



NASH-ROCKY MOUNT BOARD OF EDUCATION

NASHVILLE, NORTH CAROLINA

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

*Nash-Rocky Mount Board of Education
Nashville, North Carolina*

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

Prepared by
Sheila Wallace
and the
Finance Department



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Introductory Section



NASH-ROCKY MOUNT PUBLIC SCHOOL SYSTEM

December 31, 2018

Members of the Nash-Rocky Mount Board of Education and Citizens of Nash County, North Carolina and Edgecombe County, North Carolina:

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

The report has been prepared by the Finance Department in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly reflect 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 activity have been included.

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

REPORTING ENTITY

The Nash-Rocky Mount Board of Education is the level of government having oversight responsibility and control over activities related to public school education in Nash County, North Carolina and a portion of Edgecombe County, North Carolina. For the 2017-2018 fiscal year, the school system served approximately 15,000 students from kindergarten through 12th grade in 16 elementary schools, 6 middle schools, 5 high schools, and 1 alternative school. The school system provides general, special and vocational education services. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source. While the Board does receive county funding, the counties are not entitled to share in any surplus nor are they required to finance any deficits. The Board, whose members are elected by the citizens of Nash County and Edgecombe County, has the authority to designate management, make binding decisions, and significantly influence operations. However, the Board has no tax levying or borrowing authority and is required to maintain accounting records in a uniform State format. The Board has final approval over the budget and primary accountability for fiscal matters. Accordingly, the Nash-Rocky Mount Board of Education is not included in any other reporting entity.

FINANCIAL AND BUDGETARY CONTROL

In order to meet the challenging learning experiences provided to the students attending Nash-Rocky Mount Public Schools, the Board must use a variety of funding resources, including local, State, federal and private grants while complying with legal requirements of each funding source. In doing so, the Board is unable to summarize all governmental financial transactions and balances into one accounting entity. Instead, the accounting system is divided into separate entities; each referred to as a "fund". The Board's funds are divided into governmental and proprietary. Each fund is a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with legal requirements, generally accepted accounting principles, special regulations or other limitations. Governmental fund types include general, special revenue and capital projects. The enterprise fund is a proprietary fund type. The enterprise fund is presented on a full accrual basis, while the other funds are maintained on a modified accrual basis.

Internal accounting controls are given consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets and are to provide reasonable assurance regarding the safeguarding of assets from unauthorized use or disposition. The cost of a control should not exceed the benefits derived, therefore, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

North Carolina General Statutes requires all governmental units in the state 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). 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. The Board's annual Budget Resolution authorizes expenditures by purpose on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budgets as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows encumbrances outstanding against each line item of expenditures.

ECONOMIC CONDITION AND OUTLOOK

The financial health of the Board is largely dependent upon the economic prospects of the State of North Carolina and of Nash County and Edgecombe County. Nash County and Edgecombe County have not experienced economic growth in the past several years and are not anticipating significant growth in the near future.

Nash County has a population of approximately 94,000 with very little growth experienced over the past ten years. Currently, Hospira, Inc. and Nash-Rocky Mount Public Schools are the two largest employers in Nash County. Despite the economic issues facing Nash County, the Board of County Commissioners has maintained local funding for the school system at \$20.32 million for the 2017-2018 and 2016-2017 fiscal years.

Edgecombe County has a population of approximately 53,000. Similar to Nash County, Edgecombe has experienced very little growth over the past ten years. Currently, QVC Rocky Mount, Inc. and Edgecombe Tarboro Board of Education are the two largest employers for Edgecombe County. Despite the economic issues facing Edgecombe County, local funding from the Board of County Commissioners has remained relatively flat in recent years. For the 2017-2018 fiscal year, local funding from the County remained unchanged from the 2016-2017 fiscal year.

With rising healthcare, retirement, and other costs, the Nash-Rocky Mount Board of Education has had to find ways to reduce costs in other areas in order to maintain spending on instructional services at a consistent level.

During the past five years, the Board has experienced a steady decline in student enrollment of approximately 1.5% per year. The Board expects this trend to continue for the foreseeable future. The district's budgeted student enrollment for the current year is 15,067 students.

Our school buildings were built between 1940 and 2012. There is a backlog of deferred maintenance and disrepair at the older facilities. The district has a ten year Capital Improvement Plan that seeks to renovate and repair our older schools as funding becomes available from the County. See Table 14 in the Statistical Section of this report for more detailed information regarding the age and condition of all the district's school buildings.

MAJOR INITIATIVES

The focus of the school system for the next several years will primarily be in the following areas:

- Provide an aligned, rigorous curriculum designed to prepare globally competitive students
- Maintain safe and orderly school environments throughout the district
- Employ, retain and support distinguished leaders, teachers and personnel
- Provide 21st Century technology to enhance instruction and promote innovation
- Exhibit excellence in financial and facility planning, management and stewardship
- Engage families and the community to ensure open communication and opportunities to evaluate organizational effectiveness and customer satisfaction

INDEPENDENT AUDIT

Anderson Smith & Wike PLLC has audited the financial records and transactions of the Nash-Rocky Mount Board of Education for the year ended June 30, 2018. They are a firm of independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Uniform Guidance and the State Single Audit Implementation Act. The auditors' report is included in the financial section of this report.

FINANCIAL REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the year ended June 30, 2017. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

ACKNOWLEDGMENTS


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

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

Respectfully submitted,



Dr. Shelton Jefferies
Superintendent



Sheila Wallace
Finance Officer

***Nash-Rocky Mount Board of Education
Nashville, North Carolina***

July 1, 2017 - June 30, 2018

Board Members

Ann Edge, *Chairperson*
William Sharpe, *Vice Chairperson*

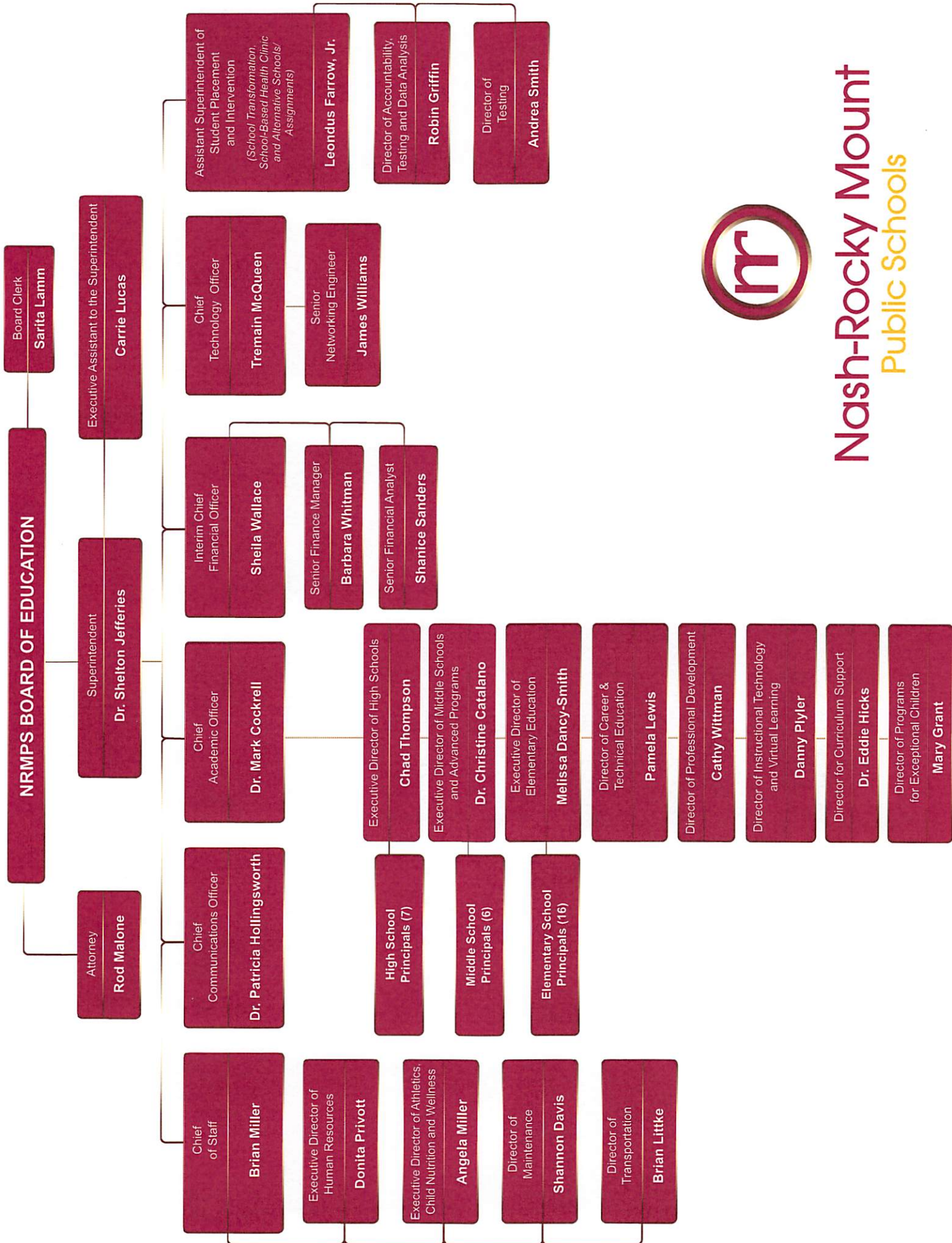
Evelyn Bulluck
Wendy Wilson
Franklin Lamm
Wayne Doll

Brenda Brown
Reginald Silver
LaShawnda Washington
Richard Jenkins

Doneva Chavis

Principal Officers

Dr. Shelton Jefferies, *Superintendent*
Brian Miller, *Chief of Staff*
Leondus Farrow, Jr., *Assistant Superintendent*



Nash-Rocky Mount
Public Schools



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Nash-Rocky Mount Board of Education

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

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



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

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Nash-Rocky Mount Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO





Financial Section



ANDERSON SMITH & WIKE PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Nash-Rocky Mount Board of Education
Nashville, 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 Nash-Rocky Mount 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 Nash-Rocky Mount Board of Education as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Restricted Revenue and Federal Grants 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 4 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 Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 48 through 53, 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 Nash-Rocky Mount Board of Education's basic financial statements. The introductory section, individual nonmajor fund schedule, 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 nonmajor fund schedule 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 nonmajor fund schedule 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 16, 2018 on our consideration of the Nash-Rocky Mount 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 Nash-Rocky Mount Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

November 16, 2018
Rockingham, North Carolina

NASH-ROCKY MOUNT BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nash-Rocky Mount 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 \$192.7 million and \$5.8 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 \$10.6 million. Governmental activities net position decreased by \$10.4 million and business-type activities net position decreased by \$208,000.

- Total government-wide net investment in capital assets decreased by \$2.8 million, or 1.9%, from the prior year. Governmental activities net investment in capital assets decreased by \$2.7 million and business-type activities investment in capital assets decreased by \$43,000.
- Total governmental activities restricted net position increased by \$1.2 million over the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2018 decreased by \$207.6 million from the prior year due largely to the \$198.6 million GASB 75 restatement.
- Financial reporting awards from the Association of School Business Officials International and the Government Finance Officers Association were received for the fiscal year ended June 30, 2017.

Overview of the Financial Statements

The audited financial statements of the Nash-Rocky Mount 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 and other schedules for individual governmental and enterprise funds.*

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

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

NASH-ROCKY MOUNT BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Nash-Rocky Mount Board of Education has two types of funds:

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

NASH-ROCKY MOUNT BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Revenue Fund and the Federal Grants Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

Proprietary fund: 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 Nash-Rocky Mount Board of Education's only proprietary fund is an enterprise fund, the School Food Service Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$83.0 million at June 30, 2018 compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$126.2 million as of June 30, 2017, a decrease of \$209.2 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 \$198.6 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	\$ 11,506,461	\$ 9,859,908	\$ 4,159,088	\$ 4,053,387	\$ 15,665,549	\$ 13,913,295
Capital assets	146,568,948	148,467,981	435,216	478,547	147,004,164	148,946,528
Total assets	158,075,409	158,327,889	4,594,304	4,531,934	162,669,713	162,859,823
Deferred outflows of resources	42,233,852	32,879,465	1,272,294	994,645	43,506,146	33,874,110
Current liabilities	11,629,664	11,002,318	313,266	350,158	11,942,930	11,352,476
Long-term liabilities	210,905,370	54,034,518	6,255,678	1,489,380	217,161,048	55,523,898
Total liabilities	222,535,034	65,036,836	6,568,944	1,839,538	229,103,978	66,876,374
Deferred inflows of resources	58,351,759	3,594,550	1,757,846	108,739	60,109,605	3,703,289
Net investment in capital assets	145,123,434	147,849,551	435,216	478,547	145,558,650	148,328,098
Restricted net position	3,495,728	2,331,136	16,532	-	3,512,260	2,331,136
Unrestricted net position (deficit)	(229,196,694)	(27,604,719)	(2,911,940)	3,099,755	(232,108,634)	(24,504,964)
Total net position (deficit)	\$ (80,577,532)	\$ 122,575,968	\$ (2,460,192)	\$ 3,578,302	\$ (83,037,724)	\$ 126,154,270

The net position of the Board's governmental activities decreased \$203.2 million during the year, from \$122.6 million at June 30, 2017 to \$(80.6) million at June 30, 2018, indicating a decline in the financial condition of the Board. The GASB 75 restatement accounted for the majority of this decrease, reducing beginning of year governmental activities net position by \$192.7 million. Restricted net position increased by \$1.2 million while unrestricted net position decreased \$201.6 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.

