Benefits

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

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

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

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

Contributions. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$87,435 for the year ended June 30, 2018.

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

At June 30, 2018, the Board reported an asset of \$234,841 for its proportionate share of the net DIPNC OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB

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asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017 and 2016, the Board's proportion was 0.384% and 0.402%, respectively.

\$87,435 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$	37,655
2020		37,655
2021		37,644
2022		12,861
Total	\$	<u>125,815</u>

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

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

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB asset, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (2.75 percent) 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	\$ 199,650	\$ 234,841	\$ 270,114

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	100%	

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

	RHBF	DIPNC	Total
OPEB expense	\$ 6,852,212	\$ 128,088	\$ 6,980,300
OPEB liability (asset)	129,941,774	(234,841)	129,706,933
Proportionate share of the net OPEB liability (asset)	0.3963%	0.3842%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	-	64,389	64,389
Net difference between projected and actual earnings on plan investments	-	51,475	51,475
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,049,535	9,950	2,059,485
Board contributions subsequent to the measurement date	3,778,424	87,435	3,865,859
Deferred Inflows of Resources:			
Differences between expected and actual experience	9,317,064	-	9,317,064
Changes of assumptions	35,785,371	-	35,785,371
Net difference between projected and actual earnings on plan investments	48,292	-	48,292

2. Accounts Payable

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

	Vendors and Other	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 806,251	\$ 8,324	\$ 814,575
Other governmental activities	255,183	3,327,081	3,582,264
Total governmental activities	<u>\$ 1,061,434</u>	<u>\$ 3,335,405</u>	<u>\$ 4,396,839</u>
Business-type activities:			
School Food Service Fund	\$ 43,640	\$ 16,531	\$ 60,171
Child Care Fund	2,972	-	2,972
Total business-type activities	<u>\$ 46,612</u>	<u>\$ 16,531</u>	<u>\$ 63,143</u>

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3. Unearned Revenues

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

Prepayments of meals (School Food Service Fund)	<u>\$ 35,059</u>
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4. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 820,949	\$ 10,458,813
Changes of assumptions	5,513,617	35,785,371
Net difference between projected and actual earnings on pension and OPEB plan investments	4,774,582	48,292
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,098,420	1,476,181
Board contributions subsequent to the measurement date	<u>10,598,323</u>	<u>-</u>
Total	<u>\$ 23,805,891</u>	<u>\$ 47,768,657</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$3,150,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

The Board 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.

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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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$200,000.

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 current and prior fiscal years, the Board received buses under three such financing contracts that it entered into. Each 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 installment purchases as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u> <u>Principal</u>
2019	\$ 674,465
2020	383,465
2021	<u>128,169</u>
Total	<u>\$ 1,186,099</u>

b. Long-Term Obligation Activity

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

	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 1,468,478	\$ 512,673	\$ 795,052	\$ 1,186,099	\$ 674,465
Net pension liability	40,693,544	-	6,812,277	33,881,267	-
Net OPEB liability	164,848,948	-	38,698,875	126,150,073	-
Compensated absences	6,172,273	4,178,014	4,005,730	6,344,557	2,455,447
Total	<u>\$213,183,243</u>	<u>\$ 4,690,687</u>	<u>\$ 50,311,934</u>	<u>\$167,561,996</u>	<u>\$ 3,129,912</u>
Business-type activities:					
Net pension liability	\$ 1,233,191	\$ -	\$ 214,819	\$ 1,018,372	\$ -
Net OPEB liability	4,995,639	-	1,203,938	3,791,701	-
Compensated absences	164,134	134,878	125,036	173,976	72,747
Total	<u>\$ 6,392,964</u>	<u>\$ 134,878</u>	<u>\$ 1,543,793</u>	<u>\$ 4,984,049</u>	<u>\$ 72,747</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.

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C. Interfund Balances and Activity

1. Interfund Balances

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Food Service Fund	\$ 600,000
General Fund	Individual Schools Fund	5,022
Other Restricted Fund	General Fund	15,848

The \$600,000 amount above represents funds loaned by the General Fund to the School Food Service Fund to pay operating costs. The other interfund balances were created in the normal operating cycle of the Board. All amounts are expected to be paid prior to June 30, 2019.

2. Transfers / Contributed Capital

During the year ended June 30, 2018, the Federal Grants Fund purchased capitalized equipment for the School Food Service Fund totaling \$19,440. This amount is presented as a transfer between governmental and business-type activities in Exhibit 2 and as contributed capital in Exhibit 8.

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	\$ 12,520,677
Less:	
Stabilization by State statute	(658,994)
Appropriated fund balance in 2018-2019 budget	<u>(4,983,886)</u>
Remaining fund balance	<u>\$ 6,877,797</u>

NOTE 3 – OTHER RESTRICTED FUND – OTHER REVENUES

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

Tuition and fees	\$ 1,316,560
Medicaid reimbursement program	870,453
Indirect costs allocated	166,558
Other	<u>485,862</u>
Total other revenues	<u>\$ 2,839,433</u>

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

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.

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Board to record beginning net OPEB liability and Net OPEB asset and the effects on net position from contributions made by the Board during the measurement period (fiscal year end June 30, 2017). As a result, net position for the governmental and business-type activities decreased by \$160,828,216 and \$4,873,793, respectively.

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

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.440%	0.456%	0.477%	0.496%	0.492%
Board's proportionate share of the net pension liability (asset)	\$ 34,899,639	\$ 41,926,735	\$ 17,559,231	\$ 5,810,870	\$ 29,839,058
Board's covered payroll	\$ 63,057,705	\$ 63,548,546	\$ 66,772,104	\$ 66,332,808	\$ 68,635,615
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.35%	65.98%	26.30%	8.76%	43.47%
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 five years of data presented.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,732,464	\$ 6,293,159	\$ 5,814,692	\$ 6,109,948	\$ 5,764,321
Contributions in relation to the contractually required contribution	<u>6,732,464</u>	<u>6,293,159</u>	<u>5,814,692</u>	<u>6,109,948</u>	<u>5,764,321</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 62,453,284	\$ 63,057,705	\$ 63,548,546	\$ 66,772,104	\$ 66,332,808
Contributions as a percentage of covered 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 five years of data presented.

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

	2018	2017
Board's proportion of the net OPEB liability (asset)	0.396%	0.390%
Board's proportionate share of the net OPEB liability (asset)	\$ 129,941,774	169,844,587
Board's covered payroll	\$ 63,057,705	\$ 63,548,546
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	206.07%	267.27%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

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

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

ROCKINGHAM COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,778,424	\$ 3,653,471	\$ 3,560,838	\$ 3,655,539	\$ 3,575,307
Contributions in relation to the contractually required contribution	<u>3,778,424</u>	<u>3,653,471</u>	<u>3,560,838</u>	<u>3,655,539</u>	<u>3,575,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 62,453,284	\$ 63,057,705	\$ 63,548,546	\$ 66,772,104	\$ 66,332,808
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%
	2013	2012	2011	2010	2009
Contractually required contribution	\$ 3,596,219	\$ 3,423,728	\$ 3,505,661	\$ 3,329,175	\$ 3,144,200
Contributions in relation to the contractually required contribution	<u>3,596,219</u>	<u>3,423,728</u>	<u>3,505,661</u>	<u>3,329,175</u>	<u>3,144,200</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,853,189	\$ 68,474,560	\$ 71,544,102	\$ 73,981,667	\$ 76,687,805
Contributions as a percentage of covered payroll	5.30%	5.00%	4.90%	4.50%	4.10%

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

	2018	2017
Board's proportion of the net OPEB asset	0.384%	0.402%
Board's proportionate share of the net OPEB asset	\$ 234,841	\$ 249,816
Board's covered payroll	\$ 63,057,705	\$ 63,548,546
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.37%	0.39%
Plan fiduciary net position as a percentage of the total OPEB asset	116.23%	116.06%

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

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 87,435	\$ 238,953	\$ 260,704	\$ 273,000	\$ 291,321
Contributions in relation to the contractually required contribution	<u>87,435</u>	<u>238,953</u>	<u>260,704</u>	<u>273,000</u>	<u>291,321</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 62,453,284	\$ 63,057,705	\$ 63,548,546	\$ 66,772,104	\$ 66,332,808
Contributions as a percentage of covered payroll	0.14%	0.38%	0.41%	0.41%	0.44%
	2013	2012	2011	2010	2009
Contractually required contribution	\$ 298,554	\$ 356,068	\$ 372,029	\$ 384,705	\$ 398,777
Contributions in relation to the contractually required contribution	<u>298,554</u>	<u>356,068</u>	<u>372,029</u>	<u>384,705</u>	<u>398,777</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 67,853,189	\$ 68,474,560	\$ 71,544,102	\$ 73,981,667	\$ 76,687,805
Contributions as a percentage of covered payroll	0.44%	0.52%	0.52%	0.52%	0.52%



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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Rockingham County:			
County appropriation	\$ 15,834,840	\$ 15,834,840	\$ -
Other:			
Fines and forfeitures	300,000	337,291	37,291
Interest earned on investment	10,000	107,542	97,542
Miscellaneous	30,000	95,965	65,965
Total other	<u>340,000</u>	<u>540,798</u>	<u>200,798</u>
Total revenues	<u>16,174,840</u>	<u>16,375,638</u>	<u>200,798</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	3,265,065	1,658,199	1,606,866
Special populations	98,731	56,213	42,518
Alternative programs	48,018	16,973	31,045
School leadership	1,737,771	555,496	1,182,275
Co-curricular	817,118	800,913	16,205
School-based support	446,146	103,679	342,467
Total instructional services	<u>6,412,849</u>	<u>3,191,473</u>	<u>3,221,376</u>
System-wide support services:			
Support and development	450,908	94,916	355,992
Special population support and development	139,681	44,235	95,446
Alternative programs and services			
support and development	5,200	-	5,200
Technology support	858,430	718,687	139,743
Operational support	9,876,419	8,022,482	1,853,937
Financial and human resource services	546,022	447,539	98,483
Accountability	46,350	24,852	21,498
System-wide pupil support	60,139	48,369	11,770
Policy, leadership and public relations	892,505	688,765	203,740
Total system-wide support services	<u>12,875,654</u>	<u>10,089,845</u>	<u>2,785,809</u>
Ancillary services:			
Nutrition	<u>9,000</u>	<u>5,545</u>	<u>3,455</u>
Non-programmed charges:			
Payments to other governments	<u>918,750</u>	<u>705,062</u>	<u>213,688</u>
Total expenditures	<u>20,216,253</u>	<u>13,991,925</u>	<u>6,224,328</u>

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	(4,041,413)	2,383,713	6,425,126
Fund balance appropriated	<u>4,041,413</u>	<u>-</u>	<u>(4,041,413)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,383,713</u>	<u>\$ 2,383,713</u>
Fund balance:			
Beginning of year		<u>10,187,135</u>	
Change in reserve for inventories		<u>(50,171)</u>	
End of year		<u>\$ 12,520,677</u>	

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 795,052	\$ 795,052	\$ -
Rockingham County:			
General county appropriations	882,525	882,525	-
Other:			
Local sales tax	-	7,227	7,227
Interest earned on investments	-	7,001	7,001
Total other	-	14,228	14,228
Total revenues	1,677,577	1,691,805	14,228
Expenditures:			
Current:			
Instructional services:			
Regular instructional	60,000	33,305	26,695
School leadership	200,000	156,622	43,378
Total instructional services	260,000	189,927	70,073
System-wide support services:			
Technology support	2,000	75	1,925
Operational support	528,173	520,182	7,991
Policy, leadership and public relations	30,400	-	30,400
Total system-wide support services	560,573	520,257	40,316
Debt service:			
Principal retirement	795,052	795,052	-
Capital outlay	1,666,197	988,408	677,789
Total expenditures	3,281,822	2,493,644	788,178
Revenues over (under) expenditures	(1,604,245)	(801,839)	802,406
Other financing sources:			
Installment purchase obligations issued	512,673	512,673	-
Fund balance appropriated	1,091,572	-	(1,091,572)
Net change in fund balance	\$ -	(289,166)	\$ (289,166)
Fund balance:			
Beginning of year		1,091,542	
End of year		\$ 802,376	

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

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 1,256,328	\$ 1,167,442	\$ (88,886)
Operating expenditures:			
Business support services:			
Purchase of food		2,199,239	
Donated commodities		413,288	
Salaries and benefits		2,657,974	
Indirect costs		307,766	
Materials and supplies		11,470	
Repairs and maintenance		106,716	
Non-capitalized equipment		8,683	
Contracted services		4,716	
Other		29,989	
Capital outlay		7,059	
Total operating expenditures	6,699,599	5,746,900	952,699
Operating loss	(5,443,271)	(4,579,458)	863,813
Nonoperating revenues:			
Federal reimbursements	4,545,000	4,751,654	206,654
Federal commodities	433,699	413,288	(20,411)
State reimbursements	8,957	6,303	(2,654)
Indirect costs not paid	429,571	307,766	(121,805)
Interest earned	11,044	11,456	412
Contributions and donations	15,000	12,700	(2,300)
Total nonoperating revenues	5,443,271	5,503,167	59,896
Net change in fund balance	\$ -	923,709	\$ 923,709

Reconciliation of modified accrual to full
accrual basis:

Reconciling items:

Depreciation	(40,904)
Capital contributions	19,440
Equipment purchases	7,059
Net OPEB asset	(510)
Net pension liability	190,329
Net OPEB liability	1,036,215
Deferred outflows - pension	(196,835)
Deferred inflows - pension	(1,030,973)
Increase in compensated absences payable	(9,580)
Decrease in inventory	(30,425)

Change in net position (full accrual) \$ 867,525

ROCKINGHAM COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 684,462	\$ 603,957	\$ (80,505)
Operating expenditures:			
Regular community services:			
Purchase of food		15,557	
Salaries and benefits		610,980	
Materials and supplies		3,844	
Non-capitalized equipment		1,193	
Other		20,389	
Total operating expenditures	684,462	651,963	32,499
Operating loss	-	(48,006)	(48,006)
Nonoperating revenues:			
Interest earned	-	1,574	1,574
Net change in fund balance	\$ -	(46,432)	\$ (46,432)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		15	
Net pension liability		24,490	
Net OPEB liability		167,723	
Deferred outflows - pension		(32,361)	
Deferred inflows - pension		(268,252)	
Increase in compensated absences payable		(262)	
Change in net position (full accrual)		\$ (155,079)	

ROCKINGHAM COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CHILD NUTRITION AGENCY FUND
For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and cash equivalents	<u>\$ 675,895</u>	<u>\$ -</u>	<u>\$ 334,125</u>	<u>\$ 341,770</u>
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 675,895</u>	<u>\$ -</u>	<u>\$ 334,125</u>	<u>\$ 341,770</u>



Statistical Section

STATISTICAL SECTION

(Unaudited)