**NASH-ROCKY MOUNT BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 \$5.8 million to beginning net position for implementation of GASB 75, net position of the Board's business-type activities decreased \$208,000 during the year. This decrease is the amount of net loss incurred by our school food service 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	\$ 3,011,705	\$ 2,937,555	\$ 1,024,307	\$ 1,087,632	\$ 4,036,012	\$ 4,025,187
Operating grants and contributions	101,730,975	100,612,937	7,481,888	7,127,529	109,212,863	107,740,466
Capital grants and contributions	544,459	301,107	-	-	544,459	301,107
General revenues:						
County appropriations	24,550,542	24,518,404	-	-	24,550,542	24,518,404
State appropriations	6,799,369	7,695,922	-	-	6,799,369	7,695,922
Federal appropriations	13,138	7,885	-	-	13,138	7,885
Other revenues	3,100,243	1,309,922	22,423	26,286	3,122,666	1,336,208
Total revenues	139,750,431	137,383,732	8,528,618	8,241,447	148,279,049	145,625,179
Expenses:						
Governmental activities:						
Instructional services	119,524,173	113,027,750	-	-	119,524,173	113,027,750
System-wide support services	28,416,539	28,890,243	-	-	28,416,539	28,890,243
Ancillary services	79,611	141,293	-	-	79,611	141,293
Payments to other governments	1,575,211	1,520,154	-	-	1,575,211	1,520,154
Interest on long-term						
Interest on long-term debt	87,744	22,951	-	-	87,744	22,951
Unallocated depreciation	429,089	405,309	-	-	429,089	405,309
Business-type activities:						
School food service	-	-	8,798,689	8,554,698	8,798,689	8,554,698
Total expenses	150,112,367	144,007,700	8,798,689	8,554,698	158,911,056	152,562,398
Deficiency before transfers	(10,361,936)	(6,623,968)	(270,071)	(313,251)	(10,632,007)	(6,937,219)
Transfers in (out)	(61,893)	(57,491)	61,893	57,491	-	-
Decrease in net position	(10,423,829)	(6,681,459)	(208,178)	(255,760)	(10,632,007)	(6,937,219)
Beginning net position, as previously reported	122,575,968	129,257,427	3,578,302	3,834,062	126,154,270	133,091,489
Restatement	(192,729,671)	-	(5,830,316)	-	(198,559,987)	-
Beginning net position (deficit), restated	(70,153,703)	129,257,427	(2,252,014)	3,834,062	(72,405,717)	133,091,489
Ending net position (deficit)	\$ (80,577,532)	\$ 122,575,968	\$ (2,460,192)	\$ 3,578,302	\$ (83,037,724)	\$ 126,154,270

Total governmental activities generated revenues of \$139.8 million while expenses in this category totaled \$150.1 million for the year ended June 30, 2018, resulting in a decrease in net position of \$10.4

NASH-ROCKY MOUNT BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

million (including transfers to business-type activities of \$62,000). Comparatively, revenues were \$137.4 million, expenses totaled \$144.0 million and transfers out were \$57,000 for the year ended June 30, 2017, resulting in a decrease in net position of \$6.7 million. In comparing the two years, revenues increased \$2.4 million, or 1.7%, while expenses increased by \$6.1 million, or 4.2%. In comparing the two years, the increase in expenses is primarily due to implementation of GASB 75 which required the district to record an additional \$6.2 million in OPEB expense. See the footnotes for discussion of pension and OPEB-related amounts and disclosures.

The Board's primary sources of revenues were funding from the State of North Carolina, the counties of Nash and Edgecombe and city of Rocky Mount, and the United States Government, which respectively comprised 68.5%, 17.4% and 8.9% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 79.6% of our total expenses during the most recent fiscal year. Of the remaining 20.4% of our total expenses, 18.9% was attributable to system-wide support services.

Our business-type activities generated revenues of \$8.5 million while expenses in this category totaled \$8.8 million for the year ended June 30, 2018. For the year, net position decreased by \$208,000 (including transfers in of \$62,000). Comparatively, revenues were \$8.2 million and expenses were \$8.6 million for the year ended June 30, 2017, resulting in a decrease in net position of \$256,000 (including transfers in of \$57,000). In comparing the two years, revenues increased by \$287,000, primarily due to an increase in USDA reimbursements received. Expenses increased \$244,000, due largely to the implementation of GASB 75 which contributed to a year-over-year increase of \$278,000 in retirement expense.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Nash-Rocky Mount 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.

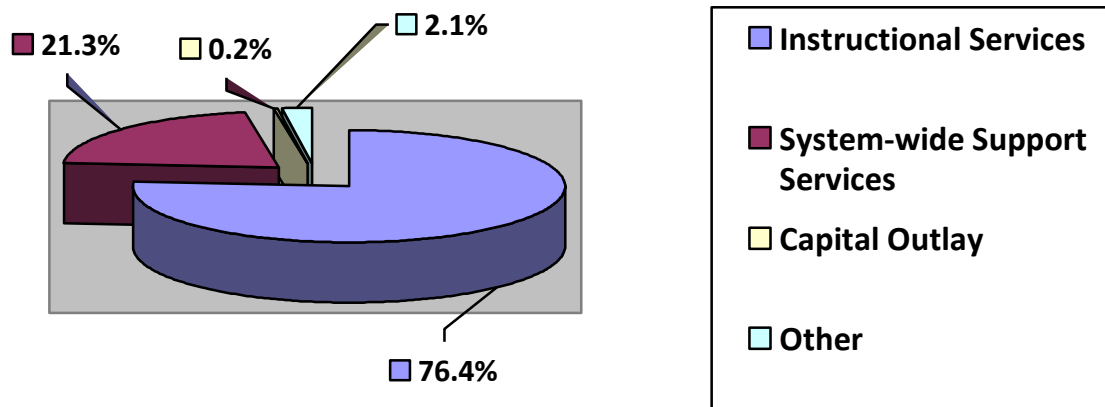
The Board's governmental funds reported a combined fund balance of \$6.1 million at June 30, 2018, an increase of \$1.1 million over the \$4.9 million reported at June 30, 2017. The General, Restricted Revenue, Capital Outlay and Individual Schools funds each reported increases in fund balance for the year.

The Board's General Fund reported an increase in fund balance of \$234,000 (including the change in reserve for inventories) during the 2017-2018 year compared to a decrease of \$434,000 in the 2016-2017 year, resulting in a year-over-year improvement of \$668,000. This improvement is primarily the result of an \$828,000 decrease in instructional services expenditures during the 2018 year.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these two funds are expended in the year received. Combined revenues (and expenditures) in these funds increased by \$562,000, or 0.5%, in the year ended June 30, 2018 compared to the previous year.

**NASH-ROCKY MOUNT BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported a decrease in net position of \$208,000 for the fiscal year ended June 30, 2018 compared to a decrease of \$256,000 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 change in operating results for the School Food Service Fund.

General Fund Budgetary Highlights

Over the course of a year, the Board will revise the budget, as necessary, to account for changes in revenue expectations and program allocations. However, during the year ended June 30, 2018, no significant budget revisions were made in the General Fund as revenue and expenditure expectations remained consistent throughout the year. In addition, there were no significant budgetary variances in comparing actual expenditures to the final budget.

Capital Assets

Total primary government capital assets were \$147.0 million at June 30, 2018 compared to \$148.9 million at June 30, 2017, a decrease of \$1.9 million, or 1.3%. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2018 and 2017.

**NASH-ROCKY MOUNT BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 3
Summary of Capital Assets
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
Capital assets not being depreciated:						
Land	\$ 4,775,289	\$ 4,780,964	\$ -	\$ -	\$ 4,775,289	\$ 4,780,964
Capital assets being depreciated:						
Buildings and improvements	127,830,135	130,564,672	-	-	127,830,135	130,564,672
Equipment and furniture	11,366,191	11,680,303	435,216	478,547	11,801,407	12,158,850
Vehicles	2,597,333	1,442,042	-	-	2,597,333	1,442,042
Total	<u>\$ 146,568,948</u>	<u>\$ 148,467,981</u>	<u>\$ 435,216</u>	<u>\$ 478,547</u>	<u>\$ 147,004,164</u>	<u>\$ 148,946,528</u>

Debt Outstanding

During the year, the outstanding balances for installment purchase contracts increased by \$375,000. The installment purchase contracts relate to the purchase of school buses, a mobile unit and computer hardware and software. 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 unemployment rate in Nash County at June 30, 2018 was 5.9%. The County's unemployment rate continues to be higher than the N.C. statewide and national unemployment rates which were both 4.2% at June 30, 2018.

Requests for Information

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

Sheila Wallace, Finance Officer
Nash-Rocky Mount Board of Education
930 Eastern Avenue
Nashville, NC 27856

NASH-ROCKY MOUNT 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	\$ 6,666,974	\$ 3,461,901	\$ 10,128,875
Due from other governments	4,194,515	217,249	4,411,764
Receivables	159,632	4,624	164,256
Internal balances	(186,431)	186,431	-
Net OPEB asset	293,406	8,839	302,245
Inventories	378,365	280,044	658,409
Capital assets:			
Land	4,775,289	-	4,775,289
Other capital assets, net of depreciation	141,793,659	435,216	142,228,875
Total capital assets	146,568,948	435,216	147,004,164
Total assets	158,075,409	4,594,304	162,669,713
Deferred Outflows of Resources	42,233,852	1,272,294	43,506,146
Liabilities			
Bank overdraft	24,978	-	24,978
Accounts payable and accrued expenses	364,586	-	364,586
Accrued salaries and wages payable	4,197,786	101,334	4,299,120
Unearned revenue	556,285	25,574	581,859
Accrued interest payable	78,737	-	78,737
Long-term liabilities:			
Due within one year	6,407,292	186,358	6,593,650
Due in more than one year	210,905,370	6,255,678	217,161,048
Total liabilities	222,535,034	6,568,944	229,103,978
Deferred Inflows of Resources	58,351,759	1,757,846	60,109,605
Net position			
Net investment in capital assets	145,123,434	435,216	145,558,650
Restricted for:			
Stabilization by State statute	334,687	-	334,687
School capital outlay	500,926	-	500,926
Instructional services	994,003	-	994,003
Individual schools activities	1,117,358	-	1,117,358
DIPNC OPEB plan	548,754	16,532	565,286
Unrestricted (deficit)	(229,196,694)	(2,911,940)	(232,108,634)
Total net position	\$ (80,577,532)	\$ (2,460,192)	\$ (83,037,724)

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 68,352,059	\$ -	\$ 52,766,607	\$ -	\$ (15,585,452)	\$ -	\$ (15,585,452)
Special populations	17,687,724	-	15,260,937	-	(2,426,787)	-	(2,426,787)
Alternative programs	10,065,437	-	9,243,777	-	(821,660)	-	(821,660)
School leadership	10,219,420	-	5,520,308	-	(4,699,112)	-	(4,699,112)
Co-curricular	3,802,422	3,011,705	-	-	(790,717)	-	(790,717)
School-based support	9,397,111	-	6,954,219	-	(2,442,892)	-	(2,442,892)
System-wide support services:							
Support and development	1,400,041	-	720,211	-	(679,830)	-	(679,830)
Special population support and development	784,704	-	531,613	-	(253,091)	-	(253,091)
Alternative programs and services support and development	813,295	-	646,426	-	(166,869)	-	(166,869)
Technology support	1,787,716	-	239,520	-	(1,548,196)	-	(1,548,196)
Operational support	19,810,486	-	8,473,520	544,459	(10,792,507)	-	(10,792,507)
Financial and human resource services	1,684,189	-	399,230	-	(1,284,959)	-	(1,284,959)
Accountability	196,644	-	-	-	(196,644)	-	(196,644)
System-wide pupil support	132,617	-	-	-	(132,617)	-	(132,617)
Policy, leadership and public relations	1,806,847	-	557,301	-	(1,249,546)	-	(1,249,546)
Ancillary services	79,611	-	12,904	-	(66,707)	-	(66,707)
Payments to other governments	1,575,211	-	404,402	-	(1,170,809)	-	(1,170,809)
Interest on long-term debt	87,744	-	-	-	(87,744)	-	(87,744)
Unallocated depreciation expense**	429,089	-	-	-	(429,089)	-	(429,089)
Total governmental activities	150,112,367	3,011,705	101,730,975	544,459	(44,825,228)	-	(44,825,228)
Business-type activities:							
School food service	8,798,689	1,024,307	7,481,888	-	-	(292,494)	(292,494)
Total primary government	\$ 158,911,056	\$ 4,036,012	\$ 109,212,863	\$ 544,459	(44,825,228)	(292,494)	(45,117,722)
General revenues:							
Unrestricted county appropriations - operating					22,971,745	-	22,971,745
Unrestricted county appropriations - capital					1,578,797	-	1,578,797
Unrestricted State appropriations - operating					6,799,369	-	6,799,369
Unrestricted Federal appropriations - operating					13,138	-	13,138
Unrestricted State appropriations - capital					-	-	-
Investment earnings, unrestricted					7,497	15,549	23,046
Miscellaneous, unrestricted					3,092,746	6,874	3,099,620
Transfers					(61,893)	61,893	-
Total general revenues and transfers					34,401,399	84,316	34,485,715
Change in net position					(10,423,829)	(208,178)	(10,632,007)
Net position - beginning, as previously reported					122,575,968	3,578,302	126,154,270
Restatement (Note 4)					(192,729,671)	(5,830,316)	(198,559,987)
Net position (deficit) - beginning, as restated					(70,153,703)	(2,252,014)	(72,405,717)
Net position (deficit) - ending					\$ (80,577,532)	\$ (2,460,192)	\$ (83,037,724)

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

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

NASH-ROCKY MOUNT 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	Restricted Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 1,926,195	\$ -	\$ -	\$ 3,169,383	\$ 454,038	\$ 1,117,358	\$ 6,666,974
Due from other governments	53,745	3,749,283	302,324	41,713	47,450	-	4,194,515
Accounts receivable	7,496	-	-	152,136	-	-	159,632
Due from other funds	-	5,762	19,216	-	-	-	24,978
Inventories	378,365	-	-	-	-	-	378,365
Total assets	<u>\$ 2,365,801</u>	<u>\$ 3,755,045</u>	<u>\$ 321,540</u>	<u>\$ 3,363,232</u>	<u>\$ 501,488</u>	<u>\$ 1,117,358</u>	<u>\$ 11,424,464</u>
Liabilities and Fund balances							
Liabilities:							
Bank overdraft	\$ -	\$ 5,762	\$ 19,216	\$ -	\$ -	\$ -	\$ 24,978
Accounts payable and accrued liabilities	332,054	-	-	31,970	562	-	364,586
Accrued salaries and wages payable	59,323	3,749,283	302,324	86,856	-	-	4,197,786
Due to other funds	24,978	-	-	186,431	-	-	211,409
Unearned revenue	-	-	-	556,285	-	-	556,285
Total liabilities	<u>416,355</u>	<u>3,755,045</u>	<u>321,540</u>	<u>861,542</u>	<u>562</u>	<u>-</u>	<u>5,355,044</u>
Fund balances:							
Nonspendable:							
Inventories	378,365	-	-	-	-	-	378,365
Restricted:							
Stabilization by State statute	140,838	-	-	193,849	-	-	334,687
School capital outlay	-	-	-	-	500,926	-	500,926
Instructional services	-	-	-	994,003	-	-	994,003
Individual schools	-	-	-	-	-	1,117,358	1,117,358
Assigned:							
Special revenues	-	-	-	1,313,838	-	-	1,313,838
Unassigned	1,430,243	-	-	-	-	-	1,430,243
Total fund balances	<u>1,949,446</u>	<u>-</u>	<u>-</u>	<u>2,501,690</u>	<u>500,926</u>	<u>1,117,358</u>	<u>6,069,420</u>
Total liabilities and fund balances	<u>\$ 2,365,801</u>	<u>\$ 3,755,045</u>	<u>\$ 321,540</u>	<u>\$ 3,363,232</u>	<u>\$ 501,488</u>	<u>\$ 1,117,358</u>	<u>\$ 11,424,464</u>

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

NASH-ROCKY MOUNT 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	\$ 6,069,420
Net OPEB asset	293,406
Capital assets used in governmental activities are not financial resources and therefore are not reported in the	146,568,948
Deferred outflows of resources related to pensions	22,951,055
Deferred outflows of resources related to OPEB	19,282,797
Some liabilities, including those for compensated absences, installment purchases and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	(11,831,229)
Net pension liability	(43,436,950)
Net OPEB liability	(162,123,220)
Deferred inflows of resources related to pensions	(2,018,479)
Deferred inflows of resources related to OPEB	<u>(56,333,280)</u>
Net position (deficit) of governmental activities	<u>\$ (80,577,532)</u>

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

NASH-ROCKY MOUNT 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
	General	State Public School	Federal Grants	Restricted Revenue	Capital Outlay	Individual Schools	Governmental Funds
Revenues:							
State of North Carolina	\$ -	\$ 94,722,229	\$ -	\$ 1,229,472	\$ 544,459	\$ -	\$ 96,496,160
Local Counties and City:							
Edgecombe County - local appropriation	2,188,320	-	-	-	-	-	2,188,320
Edgecombe County - other	-	-	-	-	181,907	-	181,907
Nash County - local appropriation	20,320,261	-	-	-	-	-	20,320,261
Nash County - other	-	-	-	-	1,396,890	-	1,396,890
City of Rocky Mount - local appropriation	463,164	-	-	-	-	-	463,164
Total local Counties and City	22,971,745	-	-	-	1,578,797	-	24,550,542
U.S. Government	-	-	12,221,600	357,953	-	-	12,579,553
Other	604,990	-	-	3,669,015	193,499	2,762,694	7,230,198
Total revenues	23,576,735	94,722,229	12,221,600	5,256,440	2,316,755	2,762,694	140,856,453
Expenditures:							
Current:							
Instructional services:							
Regular instructional	3,758,445	53,284,753	709,931	2,136,606	-	-	59,889,735
Special populations	538,943	10,909,732	4,351,205	670,844	-	-	16,470,724
Alternative programs	248,705	2,754,434	5,486,098	1,052,388	-	-	9,541,625
School leadership	1,284,633	8,141,176	-	-	-	-	9,425,809
Co-curricular	1,083,685	-	-	12,200	9,600	2,624,376	3,729,861
School-based support	551,357	7,607,917	137,251	412,215	-	-	8,708,740
System-wide support services:							
Support and development	538,997	500,620	100,514	119,414	-	-	1,259,545
Special population support and development	202,911	254,150	277,463	-	-	-	734,524
Alternative programs and services							
support and development	147,248	12,946	633,480	5,704	-	-	799,378
Technology support	140,940	1,533,120	-	2,986	-	-	1,677,046
Operational support	10,097,334	8,397,091	14,536	721	2,720,063	-	21,229,745
Financial and human resource services	1,827,685	292,510	106,720	-	-	-	2,226,915
Accountability	179,813	-	-	-	-	-	179,813
System-wide pupil support	123,867	-	-	-	-	-	123,867
Policy, leadership and public relations	1,018,362	661,833	-	-	-	-	1,680,195
Ancillary services	66,707	12,904	-	-	-	-	79,611
Non-programmed charges	1,575,211	-	404,402	-	-	-	1,979,613
Debt service:							
Principal retirement	30,331	281,836	-	170,248	544,459	-	1,026,874
Interest and fees	5,178	15,314	-	-	-	-	20,492
Capital outlay	-	-	-	-	347,180	-	347,180
Total expenditures	23,420,352	94,660,336	12,221,600	4,583,326	3,621,302	2,624,376	141,131,292
Revenues over (under) expenditures	156,383	61,893	-	673,114	(1,304,547)	138,318	(274,839)
Other financing uses:							
Transfers to other funds	-	(61,893)	-	-	-	-	(61,893)
Installment purchase obligations issued	-	-	-	-	1,401,874	-	1,401,874
Total other financing sources (uses)	-	(61,893)	-	-	1,401,874	-	1,339,981
Net change in fund balance	156,383	-	-	673,114	97,327	138,318	1,065,142
Fund balances:							
Beginning of year	1,715,861	-	-	1,828,576	403,599	979,040	4,927,076
Change in reserve for inventories	77,202	-	-	-	-	-	77,202
End of year	\$ 1,949,446	\$ -	\$ -	\$ 2,501,690	\$ 500,926	\$ 1,117,358	\$ 6,069,420

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

NASH-ROCKY MOUNT 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	\$ 1,065,142
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Change in fund balance due to change in reserve for inventory	77,202
---	--------

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.

	(1,772,822)
--	-------------

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,553,957
--	-----------

Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,911,783
--	-----------

Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(238,051)
--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Gain on disposal of capital assets	111,840
------------------------------------	---------

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

	(375,000)
--	-----------

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.

Difference in accrued interest payable and interest expensed on fund statements	(67,252)
Pension expense	(11,333,980)
OPEB expense	(11,062,408)
Compensated absences	<u>(294,240)</u>

Total changes in net position of governmental activities	<u>\$ (10,423,829)</u>
--	------------------------

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

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

Exhibit 6

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Local Counties and City	22,918,891	22,918,891	22,971,745	52,854
U.S. Government	-	-	-	-
Other	443,500	443,500	604,990	161,490
Total revenues	23,362,391	23,362,391	23,576,735	214,344
Expenditures:				
Current:				
Instructional services	7,662,155	7,465,768	7,465,768	-
System-wide support services	14,250,236	14,285,277	14,277,157	8,120
Ancillary services	-	83,743	66,707	17,036
Non-programmed charges	1,450,000	1,600,000	1,575,211	24,789
Debt service:				
Principal retirement	-	30,331	30,331	-
Interest and fees	-	5,178	5,178	-
Total debt service	-	35,509	35,509	-
Total expenditures	23,362,391	23,470,297	23,420,352	49,945
Revenues over (under) expenditures	-	(107,906)	156,383	264,289
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	107,906	-	(107,906)
Net change in fund balance	\$ -	\$ -	156,383	\$ 156,383
Fund balances:				
Beginning of year			1,715,861	
Change in reserve for inventories			77,202	
End of year			\$ 1,949,446	

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

NASH-ROCKY MOUNT 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
	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues:				
State of North Carolina	\$ 89,795,494	\$ 95,235,236	\$ 94,722,229	\$ (513,007)
Local Counties and City	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>89,795,494</u>	<u>95,235,236</u>	<u>94,722,229</u>	<u>(513,007)</u>
Expenditures:				
Current:				
Instructional services	78,810,038	83,111,916	82,698,012	413,904
System-wide support services	10,942,084	11,743,060	11,652,270	90,790
Ancillary services	43,372	21,217	12,904	8,313
Non-programmed charges	-	-	-	-
Debt service:				
Principal retirement	-	281,836	281,836	-
Interest and fees	-	15,314	15,314	-
Total debt service	-	<u>297,150</u>	<u>297,150</u>	-
Total expenditures	<u>89,795,494</u>	<u>95,173,343</u>	<u>94,660,336</u>	<u>513,007</u>
Revenues over (under) expenditures	-	61,893	61,893	-
Other financing uses:				
Transfers to other funds	-	(61,893)	(61,893)	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<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.

NASH-ROCKY MOUNT 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	\$ -	\$ -	\$ -	\$ -
Local Counties and City	-	-	-	-
U.S. Government	13,497,963	15,256,303	12,221,600	(3,034,703)
Other	-	-	-	-
Total revenues	<u>13,497,963</u>	<u>15,256,303</u>	<u>12,221,600</u>	<u>(3,034,703)</u>
Expenditures:				
Current:				
Instructional services	10,171,534	12,657,623	10,684,485	1,973,138
System-wide support services	1,242,720	1,282,001	1,132,713	149,288
Ancillary services	-	-	-	-
Non-programmed charges	2,083,709	1,316,679	404,402	912,277
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	<u>13,497,963</u>	<u>15,256,303</u>	<u>12,221,600</u>	<u>3,034,703</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>
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.

NASH-ROCKY MOUNT 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**

	Restricted Revenue Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ 1,207,614	\$ 1,229,472	\$ 21,858
Local Counties and City	-	-	-	-
U.S. Government	200,000	342,850	357,953	15,103
Other	<u>2,338,465</u>	<u>3,538,060</u>	<u>3,669,015</u>	<u>130,955</u>
Total revenues	<u>2,538,465</u>	<u>5,088,524</u>	<u>5,256,440</u>	<u>167,916</u>
Expenditures:				
Current:				
Instructional services	3,038,465	6,494,595	4,284,253	2,210,342
System-wide support services	-	194,456	128,825	65,631
Ancillary services	-	-	-	-
Non-programmed charges	-	175	-	175
Debt service:				
Principal retirement	-	170,248	170,248	-
Interest and fees	-	-	-	-
Total debt service	<u>-</u>	<u>170,248</u>	<u>170,248</u>	<u>-</u>
Total expenditures	<u>3,038,465</u>	<u>6,859,474</u>	<u>4,583,326</u>	<u>2,276,148</u>
Revenues over (under) expenditures	(500,000)	(1,770,950)	673,114	2,444,064
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	<u>500,000</u>	<u>1,770,950</u>	<u>-</u>	<u>(1,770,950)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	673,114	<u>\$ 673,114</u>
Fund balances:				
Beginning of year			1,828,576	
Change in reserve for inventories			-	
End of year			<u>\$ 2,501,690</u>	

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
June 30, 2018

Exhibit 7

	Enterprise Fund
	Major Fund
	School Food
	Service
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,461,901
Due from other governments	217,249
Receivables	4,624
Due from other funds	186,431
Net OPEB asset	8,839
Inventories	280,044
Total current assets	<u>4,159,088</u>
Noncurrent assets:	
Capital assets:	
Furniture and office equipment, net	<u>435,216</u>
Total assets	<u>4,594,304</u>
Deferred Outflows of Resources	<u>1,272,294</u>
Liabilities	
Current liabilities:	
Accrued salaries and wages payable	101,334
Compensated absences	186,358
Unearned revenue	25,574
Total current liabilities	<u>313,266</u>
Noncurrent liabilities:	
Net pension liability	1,308,537
Net OPEB liability	4,883,958
Compensated absences	63,183
Total noncurrent liabilities	<u>6,255,678</u>
Total liabilities	<u>6,568,944</u>
Deferred Inflows of Resources	<u>1,757,846</u>
Net position	
Investment in capital assets	435,216
DIPNC OPEB plan	16,532
Unrestricted (deficit)	<u>(2,911,940)</u>
Total net position (deficit)	<u>\$ (2,460,192)</u>

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2018

Exhibit 8

	Enterprise Fund Major Fund School Food Service
Operating revenues:	
Food sales	\$ 1,024,307
Other	6,874
Total operating revenues	<u>1,031,181</u>
Operating expenses:	
Food cost:	
Purchase of food	2,521,075
Donated commodities	609,280
Salaries and benefits	4,596,819
Indirect costs	463,569
Materials and supplies	307,954
Repairs and maintenance	158,433
Depreciation	64,150
Non-capitalized equipment	21,077
Other	56,332
Total operating expenses	<u>8,798,689</u>
Operating loss	<u>(7,767,508)</u>
Nonoperating revenues:	
Federal reimbursements	6,865,641
Federal commodities	609,280
State reimbursements	6,967
Interest earned	15,549
Total nonoperating revenues	<u>7,497,437</u>
Loss before transfers	(270,071)
Transfers from other funds	<u>61,893</u>
Change in net position	(208,178)
Net position, beginning of year, as previously reported	3,578,302
Restatement (Note 4)	<u>(5,830,316)</u>
Net position (deficit), beginning of year, as restated	<u>(2,252,014)</u>
Net position (deficit), end of year	<u>\$ (2,460,192)</u>

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2018

Exhibit 9

	Enterprise Fund
	Major Fund
	School Food Service
Cash flows from operating activities:	
Cash received from customers	\$ 1,024,721
Cash paid for goods and services	(3,529,724)
Cash paid to employees for services	(4,269,050)
Other revenues	6,874
Net cash used by operating activities	(6,767,179)
Cash flows from noncapital financing activities:	
Due from other funds	(101,598)
Federal and State reimbursements	6,882,915
Net cash provided by noncapital financing activities	6,781,317
Cash flows from capital and related financing activities:	
Purchase of capital assets	(20,819)
Cash flows from investing activities:	
Interest earned on investments	15,549
Net increase in cash and cash equivalents	8,868
Cash and cash equivalents, beginning of year	3,453,033
Cash and cash equivalents, end of year	\$ 3,461,901
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (7,767,508)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	64,150
Donated commodities	609,280
Salaries paid by special revenue fund	61,893
Changes in assets and liabilities:	
Increase in accounts receivable	(1,200)
Decrease in net OPEB asset	18
Decrease in inventories	4,497
Decrease in accounts payable and accrued liabilities	(5,781)
Increase in accrued salaries and wages payable	8,544
Increase in unearned revenue	1,614
Decrease in net pension liability	(174,055)
Decrease in net OPEB liability	(1,103,346)
Increase in deferred outflows	(129,518)
Increase in deferred inflows	1,649,107
Increase in compensated absences payable	15,126
Total adjustments	1,000,329
Net cash used by operating activities	\$ (6,767,179)

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
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 \$609,280 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$61,893 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 8.