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

Sections

Financial Trends

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

Operating Information

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

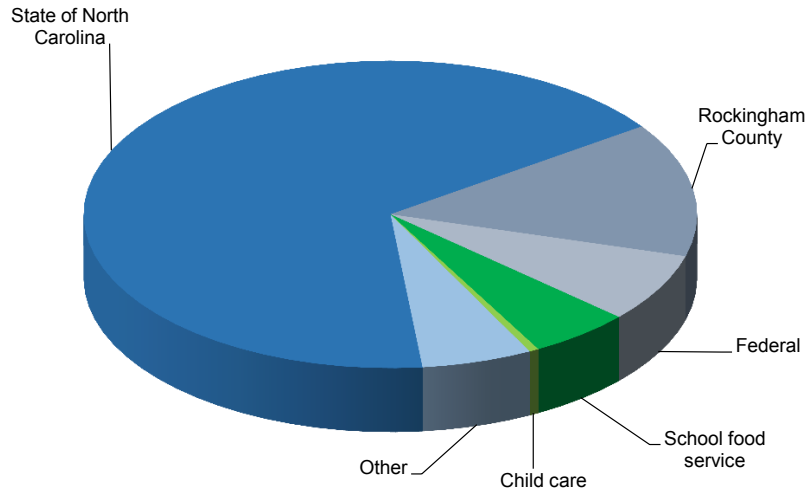
ROCKINGHAM COUNTY SCHOOLS

Financial Perspective

Governmental and Business-type Activities

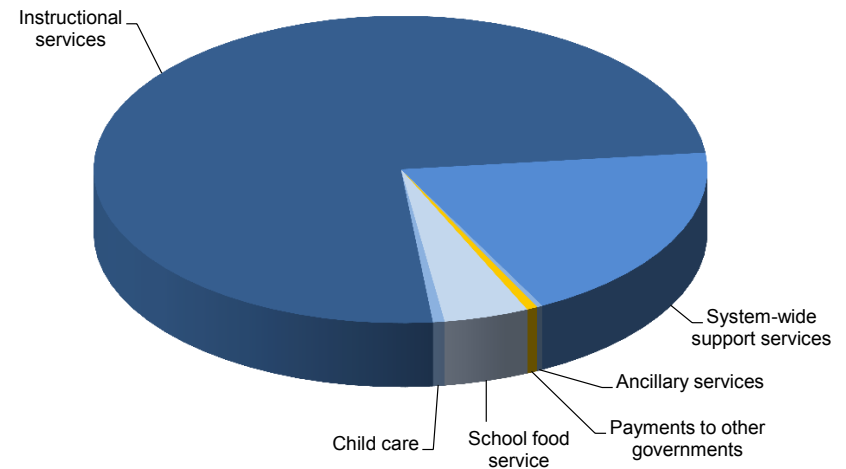
For Year Ended June 30, 2018

Revenue Sources



State of North Carolina	\$ 79,407,464
Rockingham County	16,717,365
Federal	8,579,932
School food service	6,362,843
Child care	605,531
Other	<u>6,904,447</u>
Total revenue sources	<u><u>\$ 118,577,582</u></u>

Expenses



Instructional services	\$ 92,428,336
System-wide support services	23,564,645
Ancillary services	377,038
Payments to other governments	705,062
School food service	5,514,758
Child care	<u>760,610</u>
Total expenses	<u><u>\$ 123,350,449</u></u>

ROCKINGHAM COUNTY SCHOOLS

SOURCES OF GOVERNMENTAL FUND REVENUES

For The Last Ten Fiscal Years

Year Ended June 30:	State of North Carolina	County Appropriations	Federal	Other	Total
2009	\$ 85,976,534	\$ 17,274,109	\$ 8,968,159	\$ 7,361,980	\$ 119,580,782
2010	77,274,059	17,205,124	14,935,543	8,057,055	117,471,781
2011	76,931,010	28,737,002	14,566,686	7,585,362	127,820,060
2012	78,289,504	18,961,864	12,753,558	8,951,421	118,956,347
2013	77,810,833	18,844,783	8,264,758	8,635,209	113,555,583
2014	75,311,872	16,986,365	10,218,128	8,153,880	110,670,245
2015	77,352,006	16,767,365	9,333,685	9,429,988	112,883,044
2016	76,531,098	17,120,241	9,231,837	7,960,108	110,843,284
2017	78,761,051	16,822,365	8,142,728	8,189,350	111,915,494
2018	79,407,464	16,717,365	8,579,932	7,071,005	111,775,766

Notes: All governmental fund types consisting of general, special revenue, and capital projects are included.

State of North Carolina includes all State grants and reimbursements.

County Appropriations include Regular and Capital Outlay.

Federal Revenue includes all federal grants and reimbursements.

Other Revenue includes Fines and Forfeitures, Contributions, Interest Earned, and Other Miscellaneous Local Sources.

Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

NET POSITION BY CATEGORY

For The Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 89,942,114	\$ 87,152,851	\$ 94,632,505	\$ 93,396,943	\$ 91,172,625	\$ 86,566,969	\$ 83,111,393	\$ 80,226,271	\$ 77,003,368	\$ 74,293,100
Restricted	1,268,599	1,460,296	4,769,215	5,038,772	2,657,133	3,053,810	7,507,480	8,625,355	8,994,472	7,913,267
Unrestricted (deficit)	(737,370)	(751,761)	(768,397)	2,328,786	1,688,018	(730,872)	(22,664,101)	(16,788,481)	(12,944,062)	(175,466,118)
Subtotal governmental activities net position	<u>\$ 90,473,343</u>	<u>\$ 87,861,386</u>	<u>\$ 98,633,323</u>	<u>\$ 100,764,501</u>	<u>\$ 95,517,776</u>	<u>\$ 88,889,907</u>	<u>\$ 67,954,772</u>	<u>\$ 72,063,145</u>	<u>\$ 73,053,778</u>	<u>\$ (93,259,751)</u>
Business-type Activities:										
Invested in capital assets	\$ 183,907	\$ 193,421	\$ 165,375	\$ 132,232	\$ 545,112	\$ 416,422	\$ 303,489	\$ 246,808	\$ 236,850	\$ 222,445
Restricted	-	-	-	-	-	-	-	-	-	13,076
Unrestricted (deficit)	445,181	363,914	140,638	465,993	316,919	302,873	(1,369,964)	(1,077,539)	(59,182)	(4,219,200)
Subtotal business-type activities net position	<u>\$ 629,088</u>	<u>\$ 557,335</u>	<u>\$ 306,013</u>	<u>\$ 598,225</u>	<u>\$ 862,031</u>	<u>\$ 719,295</u>	<u>\$ (1,066,475)</u>	<u>\$ (830,731)</u>	<u>\$ 177,668</u>	<u>\$ (3,983,679)</u>
Primary Government:										
Net investment in capital assets	\$ 90,126,021	\$ 87,346,272	\$ 94,797,880	\$ 93,529,175	\$ 91,717,737	\$ 86,983,391	\$ 83,414,882	\$ 80,473,079	\$ 77,240,218	\$ 74,515,545
Restricted	1,268,599	1,460,296	4,769,215	5,038,772	2,657,133	3,053,810	7,507,480	8,625,355	8,994,472	7,926,343
Unrestricted (deficit)	(292,189)	(387,847)	(627,759)	2,794,779	2,004,937	(427,999)	(24,034,065)	(17,866,020)	(13,003,244)	(179,685,318)
Total primary government net position	<u>\$ 91,102,431</u>	<u>\$ 88,418,721</u>	<u>\$ 98,939,336</u>	<u>\$ 101,362,726</u>	<u>\$ 96,379,807</u>	<u>\$ 89,609,202</u>	<u>\$ 66,888,297</u>	<u>\$ 71,232,414</u>	<u>\$ 73,231,446</u>	<u>\$ (97,243,430)</u>

Note: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

Note: Net position for 2014 and before are not comparable to 2015 (and after) net position due to the implementation of GASB 68 for the year ended June 30, 2015. The standard requires the Board to record its proportionate share of the net pension liability associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).

Note: Net position for 2017 and before are not comparable to 2018 (and after) net position due to the implementation of GASB 75 for the year ended June 30, 2018. The standard requires the Board to record its proportionate share of the net OPEB liability and net OPEB asset associated with its participation in the statewide Teachers' and State Employees' Retirement System (TSERS).



ROCKINGHAM COUNTY SCHOOLS

CHANGES IN NET POSITION

For The Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instructional services:										
Regular	\$ 62,018,140	\$ 56,898,377	\$ 55,917,573	\$ 55,987,775	\$ 55,305,309	\$ 53,707,617	\$ 50,564,972	\$ 48,508,174	\$ 51,655,292	\$ 55,413,846
Special populations	13,823,553	14,110,754	13,874,404	13,971,925	13,968,069	13,991,911	13,366,444	12,930,229	13,470,326	13,324,973
Alternative programs	5,105,223	5,925,720	6,086,636	4,890,515	5,006,458	5,066,169	4,689,786	5,090,607	4,773,815	4,637,553
School leadership	8,129,995	7,918,744	7,915,061	7,869,794	7,382,938	8,030,749	6,483,431	6,372,906	6,390,887	7,102,627
Co-curricular	3,631,120	3,457,340	3,370,203	3,834,507	4,230,369	4,421,282	3,922,773	4,084,208	4,115,744	3,879,820
School based support	6,917,178	6,972,189	6,869,042	7,038,694	7,597,829	7,154,057	7,706,201	7,393,318	7,671,657	8,069,517
System-wide support services:										
Support and development	1,009,226	776,791	858,183	775,371	902,251	946,189	880,890	1,044,149	1,133,320	1,194,933
Special populations support and development	370,245	545,094	561,650	720,511	1,347,770	1,422,590	1,427,155	1,307,282	1,177,854	1,303,524
Alternative programs and services support and development	299,376	222,098	224,484	373,911	192,532	197,094	138,085	128,194	142,130	226,430
Technology support	1,300,661	1,582,339	1,040,367	977,697	1,313,232	1,028,521	1,172,189	963,625	1,084,529	1,315,848
Operational support	16,333,316	15,910,005	16,194,277	15,743,959	15,992,262	16,294,765	15,522,831	15,009,951	15,069,179	16,172,727
Financial and human resource services	1,819,292	1,841,717	1,485,201	1,359,642	1,441,720	1,421,365	1,303,199	1,145,824	1,345,571	1,369,969
Accountability	47,515	52,723	152,228	175,376	176,431	230,534	165,878	79,633	97,195	112,997
System-wide pupil support	133,539	93,419	180,691	136,861	675,753	1,035,122	956,445	387,079	211,164	227,671
Policy, leadership and public relations	2,267,473	2,506,203	1,435,796	1,687,940	1,759,102	1,680,161	1,405,273	1,437,350	1,588,526	1,640,546
Ancillary services	663,851	623,009	434,839	316,018	246,543	188,607	194,589	191,245	224,675	377,038
Payments to other governments	326,966	647,216	447,489	504,835	312,527	416,610	436,499	476,551	555,410	705,062
Interest on long-term debt	-	-	-	-	-	-	29,648	15,162	-	-
Subtotal governmental activities expenses	\$ 124,196,669	\$ 120,083,738	\$ 117,048,124	\$ 116,365,331	\$ 117,851,095	\$ 117,233,343	\$ 110,366,288	\$ 106,565,487	\$ 110,707,274	\$ 117,075,081
Business-type Activities:										
School food service	\$ 7,382,253	\$ 7,554,393	\$ 7,160,037	\$ 6,816,174	\$ 6,329,308	\$ 6,079,035	\$ 6,333,809	\$ 6,204,232	\$ 5,627,311	\$ 5,514,758
Child care	706,204	541,226	533,324	510,714	534,011	534,317	579,193	608,715	655,392	760,610
Subtotal business-type activities	\$ 8,088,457	\$ 8,095,619	\$ 7,693,361	\$ 7,326,888	\$ 6,863,319	\$ 6,613,352	\$ 6,913,002	\$ 6,812,947	\$ 6,282,703	\$ 6,275,368
Total primary government expenses	\$ 132,285,126	\$ 128,179,357	\$ 124,741,485	\$ 123,692,219	\$ 124,714,414	\$ 123,846,695	\$ 117,279,290	\$ 113,378,434	\$ 116,989,977	\$ 123,350,449
Program Revenues:										
Governmental Activities:										
Charges for services										
Special populations	\$ 840,014	\$ 1,323,168	\$ 2,049,367	\$ 2,397,864	\$ 1,778,060	\$ 1,593,885	\$ 1,563,937	\$ 1,463,893	\$ 1,525,547	\$ 1,316,560
Co-curricular	1,060,722	688,715	-	-	-	-	-	-	-	-
Technology support	-	-	-	58,691	-	-	-	-	-	-
Operational support	23,705	33,245	37,529	-	18,160	22,592	55,674	26,945	27,446	22,897
Ancillary services	-	-	-	-	-	-	-	-	-	-
Payments to other governments	99,884	-	-	-	-	-	-	-	-	-
Operating grants and contributions	99,046,588	96,925,581	96,263,975	96,123,426	91,375,424	89,892,812	92,563,883	90,720,358	90,960,521	91,739,343
Capital grants and contributions	1,132,751	1,211,943	665,819	1,356,167	314,984	157,492	157,490	241,168	957,886	795,052
Subtotal governmental activities program revenues	\$ 102,203,664	\$ 100,182,652	\$ 99,016,690	\$ 99,936,148	\$ 93,486,628	\$ 91,666,781	\$ 94,340,984	\$ 92,452,364	\$ 93,471,400	\$ 93,873,852

ROCKINGHAM COUNTY SCHOOLS

CHANGES IN NET POSITION (Continued)