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

NASH-ROCKY MOUNT 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 Nash-Rocky Mount 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 Nash-Rocky Mount 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 Nash and Edgecombe Counties, 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. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Interfund services provided and used are not eliminated in the process of consolidation.

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 required to be accounted for in another fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

NASH-ROCKY MOUNT 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.

Restricted Revenue Fund. The Restricted Revenue 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.

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 Nash-Rocky Mount 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 Board reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys from one function to another within a fund without limitation. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations at the purpose level. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

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. The inventories of the Board's General Fund consist of expendable materials and supplies which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

is classified as nonspendable. 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 July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in both governmental and business-type activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased in large quantities such as student desks and library books are capitalized. The library collections consist of a large number of books with modest values; the composite depreciation method has been used as discussed in GASB 35, paragraphs 163-166. 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.

Nash 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	50
Equipment and furniture	3 - 10
Vehicles	6 - 12

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

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 meet 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 meet this criterion – pension and other post-employment benefit-related deferrals.

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.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for 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.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that will be used for instructional services, system-wide support services, ancillary services or non-programmed charges, as determined by the Board of Education.

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.

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 \$(86,646,952) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 244,695,983
Less accumulated depreciation	(98,127,035)
Net capital assets	146,568,948
Net OPEB asset	293,406
Deferred outflows of resources related to pensions	22,951,055
Deferred outflows of resources related to OPEB	19,282,797
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	(3,451,303)
Compensated absences	(8,301,189)
Accrued interest payable	(78,737)
Net pension liability	(43,436,950)
Net OPEB liability	(162,123,220)
Deferred inflows of resources related to pensions	(2,018,479)
Deferred inflows of resources related to OPEB	(56,333,280)
Total adjustment	\$ (86,646,952)

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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 \$(11,488,971) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,723,614
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	(4,496,436)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(1,401,874)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position on the government-wide statements	1,026,874
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	8,553,957
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	4,911,783
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities	(238,051)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Gain on disposal of capital assets	111,840
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	(11,333,980)
OPEB expense	(11,062,408)
Difference in interest expense between fund statements and government-wide statements	(67,252)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(294,240)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	77,202
Total adjustment	<u>\$ (11,488,971)</u>

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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.

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 concentration risk or custodial credit risk for deposits.

At June 30, 2018, the Board had deposits with banks and savings and loans with a carrying amount of \$8,389,402 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$8,887,770 and \$1,257,412, respectively. Of these balances, \$1,452,000 was covered by federal depository insurance and \$8,693,182 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2018, the Board had \$1,739,473 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2018. The Board has no investment balances in the NCCMT 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. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

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3. Accounts Receivable

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

	Due from (to) other funds (Internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ -	\$ 53,745	\$ 7,496	\$ 61,241
Other governmental activities	(186,431)	4,140,770	152,136	4,106,475
Total governmental activities	<u>\$ (186,431)</u>	<u>\$ 4,194,515</u>	<u>\$ 159,632</u>	<u>\$ 4,167,716</u>
Business-type activities:				
School Food Service Fund	<u>\$ 186,431</u>	<u>\$ 217,249</u>	<u>\$ 4,624</u>	<u>\$ 408,304</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 53,745	Edgecombe and Nash counties
State Public School Fund	3,749,283	Operating funds from DPI
Federal Grants funds	302,324	Federal grant funds
Restricted Revenue Fund	41,713	State and federal grants
Capital Outlay Fund	47,450	Edgecombe County sales tax
	<u>\$ 4,194,515</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 217,249</u>	Federal grant funds

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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	\$ 4,780,964	\$ -	\$ 5,675	\$ 4,775,289
Capital assets being depreciated:				
Buildings and improvements	198,382,247	1,116,928	559,448	198,939,727
Equipment and furniture	27,229,891	114,978	33,810	27,311,059
Vehicles	12,709,948	1,491,708	531,748	13,669,908
Total capital assets being depreciated	<u>238,322,086</u>	<u>2,723,614</u>	<u>1,125,006</u>	<u>239,920,694</u>
Less accumulated depreciation for:				
Buildings and improvements	67,817,575	3,730,930	438,913	71,109,592
Equipment and furniture	15,549,588	429,089	33,809	15,944,868
Vehicles	11,267,906	336,417	531,748	11,072,575
Total accumulated depreciation	<u>94,635,069</u>	<u>4,496,436</u>	<u>1,004,470</u>	<u>98,127,035</u>
Total capital assets being depreciated, net	<u>143,687,017</u>			<u>141,793,659</u>
Governmental activity capital assets, net	<u>\$ 148,467,981</u>			<u>\$ 146,568,948</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 2,414,872	\$ 20,819	\$ -	\$ 2,435,691
Vehicles	232,312	-	-	232,312
Total capital assets being depreciated	<u>2,647,184</u>	<u>20,819</u>	<u>-</u>	<u>2,668,003</u>
Less accumulated depreciation for:				
Equipment and furniture	1,936,325	64,150	-	2,000,475
Vehicles	232,312	-	-	232,312
Total accumulated depreciation	<u>2,168,637</u>	<u>64,150</u>	<u>-</u>	<u>2,232,787</u>
School Food Service capital assets, net	<u>\$ 478,547</u>			<u>\$ 435,216</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 3,730,930
System-wide support services	336,417
Unallocated depreciation	<u>429,089</u>
Total	<u>\$ 4,496,436</u>

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B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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 \$8,811,644 for the year ended June 30, 2018.

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

At June 30, 2018, the Board reported a liability of \$44,745,487 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 0.564% and 0.549%, respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$11,672,925. 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	\$ 969,999	\$ 1,463,859
Changes of assumptions	7,069,112	-
Net difference between projected and actual earnings on pension plan investments	6,055,582	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	736,117	615,427
Board contributions subsequent to the measurement date	8,811,644	-
Total	<u>\$ 23,642,454</u>	<u>\$ 2,079,286</u>

\$8,811,644 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	\$ 2,150,547
2020	8,713,532
2021	4,310,955
2022	<u>(2,423,510)</u>
Total	<u>\$ 12,751,524</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

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members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board's proportionate share of the net pension liability (asset)	\$ 92,104,734	\$ 44,745,487	\$ 5,064,474

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

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

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.05% of covered payroll which amounted to \$4,945,310.

At June 30, 2018, the Board reported a liability of \$167,007,178 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 0.509% and 0.469%, respectively.

\$4,945,310 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year ended June 30:

2019	\$ (8,678,099)
2020	(8,678,099)
2021	(8,678,099)
2022	(8,678,099)
2023	<u>(8,662,582)</u>
Total	<u>\$ (43,374,978)</u>

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

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

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

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

	1% decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	\$ 199,229,971	\$ 167,007,178	\$ 141,449,930

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

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		Healthcare Trend Rates	
	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	\$ 136,429,483	\$ 167,007,178	\$ 207,648,842

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.

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,

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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 \$114,437 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 \$302,245 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 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 0.495% and 0.486%, respectively.

\$114,437 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	\$	44,022
2020		44,022
2021		44,007
2022		16,551
Total	\$	<u>148,602</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	\$ 256,952	\$ 302,245	\$ 347,641

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.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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:

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	\$ 11,210,911	\$ 160,409	\$ 11,371,320
OPEB liability (asset)	167,007,178	(302,245)	166,704,933
Proportionate share of the net OPEB liability (asset)	0.5094%	0.4945%	
Deferred Outflows of Resources:			
Differences between expected and actual experience	-	82,870	82,870
Net difference between projected and actual earnings on plan investments	-	66,250	66,250
Changes in proportion and differences between Board contributions and proportionate share of contributions	14,654,825	-	14,654,825
Board contributions subsequent to the measurement date	4,945,310	114,437	5,059,747
Deferred Inflows of Resources:			
Differences between expected and actual experience	11,974,722	-	11,974,722
Changes of assumptions	45,993,014	-	45,993,014
Net difference between projected and actual earnings on plan investments	62,067	-	62,067
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	516	516

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

2. Accounts Payable

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

	<u>Vendors and Other</u>
Governmental activities:	
General Fund	\$ 332,054
Other governmental activities	<u>32,532</u>
Total governmental activities	<u>\$ 364,586</u>

3. Unearned Revenues

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

Governmental activities:	
Grants not yet earned (Restricted Revenue Fund)	<u>\$ 556,285</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 25,574</u>

Unearned revenue in governmental activities consists of grant revenues for which eligibility requirements other than time requirements have not been met.

4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,052,869	\$ 13,438,581
Changes of assumptions	7,069,112	45,993,014
Net difference between projected and actual earnings on pension and OPEB plan investments	6,121,832	62,067
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,390,942	615,943
Board contributions subsequent to the measurement date	<u>13,871,391</u>	<u>-</u>
Total	<u>\$ 43,506,146</u>	<u>\$ 60,109,605</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 \$1,000,000 each claim made / \$3,150,000

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

coverage period aggregate. 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 carries additional flood insurance coverage of \$5 million per location and \$15 million per occurrence purchased through the NC Public School Insurance Fund.

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 healthcare benefits. The Board pays most of the cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

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

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 moneys 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 entered three such contracts for the purchase of school buses. The gross amount of buses acquired under installment purchase contracts outstanding at June 30, 2018 totaled \$2,177,838. The contracts each 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 Board entered into an installment purchase contract totaling \$790,309 for the purchase of laptop computers during the fiscal year ended June 30, 2017. The contract requires five annual payments of \$170,248 for principal and interest at 3.86% due on July 1 each year through 2021.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The Board entered into an installment purchase contract totaling \$1,400,870 for the purchase computer hardware and software during the fiscal year ended June 30, 2015. The contract requires payments of principal and interest at 2.65% due annually on October 1st through 2018.

The Board entered into an installment purchase contract totaling \$1,501,682 for the purchase of chromebooks during the fiscal year ended June 30, 2017. The contract requires four equal annual payments of \$403,952 (including sales tax) for principal and interest due through 2020.

The Board entered into an installment purchase contract totaling \$160,716 for the purchase of a mobile unit during the fiscal year ended June 30, 2017. The contract requires sixty equal monthly payments of \$2,959 for principal and interest at 3.99% due through November 21, 2021.

The future minimum payments of the installment purchase as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 1,451,318
2020	1,047,054
2021	960,178
2022	<u>185,045</u>
	3,643,595
Less portion representing interest	<u>(192,292)</u>
Total principal obligation	<u>\$ 3,451,303</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	\$ 3,076,303	\$ 1,401,874	\$ 1,026,874	\$ 3,451,303	\$ 1,360,878
Net pension liability	49,009,267	-	5,572,317	43,436,950	-
Net OPEB liability	197,919,113	-	35,795,893	162,123,220	-
Compensated absences	<u>8,006,949</u>	<u>5,161,781</u>	<u>4,867,541</u>	<u>8,301,189</u>	<u>5,046,414</u>
Total	<u>\$258,011,632</u>	<u>\$ 6,563,655</u>	<u>\$ 47,262,625</u>	<u>\$217,312,662</u>	<u>\$ 6,407,292</u>
Business-type activities:					
Net pension liability	\$ 1,482,592	\$ -	\$ 174,055	\$ 1,308,537	\$ -
Net OPEB liability	5,987,304	-	1,103,346	4,883,958	-
Compensated absences	<u>234,415</u>	<u>190,188</u>	<u>175,062</u>	<u>249,541</u>	<u>186,358</u>
Total	<u>\$ 7,704,311</u>	<u>\$ 190,188</u>	<u>\$ 1,452,463</u>	<u>\$ 6,442,036</u>	<u>\$ 186,358</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.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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>
State Public School Fund	General Fund	\$ 19,216
Federal Grants Fund	General Fund	\$ 5,762
School Food Service Fund	Restricted Revenue Fund	\$ 186,431

The amounts owed by the General Fund to the State Public School and Federal Grants funds are for bank overdrafts in the Board's State bank account. The Restricted Revenue Fund owes the School Food Service Fund \$186,431 for a refund of excess indirect costs charged to the School Food Service program during the year. These amounts are expected to be paid prior to June 30, 2019.

2. Transfers to/from other Funds

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

From the State Public School Fund to the School Food Service Fund for administrative costs	\$ 61,893
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D. Net Position/Fund Balance

1. Net Investment in Capital Assets – Governmental Activities

Net investment in capital assets presented in Exhibit 1 is calculated as follows:

Total governmental activities capital assets	\$ 146,568,948
Less:	
Installment purchase obligations for school buses and mobile unit	(1,445,514)
Net investment in capital assets, governmental activities	\$ 145,123,434

The district also has \$2,005,789 of installment purchase obligations outstanding at June 30, 2018 for computers and related equipment. This amount has been excluded from the calculation of net investment in capital assets due to these being noncapitalized items.

NASH-ROCKY MOUNT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

2. 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	\$ 1,949,446
Less:	
Inventories	(378,365)
Stabilization by State statute	<u>(140,838)</u>
Remaining fund balance	<u>\$ 1,430,243</u>

3. Encumbrances

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances outstanding at June 30, 2018 were as follows:

General Fund	\$ 79,597
Capital Outlay Fund	126,900

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 4 – 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 \$192,729,671 and \$5,830,316, respectively.

**NASH-ROCKY MOUNT 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)	0.564%	0.549%	0.544%	0.553%	0.604%
Board's proportionate share of the net pension liability (asset)	\$ 44,745,487	\$ 50,491,859	\$ 20,050,425	\$ 6,478,212	\$ 36,644,671
Board's covered payroll	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837	\$ 81,734,603
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.58%	65.19%	26.14%	8.61%	44.83%
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.

**NASH-ROCKY MOUNT BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 8,811,644	\$ 8,182,378	\$ 7,086,545	\$ 7,017,165	\$ 6,539,037
Contributions in relation to the contractually required contribution	<u>8,811,644</u>	<u>8,182,378</u>	<u>7,086,545</u>	<u>7,017,165</u>	<u>6,539,037</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
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.