For The Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type Activities:										
Charges for services:										
School food service	\$ 2,656,595	\$ 2,364,687	\$ 2,295,396	\$ 2,188,030	\$ 1,566,499	\$ 1,361,532	\$ 542,305	\$ 1,080,550	\$ 1,255,748	\$ 1,167,442
Child care	663,977	589,911	560,229	580,139	599,761	561,870	600,851	588,964	626,753	603,957
Operating grants & contributions	4,603,854	5,034,324	4,584,296	4,388,954	4,400,403	4,543,863	4,769,215	5,349,897	5,358,119	5,183,945
Capital grants and contributions	-	33,620	-	-	-	-	-	28,677	-	-
Subtotal business-type activities program revenues	\$ 7,924,426	\$ 8,022,542	\$ 7,439,921	\$ 7,157,123	\$ 6,566,663	\$ 6,467,265	\$ 5,912,371	\$ 7,048,088	\$ 7,240,620	\$ 6,955,344
Total primary government program revenues	\$ 110,128,090	\$ 108,205,194	\$ 106,456,611	\$ 107,093,271	\$ 100,053,291	\$ 98,134,046	\$ 100,253,355	\$ 99,500,452	\$ 100,712,020	\$ 100,829,196
Net (Expenses) Revenues:										
Governmental activities	\$ (21,993,005)	\$ (19,901,086)	\$ (18,031,434)	\$ (16,429,183)	\$ (24,364,467)	\$ (25,566,562)	\$ (16,025,304)	\$ (14,113,123)	\$ (17,235,874)	\$ (23,201,229)
Business-type activities	(164,031)	(73,077)	(253,440)	(169,765)	(296,656)	(146,087)	(1,000,631)	235,141	957,917	679,976
Total primary government net (expenses) revenues	\$ (22,157,036)	\$ (19,974,163)	\$ (18,284,874)	\$ (16,598,948)	\$ (24,661,123)	\$ (25,712,649)	\$ (17,025,935)	\$ (13,877,982)	\$ (16,277,957)	\$ (22,521,253)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Unrestricted county appropriations-operating	\$ 15,981,873	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840
Unrestricted county appropriations-capital	1,292,236	1,370,284	12,902,162	3,127,024	3,024,183	1,151,525	942,233	1,290,137	987,525	889,752
Transfers	(17,482)	-	-	(459,838)	-	-	-	-	(48,271)	(19,440)
Investment earnings, unrestricted	103,007	84,005	66,369	58,335	32,221	16,922	15,426	17,634	46,326	114,543
Miscellaneous, unrestricted	-	-	-	-	1,042,358	1,935,406	1,586,969	1,078,885	1,406,087	896,221
Subtotal governmental activities	\$ 17,359,634	\$ 17,289,129	\$ 28,803,371	\$ 18,560,361	\$ 19,933,602	\$ 18,938,693	\$ 18,379,468	\$ 18,221,496	\$ 18,226,507	\$ 17,715,916
Business-type Activities:										
Transfers	\$ 17,482	\$ -	\$ -	\$ 459,838	\$ -	\$ -	\$ -	\$ -	\$ 48,271	\$ 19,440
Investment earnings, unrestricted	586	1,324	2,118	2,139	432	214	299	603	2,211	13,030
Miscellaneous, unrestricted	-	-	-	-	-	3,137	-	-	-	-
Subtotal business-type activities	\$ 18,068	\$ 1,324	\$ 2,118	\$ 461,977	\$ 432	\$ 3,351	\$ 299	\$ 603	\$ 50,482	\$ 32,470
Total primary government	\$ 17,377,702	\$ 17,290,453	\$ 28,805,489	\$ 19,022,338	\$ 19,934,034	\$ 18,942,044	\$ 18,379,767	\$ 18,222,099	\$ 18,276,989	\$ 17,748,386
Change in Net Position:										
Governmental activities	\$ (4,633,371)	\$ (2,611,957)	\$ 10,771,937	\$ 2,131,178	\$ (4,430,865)	\$ (6,627,869)	\$ 2,354,164	\$ 4,108,373	\$ 990,633	\$ (5,485,313)
Business-type activities	(145,963)	(71,753)	(251,322)	292,212	(296,224)	(142,736)	(1,000,332)	235,744	1,008,399	712,446
Total primary government	\$ (4,779,334)	\$ (2,683,710)	\$ 10,520,615	\$ 2,423,390	\$ (4,727,089)	\$ (6,770,605)	\$ 1,353,832	\$ 4,344,117	\$ 1,999,032	\$ (4,772,867)

Notes: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

FUND BALANCES, GOVERNMENTAL FUNDS

For The Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 557,545	\$ 367,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,469,922	4,086,971	-	-	-	-	-	-	-	-
Nonspendable	-	-	344,374	319,969	308,209	285,695	197,702	150,384	50,171	-
Restricted	-	-	526,667	83,965	24,586	342,466	1,412,004	1,809,069	1,294,429	658,994
Assigned	-	-	2,037,424	5,797,810	4,599,504	1,230,925	-	2,815,077	3,758,298	4,983,886
Unassigned	-	-	3,029,837	2,346,710	51,218	1,495,379	3,679,390	2,011,891	5,084,237	6,877,797
Total general fund	\$ 5,027,467	\$ 4,454,273	\$ 5,938,302	\$ 8,548,454	\$ 4,983,517	\$ 3,354,465	\$ 5,289,096	\$ 6,786,421	\$ 10,187,135	\$ 12,520,677
All Other Governmental Funds:										
Reserved	\$ -	\$ 72,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,268,599	1,884,902	-	-	-	-	-	-	-	-
Capital Outlay Fund	501,362	578,169	-	-	-	-	-	-	-	-
Restricted										
Special revenue funds	-	-	3,638,879	4,344,183	2,043,986	2,017,494	5,383,653	6,050,591	6,608,501	6,016,882
Capital Outlay Fund	-	-	603,669	610,624	588,561	693,850	711,823	765,695	1,091,542	802,376
Assigned, reported in:										
Special revenue funds	-	-	-	-	3,550,727	3,358,257	134,152	393,420	1,445,208	2,518,657
Total all other governmental funds	\$ 1,769,961	\$ 2,535,849	\$ 4,242,548	\$ 4,954,807	\$ 6,183,274	\$ 6,069,601	\$ 6,229,628	\$ 7,209,706	\$ 9,145,251	\$ 9,337,915

Note: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.
Years 2011-2018 reflect the implementation of GASB 54, which changes how fund balance is presented.

ROCKINGHAM COUNTY SCHOOLS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

For The Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
State of North Carolina	\$ 85,976,534	\$ 77,274,059	\$ 76,931,010	\$ 78,289,504	\$ 77,810,833	\$ 75,311,872	\$ 77,352,006	\$ 76,531,098	\$ 78,761,051	\$ 79,407,464
Rockingham County	17,274,109	17,205,124	28,737,002	18,961,864	18,844,783	16,986,365	16,767,365	17,120,241	16,822,365	16,717,365
U.S. Government	8,968,159	14,935,543	14,566,686	12,753,558	8,264,758	10,218,128	9,333,685	9,231,837	8,142,728	8,579,932
Contributions & donations	469,836	507,637	838,835	1,795,461	804,808	804,323	1,401,506	872,161	963,502	768,514
Other	6,892,144	7,549,418	6,746,527	7,155,960	7,830,401	7,349,557	8,028,482	7,087,947	7,225,848	6,302,491
Total revenues	\$ 119,580,782	\$ 117,471,781	\$ 127,820,060	\$ 118,956,347	\$ 113,555,583	\$ 110,670,245	\$ 112,883,044	\$ 110,843,284	\$ 111,915,494	\$ 111,775,766
Expenditures:										
Instructional programs	\$ 95,768,662	\$ 91,712,024	\$ 89,776,172	\$ 89,952,892	\$ 88,913,475	\$ 87,897,782	\$ 85,953,766	\$ 84,451,626	\$ 83,161,408	\$ 84,364,174
Support services	21,793,550	21,800,619	20,536,697	21,152,850	23,867,332	23,489,911	22,735,735	23,180,494	21,933,477	22,304,283
Ancillary services	662,632	621,796	454,382	329,823	246,543	188,607	199,948	197,614	270,800	388,525
Non-programmed charges	326,966	599,319	494,808	504,834	443,180	481,381	599,091	645,975	724,726	871,620
Debt service										
Interest	-	-	-	-	-	-	29,648	15,162	-	-
Principal retirement	1,132,751	533,555	359,269	-	314,984	497,495	467,844	566,008	957,886	795,052
Capital outlay	2,943,438	1,992,248	13,050,665	3,216,120	2,748,265	810,477	714,361	908,025	451,916	988,408
Total expenditures	\$ 122,627,999	\$ 117,259,561	\$ 124,671,993	\$ 115,156,519	\$ 116,533,779	\$ 113,365,653	\$ 110,700,393	\$ 109,964,904	\$ 107,500,213	\$ 109,712,062
Excess of revenues over (under) expenditures	\$ (3,047,217)	\$ 212,220	\$ 3,148,067	\$ 3,799,828	\$ (2,978,196)	\$ (2,695,408)	\$ 2,182,651	\$ 878,380	\$ 4,415,281	\$ 2,063,704
Other Financing Sources (Uses):										
Installment purchase obligations issued	\$ 1,624,685	\$ -	\$ -	\$ -	\$ 629,966	\$ 975,197	\$ -	\$ 1,646,341	\$ 1,021,191	\$ 512,673
Transfers to other funds	(17,482)	-	-	(459,838)	-	-	-	-	-	-
Total other financing sources (uses)	\$ 1,607,203	\$ -	\$ -	\$ (459,838)	\$ 629,966	\$ 975,197	\$ -	\$ 1,646,341	\$ 1,021,191	\$ 512,673
Net change in fund balances	\$ (1,440,014)	\$ 212,220	\$ 3,148,067	\$ 3,339,990	\$ (2,348,230)	\$ (1,720,211)	\$ 2,182,651	\$ 2,524,721	\$ 5,436,472	\$ 2,576,377
Change in reserve for inventories	(13,663)	(19,526)	42,661	(24,405)	11,760	(22,514)	(87,993)	(47,318)	(100,213)	(50,171)
Increase (decrease) in fund balances for the year	\$ (1,453,677)	\$ 192,694	\$ 3,190,728	\$ 3,315,585	\$ (2,336,470)	\$ (1,742,725)	\$ 2,094,658	\$ 2,477,403	\$ 5,336,259	\$ 2,526,206
Debt service-as a percentage of non-capital expenditures	0.96%	0.47%	0.32%	-	0.28%	0.44%	0.45%	0.54%	0.90%	0.74%