**NASH-ROCKY MOUNT 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)	0.509%	0.469%
Board's proportionate share of the net OPEB liability (asset)	\$ 167,007,178	\$ 203,906,417
Board's covered payroll	\$ 81,987,756	\$ 77,448,579
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	203.70%	263.28%
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.

NASH-ROCKY MOUNT BOARD OF EDUCATION
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOARD CONTRIBUTIONS
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,945,310	\$ 4,734,456	\$ 4,317,941	\$ 4,185,790	\$ 4,055,596
Contributions in relation to the contractually required contribution	<u>4,945,310</u>	<u>4,734,456</u>	<u>4,317,941</u>	<u>4,185,790</u>	<u>4,055,596</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
Contributions as a percentage of covered payroll	6.05%	5.81%	5.60%	5.49%	5.40%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 4,352,205	\$ 4,272,603	\$ 4,292,241	\$ 3,959,337	\$ 3,932,938
Contributions in relation to the contractually required contribution	<u>4,352,205</u>	<u>4,272,603</u>	<u>4,292,241</u>	<u>3,959,337</u>	<u>3,932,938</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 82,117,075	\$ 85,452,060	\$ 87,596,755	\$ 87,985,267	\$ 95,925,317
Contributions as a percentage of covered payroll	5.30%	5.00%	4.90%	4.50%	4.10%

**NASH-ROCKY MOUNT 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	0.495%	0.486%
Board's proportionate share of the net OPEB asset	\$ 302,245	\$ 301,638
Board's covered payroll	\$ 81,987,756	\$ 77,448,579
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%

5 * 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.

NASH-ROCKY MOUNT 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	\$ 114,437	\$ 309,655	\$ 316,135	\$ 312,600	\$ 330,456
Contributions in relation to the contractually required contribution	<u>114,437</u>	<u>309,655</u>	<u>316,135</u>	<u>312,600</u>	<u>330,456</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 81,740,668	\$ 81,987,756	\$ 77,448,579	\$ 76,690,342	\$ 75,247,837
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	\$ 361,315	\$ 444,351	\$ 455,503	\$ 457,523	\$ 498,812
Contributions in relation to the contractually required contribution	<u>361,315</u>	<u>444,351</u>	<u>455,503</u>	<u>457,523</u>	<u>498,812</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 82,117,075	\$ 85,452,060	\$ 87,596,755	\$ 87,985,267	\$ 95,925,317
Contributions as a percentage of covered payroll	0.44%	0.52%	0.52%	0.52%	0.52%

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Local Counties and City:			
Edgecombe County appropriation	\$ 2,188,320	\$ 2,188,320	\$ -
Nash County appropriation	20,320,261	20,320,261	-
City of Rocky Mount appropriation	410,310	463,164	52,854
Total Local Counties and City	22,918,891	22,971,745	52,854
Other:			
Fines and forfeitures	440,000	533,099	93,099
Proceeds from sale of capital assets	-	64,394	64,394
Interest earned on investment	3,500	7,497	3,997
Total other	443,500	604,990	161,490
Total revenues	23,362,391	23,576,735	214,344
Expenditures:			
Current:			
Instructional services:			
Regular instructional		3,758,445	
Special populations		538,943	
Alternative programs		248,705	
School leadership		1,284,633	
Co-curricular		1,083,685	
School-based support		551,357	
Total instructional services	7,465,768	7,465,768	-
System-wide support services:			
Support and development		538,997	
Special population support and development		202,911	
Alternative programs and services			
support and development		147,248	
Technology support		140,940	
Operational support		10,097,334	
Financial and human resource services		1,827,685	
Accountability		179,813	
System-wide pupil support		123,867	
Policy, leadership and public relations		1,018,362	
Total system-wide support services	14,285,277	14,277,157	8,120

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

	Final Budget	Actual	Variance Positive (Negative)
Expenditures: (Continued)			
Current:			
Ancillary services:			
Nutrition	83,743	66,707	17,036
Non-programmed charges:			
Payments to other governments	1,600,000	1,575,211	24,789
Debt service:			
Principal retirement	30,331	30,331	-
Interest and fees	5,178	5,178	-
Total debt service	35,509	35,509	-
Total expenditures	23,470,297	23,420,352	49,945
Revenues over (under) expenditures	(107,906)	156,383	264,289
Fund balance appropriated	107,906	-	(107,906)
Net change in fund balance	\$ -	156,383	\$ 156,383
Fund balance:			
Beginning of year		1,715,861	
Change in reserve for inventories		77,202	
End of year		\$ 1,949,446	

NASH-ROCKY MOUNT 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	\$ 544,459	\$ 544,459	\$ -
Local Counties:			
Edgecombe County appropriations	173,352	181,907	8,555
Nash County appropriations	1,396,892	1,396,890	(2)
Total local Counties	1,570,244	1,578,797	8,553
Other:			
Proceeds from disposal of capital assets	170,312	170,312	-
Miscellaneous	-	23,187	23,187
Total revenues	2,285,015	2,316,755	31,740
Expenditures:			
Debt service:			
Principal retirement	544,459	544,459	-
Current:			
Instructional services:			
Co-curricular		9,600	
Total instructional services	40,000	9,600	30,400
System-wide support services:			
Operational support		2,720,063	
Total system-wide support services	2,908,273	2,720,063	188,210
Capital outlay	480,312	347,180	133,132
Total expenditures	3,973,044	3,621,302	351,742
Revenues under expenditures	(1,688,029)	(1,304,547)	383,482
Other financing sources:			
Installment purchase obligations issued	1,401,874	1,401,874	-
Fund balance appropriated	286,155	-	(286,155)
Net change in fund balance	\$ -	97,327	\$ 97,327
Fund balance:			
Beginning of year		403,599	
End of year		\$ 500,926	

NASH-ROCKY MOUNT BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
For the Fiscal Year Ended June 30, 2018

	Revenues	Expenditures	Net change in fund balance	Fund balances June 30, 2017	Fund balances June 30, 2018
Bailey Elementary	\$ 40,721	\$ 35,055	\$ 5,666	\$ 14,104	\$ 19,770
Baskerville Elementary	22,541	22,483	58	5,694	5,752
Benvenue Elementary	12,379	11,435	944	11,128	12,072
Cedar Grove Elementary	14,437	13,711	726	3,451	4,177
Coopers Elementary	27,529	26,215	1,314	18,910	20,224
Englewood Elementary	18,666	16,274	2,392	21,178	23,570
Fairview Elementary	26,469	23,743	2,726	11,794	14,520
M.B. Hubbard Elementary	20,328	17,339	2,989	3,006	5,995
D.S. Johnson Elementary	19,131	18,306	825	9,982	10,807
Middlesex Elementary	95,433	82,274	13,159	15,570	28,729
Nashville Elementary	46,191	39,509	6,682	21,874	28,556
Red Oak Elementary	42,515	40,189	2,326	11,784	14,110
Spring Hope Elementary	44,515	42,004	2,511	18,181	20,692
Swift Creek Elementary	34,180	32,711	1,469	7,597	9,066
Willford Elementary	10,463	8,994	1,469	3,273	4,742
Winstead Elementary	28,631	26,765	1,866	10,586	12,452
J.W. Parker Middle	25,531	24,998	533	5,802	6,335
Edwards Middle	51,308	50,008	1,300	17,855	19,155
Nash Central Middle	62,739	64,050	(1,311)	20,561	19,250
Red Oak Middle	238,430	215,283	23,147	55,638	78,785
Rocky Mount Middle	26,658	23,213	3,445	18,932	22,377
Southern Nash Middle	96,095	103,442	(7,347)	54,602	47,255
Nash Central High	366,627	360,216	6,411	121,760	128,171
Northern Nash Senior	449,690	445,462	4,228	174,397	178,625
Rocky Mount High	331,169	326,143	5,026	91,396	96,422
Southern Nash Senior	589,293	534,331	54,962	184,762	239,724
Tar River Academy	2,210	2,723	(513)	1,307	794
Nash-Rocky Mount Middle College	18,815	17,500	1,315	43,916	45,231
Totals	<u>\$ 2,762,694</u>	<u>\$ 2,624,376</u>	<u>\$ 138,318</u>	<u>\$ 979,040</u>	<u>\$ 1,117,358</u>

NASH-ROCKY MOUNT 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		\$ 1,024,307	
Other		6,874	
Total operating revenues	\$ 1,166,060	1,031,181	\$ (134,879)
Operating expenditures:			
Business support services:			
Purchase of food		2,516,578	
Donated commodities		609,280	
Salaries and benefits		4,339,487	
Indirect costs		463,569	
Materials and supplies		307,954	
Repairs and maintenance		158,433	
Non-capitalized equipment		21,077	
Other		56,332	
Capital outlay		20,819	
Total operating expenditures	9,234,091	8,493,529	740,562
Operating loss	(8,068,031)	(7,462,348)	605,683
Nonoperating revenues:			
Federal reimbursements and grants	6,948,101	6,865,641	(82,460)
Federal commodities	629,633	609,280	(20,353)
State reimbursements	8,748	6,967	(1,781)
Interest earned	8,000	15,549	7,549
Total nonoperating revenues	7,594,482	7,497,437	(97,045)
Excess (deficiency) of revenues over expenditures before other financing sources and fund balance appropriated	(473,549)	35,089	508,638
Other financing sources:			
Transfers from other funds	-	61,893	61,893
Fund balance appropriated	473,549	-	(473,549)
Net change in fund balance	\$ -	96,982	\$ 96,982
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(64,150)	
Net OPEB asset		(18)	
Net pension liability		174,055	
Net OPEB liability		1,103,346	
Deferred outflows - pension		129,518	
Deferred inflows - pension		(1,649,107)	
Equipment purchases		20,819	
Increase in compensated absences payable		(15,126)	
Decrease in inventories		(4,497)	
Change in net position (full accrual)		\$ (208,178)	



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.

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.

Debt Capacity

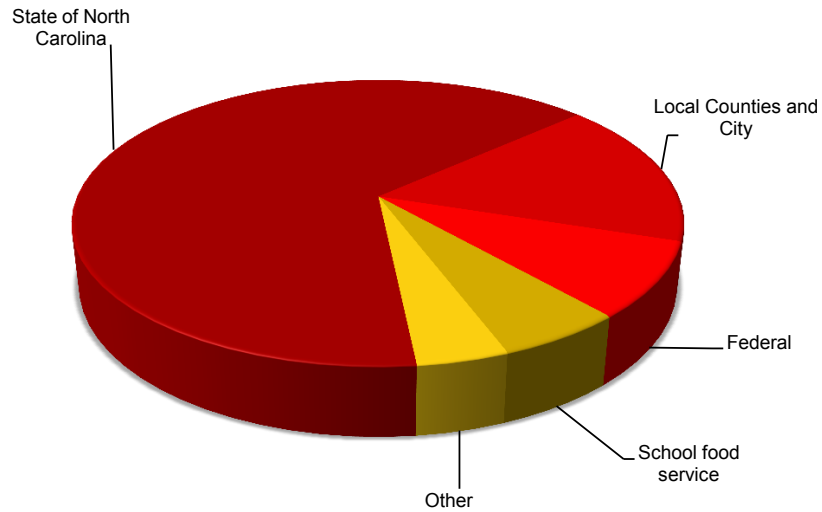
Since the District has no tax-levying or debt-issuing authority, the Counties of Nash and Edgecombe provide significant funding to the school system. Selected fiscal data from the Counties of Nash and Edgecombe has been included to help the reader better understand the school system and its financial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

Revenue Capacity

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
Financial Perspective
Governmental and Business-type Activities
For Year Ended June 30, 2018

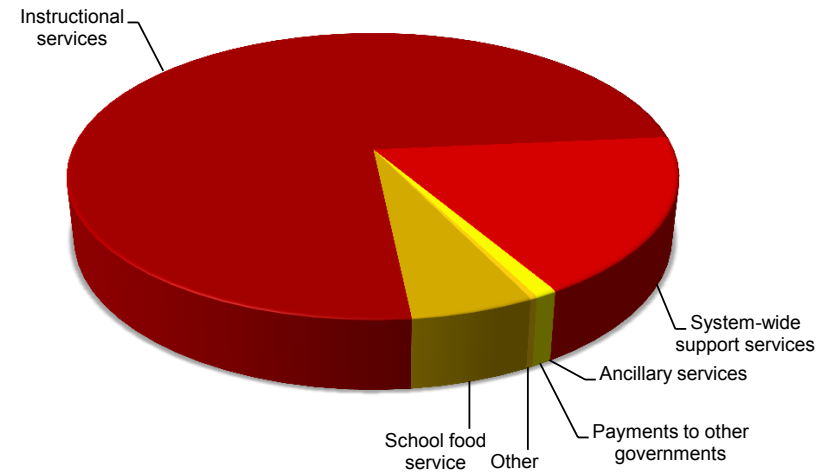
Revenue Sources



State of North Carolina	\$ 96,496,160
Local Counties and City	24,550,542
Federal	12,579,553
School food service	8,528,618
Other	6,124,176

Total revenue sources	<u><u>\$ 148,279,049</u></u>
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Expenses



Instructional services	\$ 119,524,173
System-wide support services	28,416,539
Ancillary services	79,611
Payments to other governments	1,575,211
Other	516,833
School food service	8,798,689

Total expenses	<u><u>\$ 158,911,056</u></u>
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NASH-ROCKY MOUNT BOARD OF EDUCATION