Note: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

ANALYSIS OF GENERAL FUND BALANCE

For The Last Ten Fiscal Years

<u>Year Ended June 30:</u>	<u>Nonspendable for Inventories</u>	<u>Restricted Stabilization by State Statute</u>	<u>Assigned for Subsequent Years Expenditures</u>	<u>Unassigned</u>	<u>Total General Fund Balance</u>
2009	\$ 321,239	\$ 236,306	\$ 3,116,283	\$ 1,353,639	\$ 5,027,467
2010	301,713	65,589	400,000	3,686,971	4,454,273
2011	344,374	526,667	2,037,424	3,029,837	5,938,302
2012	319,969	83,965	5,797,810	2,346,710	8,548,454
2013	308,209	24,586	4,599,504	51,218	4,983,517
2014	285,695	342,466	1,230,925	1,495,379	3,354,465
2015	197,702	1,412,004	-	3,679,390	5,289,096
2016	150,384	1,809,069	2,815,077	2,011,891	6,786,421
2017	50,171	1,294,429	3,758,298	5,084,237	10,187,135
2018	-	658,994	4,983,886	6,877,797	12,520,677

Notes: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

This reflects the implementation of GASB 54.

ROCKINGHAM COUNTY SCHOOLS

OPERATIONAL AND CAPITAL EXPENDITURES IN TOTAL AND PER PUPIL

For The Last Ten Fiscal Years

Year Ended June 30:	Average Daily Membership	Instructional	Support	Ancillary Services	Other	Capital Outlay	Total
2009	13,860	\$ 95,768,662 6,910	\$ 21,793,550 1,572	\$ 662,632 48	\$ 326,966 24	\$ 2,943,438 212	\$ 121,495,248 8,766
2010	13,679	91,712,024 6,705	21,800,619 1,594	621,796 45	599,319 44	1,992,248 146	116,726,006 8,533
2011	13,527	89,776,172 6,637	20,536,697 1,518	454,382 34	494,808 37	13,050,665 965	124,312,724 9,190
2012	13,388	89,952,892 6,719	21,152,850 1,580	329,823 25	504,834 38	3,216,120 240	115,156,519 8,601
2013	13,179	88,913,475 6,747	23,867,332 1,811	246,543 19	443,180 34	2,748,265 209	116,218,795 8,818
2014	12,974	87,897,782 6,775	23,489,911 1,811	188,607 15	481,381 37	810,477 62	112,868,158 8,700
2015	12,807	85,953,766 6,711	22,735,735 1,775	199,948 16	599,091 47	714,361 56	110,202,901 8,605
2016	12,591	84,451,626 6,707	23,180,494 1,841	197,614 16	645,975 51	908,025 72	109,383,734 8,687
2017	12,296	83,161,408 6,763	21,933,477 1,784	270,800 22	724,726 59	451,916 37	106,542,327 8,665
2018	11,969	84,364,174 7,049	22,304,283 1,863	388,525 32	871,620 73	988,408 83	108,917,010 9,100

Notes: All governmental fund types consisting of general and special revenue, and capital projects are included. The above operational expenditures include only governmental fund type current expenditures. Other includes non-programmed charges.

Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

PER PUPIL EXPENDITURES (EXCLUDES CAPITAL OUTLAY)

For The Last Ten Fiscal Years

Year Ended June 30:	Average Daily Membership	State	Federal	Local	Total
2009	13,860	\$ 6,174	\$ 920	\$ 1,816	\$ 8,910
2010	13,679	5,552	1,378	1,697	8,627
2011	13,527	5,650	1,381	1,479	8,510
2012	13,388	5,881	1,261	1,492	8,634
2013	13,179	5,865	907	1,931	8,703
2014	12,974	5,757	958	2,082	8,797
2015	12,807	6,058	1,018	1,708	8,784
2016	12,591	6,137	1,036	1,622	8,795
2017	12,296	6,405	1,027	1,348	8,779
2018	11,969	6,605	1,078	1,453	9,135

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

ROCKINGHAM COUNTY SCHOOLS

SCHOOL FOOD SERVICE REVENUES BY SOURCE

For The Last Ten Fiscal Years

Year Ended June 30:	Food Sales	Federal Reimbursements	Federal Commodities	Interest Earned	Transfers From Other Funds	Indirect Costs Not Paid	Other	Total
2009	\$ 2,652,444	\$ 3,776,377	\$ 371,829	\$ 586	\$ 17,482	\$ 419,972	\$ 39,827	\$ 7,278,517
2010	2,360,508	4,012,545	419,610	1,324	-	555,722	84,246	7,433,955
2011	2,244,708	4,132,302	434,749	2,118	-	-	67,933	6,881,810
2012	2,145,091	4,068,970	319,984	1,943	459,838	-	42,939	7,038,765
2013	1,566,499	4,023,078	341,997	345	-	379,041	35,328	6,346,288
2014	1,361,532	4,148,016	368,665	92	-	387,342	30,319	6,295,966
2015	542,305	4,403,514	360,728	167	-	473,309	4,973	5,784,996
2016	1,080,550	4,909,278	410,978	450	-	429,571	58,318	6,889,145
2017	1,255,748	4,872,608	406,915	1,880	-	355,113	126,867	7,019,131
2018	1,167,442	4,751,654	413,288	11,456	-	307,766	38,443	6,690,049

Note: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

RATIO OF OUTSTANDING DEBT BY TYPE

For The Last Ten Fiscal Years

<u>Year Ended June 30:</u>	<u>Installment Purchases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2009	\$ 916,846	\$ 916,846	0.03%	\$ 10
2010	383,291	383,291	0.01%	4
2011	-	-	-	-
2012	-	-	-	-
2013	314,982	314,982	0.01%	3
2014	792,684	792,684	0.03%	9
2015	324,840	324,840	0.01%	4
2016	1,405,173	1,405,173	0.04%	15
2017	1,468,478	1,468,478	N/A	16
2018	1,186,099	1,186,099	N/A	13

N/A reflects figures which are currently not available.

Source: Financial records of Rockingham County Schools and is summarized in the annual financial reports.

ROCKINGHAM COUNTY SCHOOLS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Share of Overlapping Debt
Rockingham County Schools	<u>\$ 1,186,099</u>	100.00%	<u>\$ 1,186,099</u>
Direct Debt Total	<u>1,186,099</u>		<u>1,186,099</u>
Rockingham County	64,689,263	100.00%	64,689,263
City of Reidsville	6,441,859	100.00%	6,441,859
City of Eden	18,010,792	100.00%	18,010,792
City of Madison	<u>88,523</u>	100.00%	<u>88,523</u>
Overlapping Debt Total	<u>89,230,437</u>		<u>89,230,437</u>
Total Direct and Overlapping Debt	<u><u>\$ 90,416,536</u></u>		<u><u>\$ 90,416,536</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Tax Department.
Debt outstanding data provided by the cities.

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

Source: Financial records of Rockingham County Schools and is summarized in the annual financial reports.
Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY SCHOOLS

STUDENT INFORMATION

For The Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures per Student	\$8,848	\$8,572	\$9,217	\$8,601	\$8,842	\$8,738	\$8,644	\$8,734	\$8,743	\$9,166
Students/Teacher Ratio	14.50	14.77	15.25	15.51	15.61	15.14	15.77	16.08	16.20	16.28
Percentage of Students on Free or Reduced Lunch	54.84%	57.76%	58.32%	58.99%	58.97%	61.49%	100.00%	68.00%	69.50%	69.56%

Sources: Financial records of Rockingham County Schools and is summarized in the annual financial reports.

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

NC Department of Public Instruction Free & Reduced Meals Application Data Reports. Information for 2018 obtained from Rockingham County Schools Student Data.

Note: Percentage of students receiving free/reduced lunch for 2014 and before are not comparable to 2015 (and after) due to the implementation of the Community Eligibility Program, which provides free lunch to all students at participating schools.

ROCKINGHAM COUNTY SCHOOLS

NUMBER OF PERSONNEL

For The Last Ten Fiscal Years

Year Ended June 30:	Number of Schools	Teachers	Certified Support Personnel	Other Operating Personnel	Total
2009	26	956	205	559	1,720
2010	26	926	211	561	1,698
2011	26	887	219	508	1,614
2012	26	863	218	495	1,576
2013	26	844	218	453	1,515
2014	25	857	236	432	1,525
2015	25	812	223	417	1,452
2016	25	783	209	330	1,322
2017	25	759	204	328	1,291
2018	25	735	196	320	1,251

Note: Certified support personnel includes administrators, principals, assistant principals, guidance counselors, librarians and other professional personnel.

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

ROCKINGHAM COUNTY SCHOOLS

CAPITAL ASSETS BY FUNCTION

For The Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administration:										
Number of Administrative Buildings	2	2	2	2	2	3	3	3	3	3
Number of Maintenance Facilities	1	1	1	1	1	1	1	1	1	1
Number of Garage Facilities	1	1	1	1	1	1	1	1	1	1
Schools:										
Number of High Schools	4	4	4	4	4	4	5	5	5	5
Number of Middle Schools	4	4	4	4	4	4	4	4	4	4
Number of Elementary Schools	16	16	16	16	16	15	15	15	15	15
Number of Alternative Schools	1	1	1	1	1	1	1	1	1	1
Idle Buildings	1	1	1	1	1	1	1	1	1	1
Rented Buildings	1	1	1	1	1	1	1	1	1	1

Note: Buildings range in age from 6 years to 83 years.

Source of Information is from the financial records of Rockingham County Schools.

ROCKINGHAM COUNTY, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

For the Years Ended December 31, 2017 and December 31, 2008

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 650,694,347	1	9.88%	\$ 267,503,000	1	4.45%
Miller Brewing	129,741,823	2	1.97%	120,144,000	2	2.02%
Commonwealth Brands	69,915,676	3	1.06%	38,727,000	5	0.64%
Gildan	68,170,408	4	1.04%			
Unifi Manufacturing	50,015,898	5	0.76%	60,905,000	3	1.01%
Sturm Ruger & Company Inc	38,025,232	6	0.58%			
Transcontinental Pipeline Co	35,719,441	7	0.54%	24,361,000	10	0.41%
WalMart	35,603,873	8	0.54%	35,837,000	6	0.60%
Norfolk	33,500,300	9	0.51%			
Henniges Automotive	28,527,125	10	0.43%			
Frontier Spinning				46,221,000	4	0.77%
HanesBrands				29,395,000	7	0.46%
Ball Metal Beverage Corporation				27,797,000	8	0.44%
Pine Hall Brick				26,178,000	9	0.42%
Total	<u>\$ 1,139,914,123</u>		<u>17.31%</u>	<u>\$ 677,068,000</u>		<u>11.22%</u>

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

For The Last Ten Fiscal Years

Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 42,850,874	\$ 41,484,264	96.8%	\$ 1,276,378	\$ 42,760,642	99.8%
2010	43,675,396	42,390,080	97.1%	1,191,913	43,581,993	99.8%
2011	44,672,193	43,377,992	97.1%	1,186,487	44,564,479	99.8%
2012	46,593,254	45,244,371	97.1%	1,224,576	46,468,947	99.7%
2013	51,019,969	49,625,221	97.3%	1,238,765	50,863,986	99.7%
2014	49,767,521	48,443,329	97.3%	1,119,303	49,562,632	99.6%
2015	49,249,221	48,464,476	98.4%	521,612	48,986,088	99.5%
2016	49,829,441	49,069,184	98.5%	369,612	49,438,796	99.2%
2017	50,885,217	50,093,915	98.4%	618,555	50,712,470	99.7%
2018	51,480,019	50,594,345	98.3%	-	50,594,345	98.3%

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY, NORTH CAROLINA

ASSESSED VALUE OF TAXABLE PROPERTY

For The Last Ten Fiscal Years (in thousands)

Year Ended December 31:	Real Property		Personal Property		Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Motor Vehicles	Other			
2008	\$ 3,735,764	\$ 812,610	\$ 674,915	\$ 1,025,907	\$ (224,058)	\$ 6,025,138	7.05
2009	3,780,387	823,117	625,425	1,101,483	(228,955)	6,101,457	7.15
2010	3,804,459	821,194	580,557	1,088,871	(233,043)	6,062,038	7.15
2011	4,233,767	880,787	604,852	1,239,276	(321,871)	6,636,811	6.98
2012	4,257,049	884,133	634,782	1,368,058	(327,541)	6,816,481	6.96
2013	4,277,566	888,480	369,751	1,412,525	(334,928)	6,613,394	6.96
2014	4,300,032	892,311	675,540	1,070,420	(218,974)	6,719,329	6.96
2015	4,324,057	892,266	706,665	1,528,073	(340,599)	7,110,462	6.96
2016	4,350,438	906,755	757,756	1,603,305	(343,976)	7,274,278	6.96
2017	4,386,043	914,608	774,864	1,628,828	(346,027)	7,358,316	6.96

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY, NORTH CAROLINA

PROPERTY TAX RATES OF OVERLAPPING GOVERNMENTAL JURISDICTIONS (PER \$100 OF ASSESSED VALUE)

For The Last Ten Fiscal Years

Name of Unit	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rockingham County	0.705	0.705	0.715	0.698	0.696	0.696	0.696	0.696	0.696	0.696
City of Reidsville	0.73	0.73	0.71	0.71	0.71	0.74	0.74	0.74	0.74	0.74
City of Eden	0.62	0.62	0.609	0.609	0.609	0.609	0.609	0.609	0.609	0.609
Town of Madison	0.73	0.73	0.73	0.75	0.73	0.73	0.73	0.73	0.73	0.73
Town of Mayodan	0.58	0.58	0.58	0.58	0.58	0.63	0.63	0.63	0.63	0.63
Town of Stoneville	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.69
Fire Districts:										
Wentworth	0.095	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Stokesdale	0.08	0.08	0.08	0.08	0.08	0.10	0.10	0.10	0.10	0.10
Bethany	0.08	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Northwest	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115
Huntsville	0.055	0.055	0.055	0.055	0.055	0.085	0.085	0.085	0.085	0.085
Oregon Hill	0.05	0.05	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.070
Shiloh	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Monroeton	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Williamsburg	0.0875	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Summerfield	0.088	0.088	0.0915	0.0915	0.0915	0.0915	0.0915	0.0915	0.0915	0.0915
Yanceyville	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Stoneyview	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
Casville	0.035	0.035	0.035	0.035	0.035	0.07	0.07	0.07	0.07	0.07
Jacobs Creek	0.07	0.0875	0.0832	0.0832	0.0832	0.095	0.095	0.095	0.095	0.095
Madison/Mayodan	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
Stokes/Rockingham	0.06	0.08	0.0804	0.0804	0.0804	0.0804	0.0804	0.0804	0.0804	0.0804
Ruffin	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.13
Draper Rural	0.035	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Leaksville Rural	0.08	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Spray-Draper	0.035	0.05	0.05	0.05	0.05	-	-	-	-	-
Spray-Leaksville	0.08	0.10	0.10	0.10	0.10	-	-	-	-	-