Net Position by Component Last Ten Fiscal Years

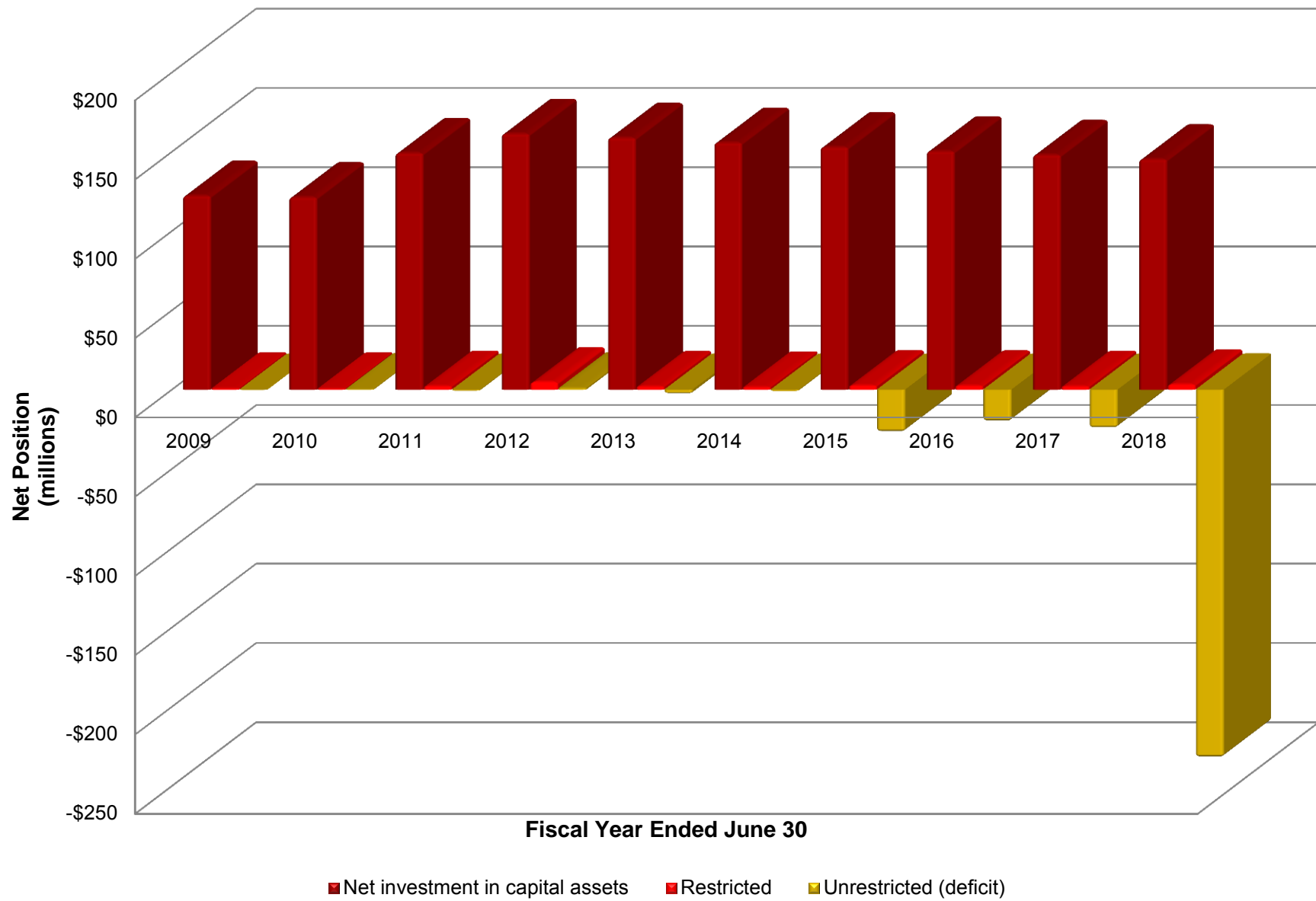
Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 122,417,446	\$ 121,481,107	\$ 149,288,714	\$ 161,153,340	\$ 158,623,125	\$ 155,549,222	\$ 152,688,438	\$ 150,112,321	\$ 147,849,551	\$ 145,123,434
Restricted	1,108,523	1,030,613	2,439,834	5,004,631	2,256,805	1,903,223	2,834,839	2,716,110	2,331,136	3,495,728
Unrestricted (deficit)	(2,368,156)	(2,264,154)	(4,174,364)	(2,320,998)	(6,772,085)	(5,136,290)	(30,041,571)	(23,571,004)	(27,604,719)	(229,196,694)
	<u>\$ 121,157,813</u>	<u>\$ 120,247,566</u>	<u>\$ 147,554,184</u>	<u>\$ 163,836,973</u>	<u>\$ 154,107,845</u>	<u>\$ 152,316,155</u>	<u>\$ 125,481,706</u>	<u>\$ 129,257,427</u>	<u>\$ 122,575,968</u>	<u>\$ (80,577,532)</u>
Business-type activities:										
Investment in capital assets	\$ 114,860	\$ 121,790	\$ 178,148	\$ 472,812	\$ 445,886	\$ 462,541	\$ 465,895	\$ 477,800	\$ 478,547	\$ 435,216
Restricted	-	-	-	-	-	-	-	-	-	16,532
Unrestricted (deficit)	2,348,951	2,786,367	3,321,686	3,593,798	4,034,961	4,149,276	3,108,610	3,356,262	3,099,755	(2,911,940)
	<u>\$ 2,463,811</u>	<u>\$ 2,908,157</u>	<u>\$ 3,499,834</u>	<u>\$ 4,066,610</u>	<u>\$ 4,480,847</u>	<u>\$ 4,611,817</u>	<u>\$ 3,574,505</u>	<u>\$ 3,834,062</u>	<u>\$ 3,578,302</u>	<u>\$ (2,460,192)</u>
Government-wide:										
Net investment in capital assets	\$ 122,532,306	\$ 121,602,897	\$ 149,466,862	\$ 161,626,152	\$ 159,069,011	\$ 156,011,763	\$ 153,154,333	\$ 150,590,121	\$ 148,328,098	\$ 145,558,650
Restricted	1,108,523	1,030,613	2,439,834	5,004,631	2,256,805	1,903,223	2,834,839	2,716,110	2,331,136	3,512,260
Unrestricted (deficit)	(19,205)	522,213	(852,678)	1,272,800	(2,737,124)	(987,014)	(26,932,961)	(20,214,742)	(24,504,964)	(232,108,634)
	<u>\$ 123,621,624</u>	<u>\$ 123,155,723</u>	<u>\$ 151,054,018</u>	<u>\$ 167,903,583</u>	<u>\$ 158,588,692</u>	<u>\$ 156,927,972</u>	<u>\$ 129,056,211</u>	<u>\$ 133,091,489</u>	<u>\$ 126,154,270</u>	<u>\$ (83,037,724)</u>

Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports

Note: Net position for 2014 and before is 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 the Board's 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).

Net Position by Component Government-wide



NASH-ROCKY MOUNT BOARD OF EDUCATION

Changes in Net Position Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
Instructional services	\$ 117,960,214	\$ 113,504,619	\$ 112,448,817	\$ 110,629,498	\$ 115,863,569	\$ 100,706,516	\$ 101,392,026	\$ 102,759,938	\$ 113,027,750	\$ 119,524,173
System-wide support services	27,140,539	29,659,364	24,990,141	29,013,818	29,933,289	28,300,808	28,182,239	26,304,738	28,890,243	28,416,539
Ancillary services	39,910	105,252	56,158	149,644	78,452	136,486	84,718	60,151	141,293	79,611
Payments to other governments	887,479	2,049,276	739,388	1,067,100	1,088,311	1,206,625	1,380,554	1,367,360	1,520,154	1,575,211
Interest on long-term debt	12,672	2,473	725	258	89,928	89,719	81,767	34,631	22,951	87,744
Unallocated depreciation expense	3,320,032	3,860,562	3,683,725	607,233	590,034	516,504	407,642	402,837	405,309	429,089
Total governmental activities expenses	149,360,846	149,181,546	141,918,954	141,467,551	147,643,583	130,956,658	131,528,946	130,929,655	144,007,700	150,112,367
Business-type activities:										
School food service	8,690,235	8,352,998	8,382,444	8,679,368	8,535,556	8,670,876	8,513,310	8,708,841	8,554,698	8,798,689
Total government-wide expenses	\$ 158,051,081	\$ 157,534,544	\$ 150,301,398	\$ 150,146,919	\$ 156,179,139	\$ 139,627,534	\$ 140,042,256	\$ 139,638,496	\$ 152,562,398	\$ 158,911,056
Program Revenues										
Governmental activities:										
Charges for services:										
Instructional services	\$ -	\$ 33,846	\$ 42,844	\$ 2,401,656	\$ 2,530,675	\$ 2,975,532	\$ 2,834,339	\$ 2,936,684	\$ 2,937,555	\$ 3,011,705
Business support	58,349	25,485	26,899	-	-	-	-	-	-	-
Operating grants and contributions	113,708,501	110,345,397	106,536,227	112,319,216	99,665,380	94,369,299	96,887,259	99,325,983	100,612,937	101,730,975
Capital grants and contributions	1,177,102	457,848	444,562	119,237	408,167	144,468	144,468	-	301,107	544,459
Total governmental activities program revenues:	114,943,952	110,862,576	107,050,532	114,840,109	102,604,222	97,489,299	99,866,066	102,262,667	103,851,599	105,287,139
Business-type activities:										
Charges for services:										
Student meal services	2,679,311	2,478,029	2,281,397	2,176,483	2,041,230	1,833,838	1,454,362	1,301,647	1,087,632	1,024,307
Operating grants and contributions	5,985,973	6,243,323	6,562,472	6,550,741	6,788,220	6,826,240	6,935,465	7,581,702	7,127,529	7,481,888
Capital grants and contributions	-	30,627	-	327,290	-	-	-	-	-	-
Total business-type activities program revenue:	8,665,284	8,751,979	8,843,869	9,054,514	8,829,450	8,660,078	8,389,827	8,883,349	8,215,161	8,506,195
Total government-wide program revenues	\$ 123,609,236	\$ 119,614,555	\$ 115,894,401	\$ 123,894,623	\$ 111,433,672	\$ 106,149,377	\$ 108,255,893	\$ 111,146,016	\$ 112,066,760	\$ 113,793,334
Net (Expense) Revenue										
Governmental activities	\$ (34,416,894)	\$ (38,318,970)	\$ (34,868,422)	\$ (26,627,442)	\$ (45,039,361)	\$ (33,467,359)	\$ (31,662,880)	\$ (28,666,988)	\$ (40,156,101)	\$ (44,825,228)
Business-type activities	(24,951)	398,981	461,425	375,146	293,894	(10,798)	(123,483)	174,508	(339,537)	(292,494)
Total district-wide net (expense) revenue	\$ (34,441,845)	\$ (37,919,989)	\$ (34,406,997)	\$ (26,252,296)	\$ (44,745,467)	\$ (33,478,157)	\$ (31,786,363)	\$ (28,492,480)	\$ (40,495,638)	\$ (45,117,722)

NASH-ROCKY MOUNT BOARD OF EDUCATION
Changes in Net Position (continued)
Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 22,225,844	\$ 22,758,210	\$ 22,237,618	\$ 22,286,869	\$ 21,993,806	\$ 21,907,431	\$ 22,696,472	\$ 22,413,096	\$ 22,946,368	\$ 22,971,745
Unrestricted county appropriations - capital	2,875,386	4,059,297	29,765,133	14,603,931	3,376,518	1,563,989	1,565,270	1,580,651	1,572,036	1,578,797
Unrestricted State appropriations - operating	5,643,017	7,495,414	8,150,466	955,971	7,582,561	7,053,413	7,337,891	6,480,348	7,295,922	6,799,369
Unrestricted State appropriations - capital	70,075	1,185,034	310,490	2,309,283	524,110	278,310	212,538	587,462	400,000	-
Unrestricted Federal appropriations - operating	-	-	-	745,591	7,246	6,438	9,647	21,774	7,885	13,138
Investment earnings, unrestricted	131,083	59,546	36,203	18,251	10,890	5,450	2,632	3,928	5,466	7,497
Miscellaneous, unrestricted	2,951,875	1,851,222	1,763,524	2,160,621	1,921,139	989,331	2,169,013	1,412,575	1,304,456	3,092,746
Transfers	-	-	(88,394)	(170,286)	(106,037)	(128,693)	(56,105)	(57,125)	(57,491)	(61,893)
Total governmental activities	33,897,280	37,408,723	62,175,040	42,910,231	35,310,233	31,675,669	33,937,358	32,442,709	33,474,642	34,401,399
Business-type activities:										
Investment earnings, unrestricted	46,510	33,615	27,931	9,208	5,777	5,093	5,460	8,146	11,338	15,549
Miscellaneous, unrestricted	16,346	11,750	13,927	12,136	8,529	7,982	21,313	19,778	14,948	6,874
Transfers	-	-	88,394	170,286	106,037	128,693	56,105	57,125	57,491	61,893
Total business-type activities	62,856	45,365	130,252	191,630	120,343	141,768	82,878	85,049	83,777	84,316
Total government-wide	\$ 33,960,136	\$ 37,454,088	\$ 62,305,292	\$ 43,101,861	\$ 35,430,576	\$ 31,817,437	\$ 34,020,236	\$ 32,527,758	\$ 33,558,419	\$ 34,485,715
Change in Net Position										
Governmental activities	\$ (519,614)	\$ (910,247)	\$ 27,306,618	\$ 16,282,789	\$ (9,729,128)	\$ (1,791,690)	\$ 2,274,478	\$ 3,775,721	\$ (6,681,459)	\$ (10,423,829)
Business-type activities	37,905	444,346	591,677	566,776	414,237	130,970	(40,605)	259,557	(255,760)	(208,178)
Total district-wide change in net position	\$ (481,709)	\$ (465,901)	\$ 27,898,295	\$ 16,849,565	\$ (9,314,891)	\$ (1,660,720)	\$ 2,233,873	\$ 4,035,278	\$ (6,937,219)	\$ (10,632,007)

Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports

NASH-ROCKY MOUNT BOARD OF EDUCATION

Governmental Funds

Fund Balances

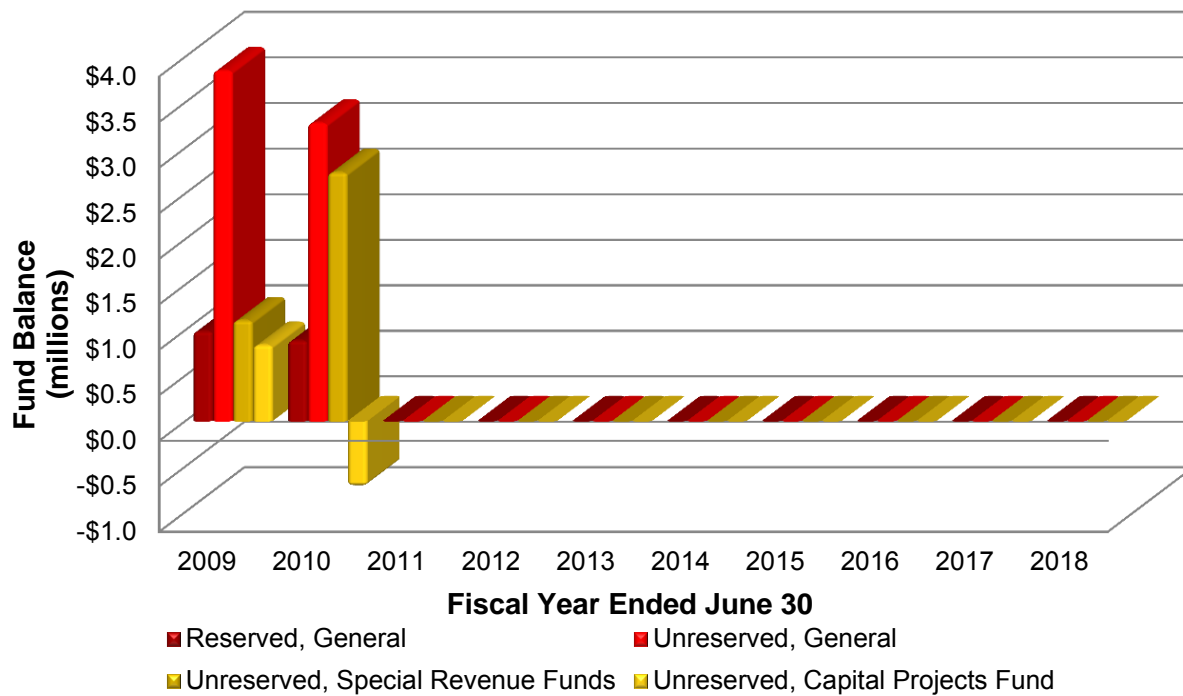
Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 989,396	\$ 887,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,850,377	3,275,647	-	-	-	-	-	-	-	-
Nonspendable	-	-	326,251	499,461	651,864	259,802	283,295	284,705	301,163	378,365
Restricted	-	-	273,788	472,428	177,031	80,339	191,768	166,663	239,088	140,838
Assigned	-	-	736,718	1,500,000	-	-	423,230	946,567	-	-
Unassigned	-	-	1,691,040	2,563,044	2,180,328	2,894,601	2,118,181	752,058	1,175,610	1,430,243
Total General Fund	\$ 4,839,773	\$ 4,162,841	\$ 3,027,797	\$ 5,034,933	\$ 3,009,223	\$ 3,234,742	\$ 3,016,474	\$ 2,149,993	\$ 1,715,861	\$ 1,949,446
All other governmental funds:										
Reserved	\$ 164,807	\$ 1,290,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	1,108,523	2,733,198	-	-	-	-	-	-	-	-
Capital Projects Fund	838,207	(720,835)	-	-	-	-	-	-	-	-
Restricted	-	-	2,230,814	4,532,203	2,079,774	1,822,884	2,643,071	2,549,447	2,092,048	2,806,136
Assigned, reported in:										
Restricted Revenue Fund	-	-	490,098	-	1,914,565	2,063,144	2,013,385	1,690,945	1,119,167	1,313,838
Capital Projects Fund	-	-	250,000	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,111,537	\$ 3,303,217	\$ 2,970,912	\$ 4,532,203	\$ 3,994,339	\$ 3,886,028	\$ 4,656,456	\$ 4,240,392	\$ 3,211,215	\$ 4,119,974

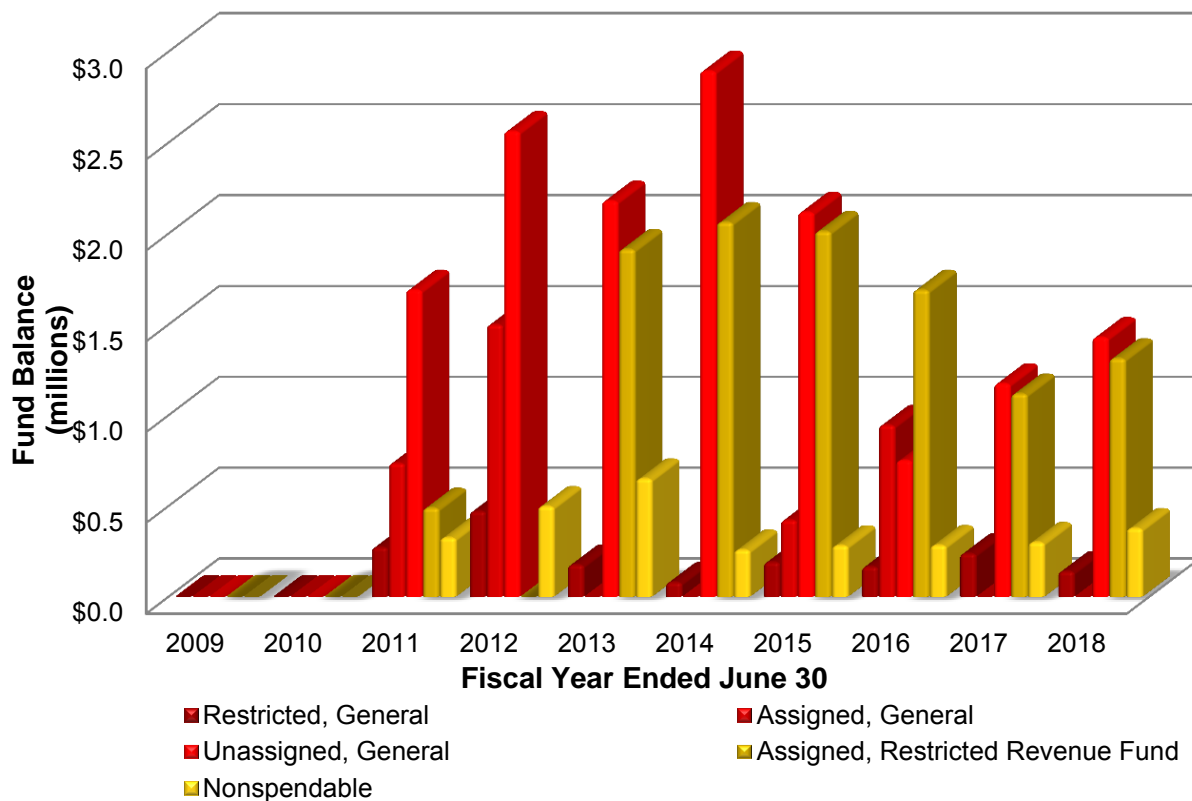
Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports