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT LIMIT

For The Last Ten Fiscal Years

Year Ended June 30	Debt Limit	Total net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2009	\$ 480,393,413	\$ 75,405,754	\$ 404,987,659	15.70%
2010	485,749,634	74,159,695	411,589,939	15.27%
2011	486,358,345	70,584,827	415,773,518	14.51%
2012	532,504,922	91,365,989	441,138,933	17.16%
2013	545,705,638	86,511,920	459,193,718	15.85%
2014	573,387,685	80,740,731	492,646,954	14.08%
2015	564,561,729	80,165,138	484,396,591	14.20%
2016	583,825,948	76,593,610	507,232,338	13.12%
2017	585,320,685	70,552,819	514,767,866	12.05%
2018	588,665,305	64,689,263	523,976,042	10.99%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 7,358,316,311
Add back: exempt real property	-
Total assessed value	<u>\$ 7,358,316,311</u>
Debt Limit (8% of total assessed value)	\$ 588,665,305
Debt applicable to limit:	
General obligation debt	64,689,263
Less: Amount set aside for repayment of general obligation debt	-
Legal debt margin	<u>\$ 523,976,042</u>

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

ROCKINGHAM COUNTY, NORTH CAROLINA

DEMOGRAPHIC STATISTICS

For The Last Ten Fiscal Years

Year Ended June 30	Population	Personal Income (in thousands)	Per Capita Income	Avg. Annual Labor Force	Public School Enrollment	Unemployment Rate
2009	92,282	\$ 2,807,733	\$ 30,435	43,331	14,361	7.7%
2010	92,252	2,801,270	29,920	43,359	14,194	12.9%
2011	93,643	2,880,841	30,868	42,825	14,194	11.5%
2012	93,558	2,995,548	32,307	44,327	13,799	12.2%
2013	92,720	3,012,455	32,788	43,721	14,582	10.3%
2014	93,217	2,992,809	32,638	41,863	13,179	7.1%
2015	91,696	3,112,071	33,916	41,171	13,013	7.8%
2016	91,758	3,148,049	34,445	41,548	13,824	7.2%
2017	91,393	N/A	N/A	41,399	12,466	4.8%
2018	90,949	N/A	N/A	41,589	13,363	4.8%

N/A reflects figures which are currently not available.

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

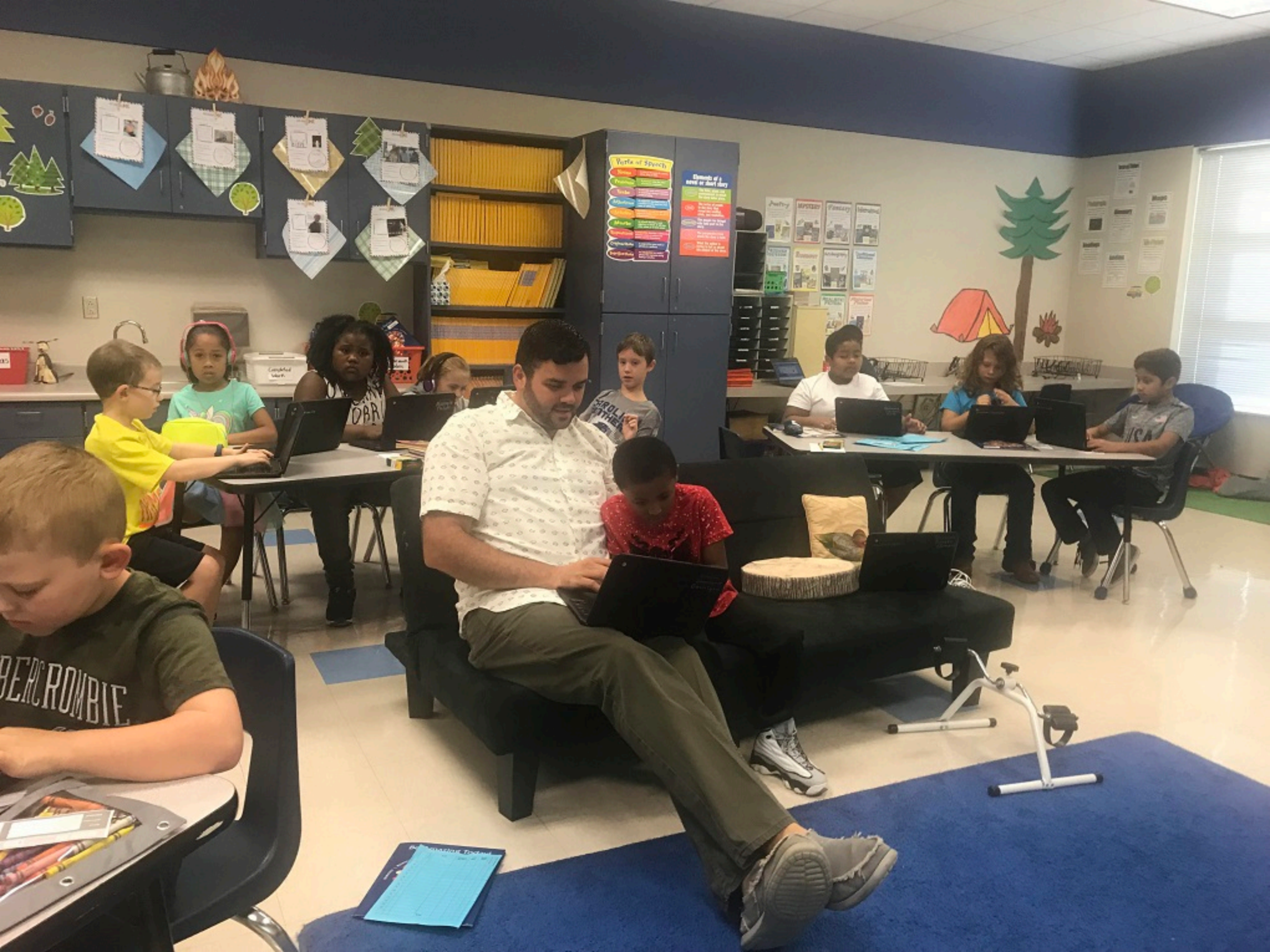
ROCKINGHAM COUNTY, NORTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School System	1,483	1	3.70%	2,043	1	4.50%
Unifi, Inc.	798	2	2.00%	795	4	1.77%
Wal-Mart Associates, Inc.	754	3	1.90%	798	3	1.78%
UNC Rockingham Health Care	746	4	1.80%	840	2	1.87%
Rockingham County	737	5	1.80%	641	5	1.43%
Moses Cone Memorial Hospital	568	6	1.40%	515	8	1.15%
Gildan	562	7	1.40%			
Frontier Spinning Mills	515	8	1.30%	567	7	1.26%
Keystone Foods	480	9	1.20%	450	10	1.00%
Rockingham Community College	355	10	0.80%			
Miller Coors				600	6	1.34%
Karaston-Mohawk Industries				500	9	1.11%
Total	6,998		17.30%	7,749		17.21%

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.



Vision Statement

Rockingham County Schools will empower all students to compete globally.

Mission Statement

Rockingham County Schools will provide a safe, dynamic and globally competitive education environment in which all students can reach their highest potential.

**Published by the
Rockingham County Board of Education**

**Contents and Composition by
The Finance Department**

Rockingham County Schools does not discriminate on the basis of sex, race, color, religion, national origin, age or handicap in any of its educational or employment programs or activities.