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

Governmental Funds Fund Balances - Before GASB 54 Implementation

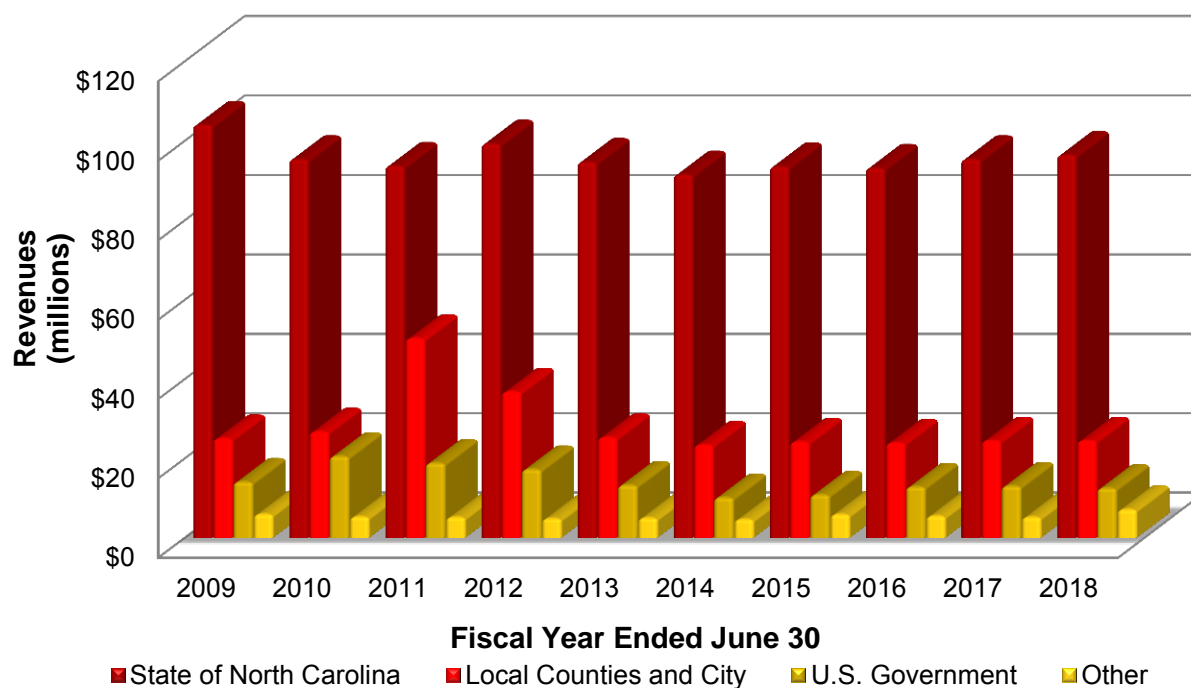


Governmental Funds Fund Balances - After GASB 54 Implementation

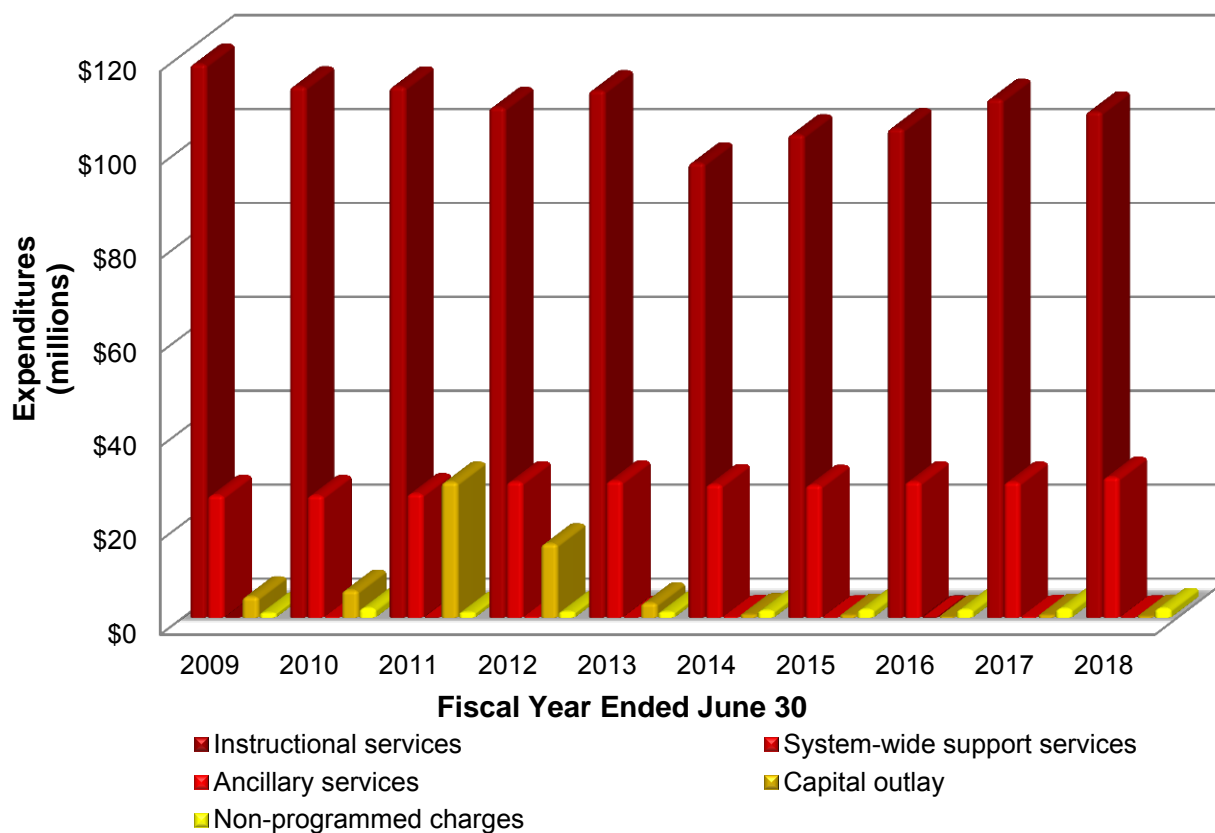


NASH-ROCKY MOUNT BOARD OF EDUCATION Governmental Funds Changes in Fund Balances Last Ten Fiscal Years						
Year Ended June 30	2009	2010	2011	2012	2013	
Revenues						
State of North Carolina	\$ 104,052,314	\$ 95,453,199	\$ 93,750,350	\$ 99,343,449	\$ 94,745,122	
Local Counties and City	25,101,230	26,817,507	50,341,307	36,890,800	25,370,324	
U.S. Government	14,163,352	20,617,285	18,907,451	17,319,633	13,340,473	
Other	6,020,555	5,383,308	5,256,391	4,930,528	5,079,701	
Total revenues	149,337,451	148,271,299	168,255,499	158,484,410	138,535,620	
Expenditures						
Instructional services	117,907,747	113,107,047	113,081,682	108,684,872	112,290,102	
System-wide support services	26,043,489	26,010,022	26,403,447	28,939,006	29,100,601	
Ancillary services	39,910	118,291	69,197	149,644	78,452	
Non-programmed charges	1,020,515	2,036,237	1,165,055	1,280,884	1,231,240	
Debt service:						
Principal retirement	1,319,157	567,094	456,854	131,535	3,193,171	
Interest and other charges	-	-	-	-	-	
Capital outlay	4,460,232	5,833,674	28,866,688	15,732,966	3,143,848	
Total expenditures	150,791,050	147,672,365	170,042,923	154,918,907	149,037,414	
Revenues over (under) expenditures	(1,453,599)	598,934	(1,787,424)	3,565,503	(10,501,794)	
Other financing sources (uses)						
Transfers from (to) other funds	-	-	(88,394)	(170,286)	(106,037)	
Installment purchase obligations	1,415,717	-	476,942	-	7,891,854	
Total other financing sources (uses)	1,415,717	-	388,548	(170,286)	7,785,817	
Net change in fund balances	\$ (37,882)	\$ 598,934	\$ (1,398,876)	\$ 3,395,217	\$ (2,715,977)	
Ratio of debt service expenditures to total non-capital expenditures	0.90%	0.40%	0.32%	0.09%	2.19%	
Year Ended June 30	2014	2015	2016	2017	2018	
Revenues						
State of North Carolina	\$ 91,567,970	\$ 93,600,049	\$ 93,249,363	\$ 95,448,064	\$ 96,496,160	
Local Counties and City	23,471,420	24,261,742	23,993,747	24,518,404	24,550,542	
U.S. Government	10,206,993	10,899,942	12,927,416	13,114,187	12,579,553	
Other	4,732,607	5,986,927	5,568,127	5,291,656	7,230,198	
Total revenues	129,978,990	134,748,660	135,738,653	138,372,311	140,856,453	
Expenditures						
Instructional services	96,869,358	102,877,060	104,159,483	110,457,029	107,766,494	
System-wide support services	28,363,446	28,217,861	28,938,867	28,869,439	29,911,028	
Ancillary services	136,486	84,718	60,151	141,293	79,611	
Non-programmed charges	1,536,393	1,747,241	1,714,334	1,922,755	1,979,613	
Debt service:						
Principal retirement	1,615,171	1,941,645	1,816,267	969,033	1,026,874	
Interest and other charges	118,927	89,603	70,512	28,470	20,492	
Capital outlay	701,246	606,630	205,869	606,199	347,180	
Total expenditures	129,341,027	135,564,758	136,965,483	142,994,218	141,131,292	
Revenues over (under) expenditures	637,963	(816,098)	(1,226,830)	(4,621,907)	(274,839)	
Other financing sources (uses)						
Transfers from (to) other funds	(128,693)	(56,105)	(57,125)	(57,491)	(61,893)	
Installment purchase obligations	-	1,400,870	-	3,199,631	1,401,874	
Total other financing sources (uses)	(128,693)	1,344,765	(57,125)	3,142,140	1,339,981	
Net change in fund balances	\$ 509,270	\$ 528,667	\$ (1,283,955)	\$ (1,479,767)	\$ 1,065,142	
Ratio of debt service expenditures to total non-capital expenditures	1.35%	1.51%	1.38%	0.70%	0.74%	

Governmental Funds Revenues by Source



Governmental Funds Expenditures by Function



NASH-ROCKY MOUNT BOARD OF EDUCATION

Operational Expenditures Per Pupil

Expenditures by Function

Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2009	2010	2011	2012	2013
Average Daily Membership	17,412	16,997	16,802	16,330	16,181
Instructional	\$ 6,772	\$ 6,655	\$ 6,730	\$ 6,656	\$ 6,940
System-wide support	1,496	1,530	1,571	1,772	1,798
Ancillary	2	7	4	9	5
Total expenditures per pupil	<u>\$ 8,270</u>	<u>\$ 8,192</u>	<u>\$ 8,305</u>	<u>\$ 8,437</u>	<u>\$ 8,743</u>

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2014	2015	2016	2017	2018
Average Daily Membership	15,917	15,703	15,415	15,145	14,967
Instructional	\$ 6,086	\$ 6,551	\$ 6,757	\$ 7,293	\$ 7,200
System-wide support	1,782	1,797	1,877	1,906	1,998
Ancillary	9	5	4	9	5
Total expenditures per pupil	<u>\$ 7,877</u>	<u>\$ 8,353</u>	<u>\$ 8,638</u>	<u>\$ 9,208</u>	<u>\$ 9,203</u>

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2009	2010	2011	2012	2013
Instructional	\$ 3,140	\$ 3,053	\$ 2,982	\$ 2,900	\$ 2,972
System-wide support	694	702	696	772	770
Ancillary	1	3	2	4	2
Total expenditures per pupil	<u>\$ 3,835</u>	<u>\$ 3,758</u>	<u>\$ 3,680</u>	<u>\$ 3,676</u>	<u>\$ 3,744</u>

EXPRESSED IN CONSTANT DOLLARS

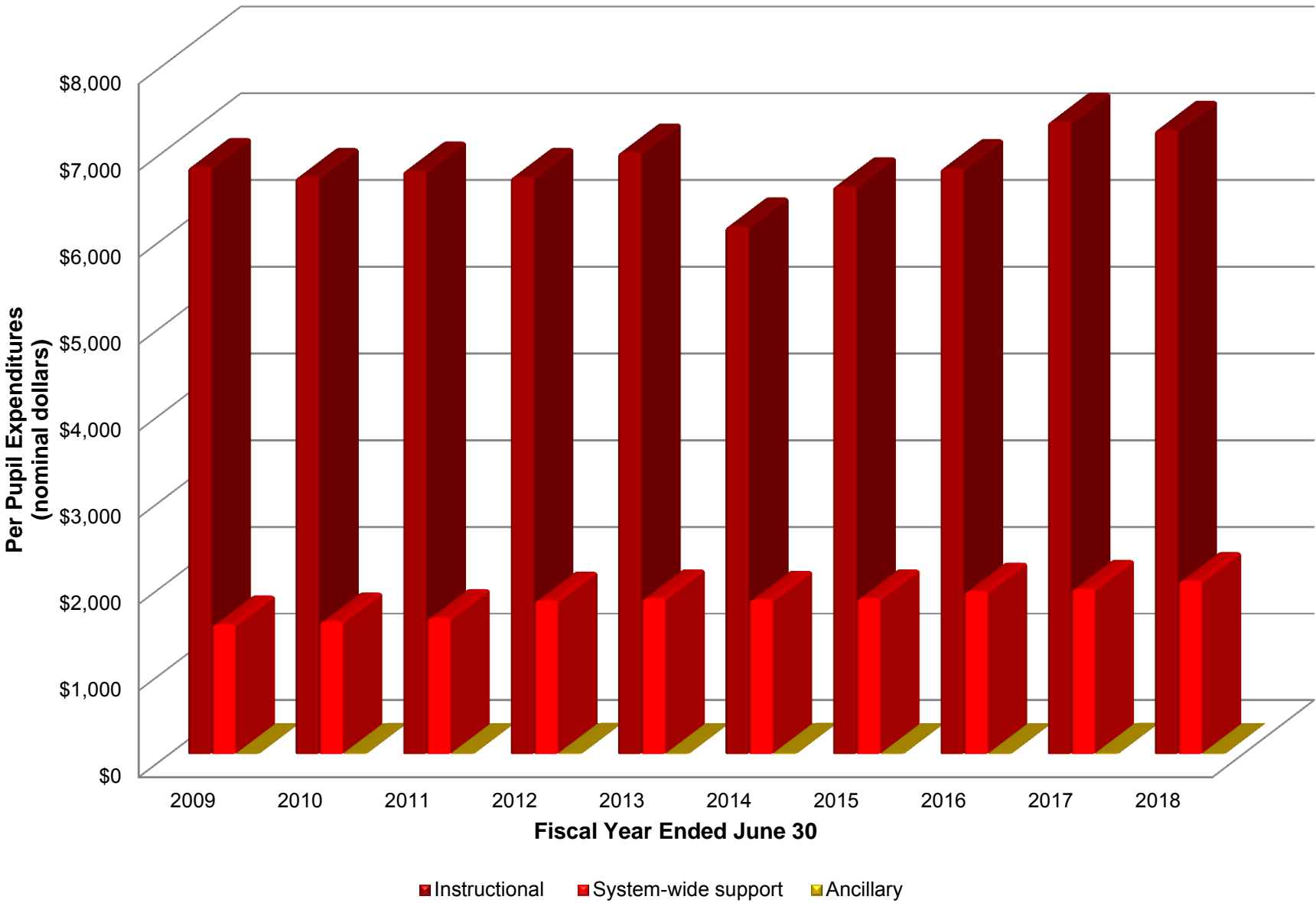
Year Ended June 30	2014	2015	2016	2017	2018
Instructional	\$ 2,553	\$ 2,745	\$ 2,803	\$ 2,977	\$ 2,857
System-wide support	748	753	779	778	793
Ancillary	4	2	2	4	2
Total expenditures per pupil	<u>\$ 3,305</u>	<u>\$ 3,500</u>	<u>\$ 3,584</u>	<u>\$ 3,759</u>	<u>\$ 3,652</u>

Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports.

The above operational expenditures per pupil include all governmental funds.

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

Operational Expenditures Per Pupil
Expenditures by Function



NASH-ROCKY MOUNT BOARD OF EDUCATION

Proprietary Fund - Food Services Operations

Revenues by Source

Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Food sales	\$ 2,679,311	\$ 2,478,029	\$ 2,281,397	\$ 2,176,483	\$ 2,041,230
Federal reimbursements	5,260,827	5,737,466	5,960,898	6,042,162	6,233,368
Federal commodities	524,889	505,857	591,645	494,573	536,251
Other	263,113	45,365	51,787	189,261	208,258
Total revenues	\$ 8,728,140	\$ 8,766,717	\$ 8,885,727	\$ 8,902,479	\$ 9,019,107
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2014	2015	2016	2017	2018
Food sales	\$ 1,833,838	\$ 1,454,362	\$ 1,301,647	\$ 1,087,632	\$ 1,024,307
Federal reimbursements	6,251,787	6,381,927	6,967,122	6,531,583	6,865,641
Federal commodities	554,780	539,092	604,425	588,636	609,280
Other	378,277	161,236	104,227	23,458	29,390
Total revenues	\$ 9,018,682	\$ 8,536,617	\$ 8,977,421	\$ 8,231,309	\$ 8,528,618

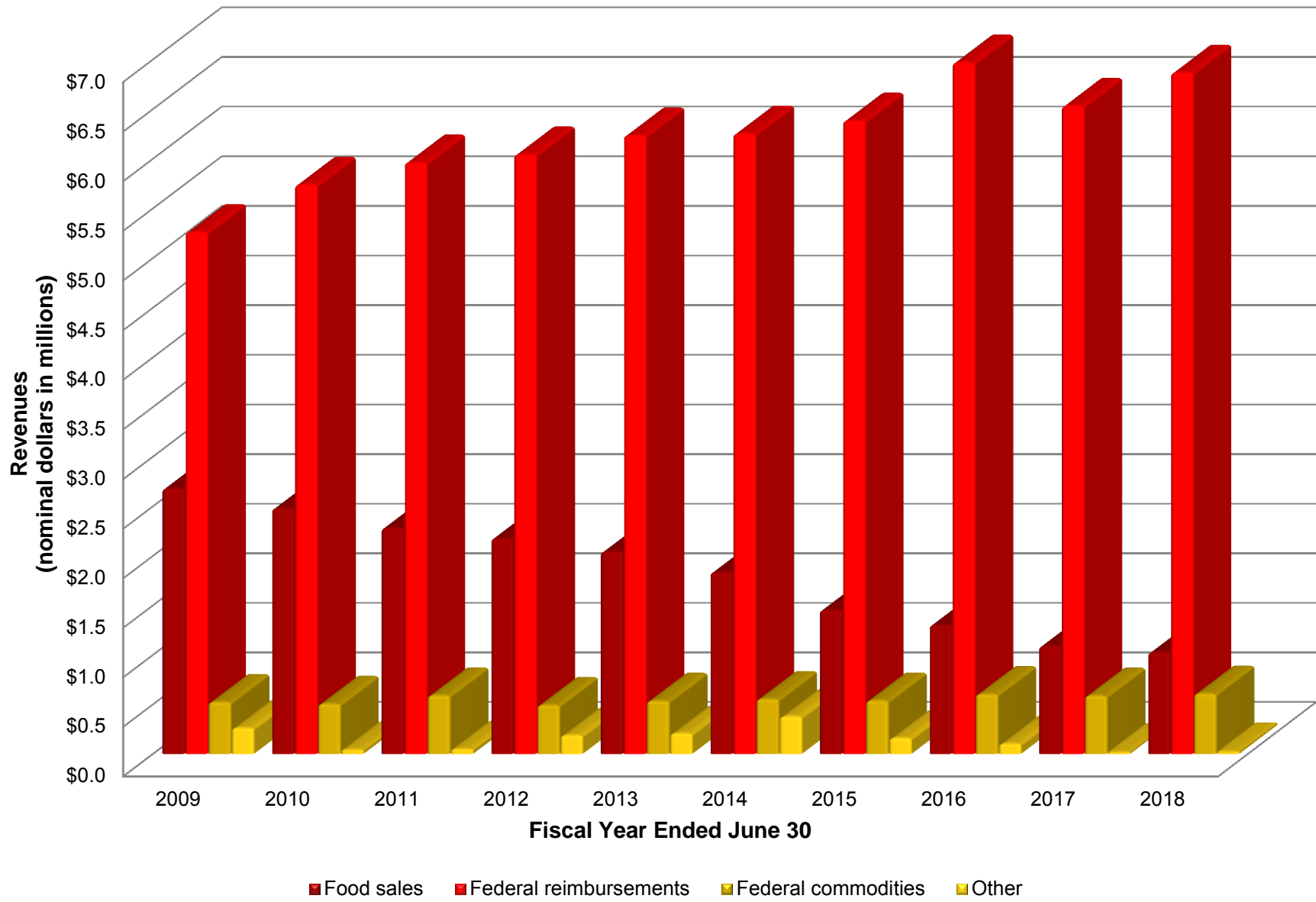
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Food sales	\$ 1,242,187	\$ 1,136,893	\$ 1,010,711	\$ 948,450	\$ 874,173
Federal reimbursements	2,439,035	2,632,288	2,640,814	2,633,003	2,669,491
Federal commodities	243,350	232,082	262,112	215,521	229,654
Other	121,985	20,813	22,943	82,475	89,188
Total revenues	\$ 4,046,557	\$ 4,022,076	\$ 3,936,580	\$ 3,879,449	\$ 3,862,506
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2014	2015	2016	2017	2018
Food sales	\$ 769,411	\$ 609,443	\$ 540,017	\$ 444,013	\$ 406,489
Federal reimbursements	2,623,021	2,674,313	2,890,466	2,666,442	2,724,580
Federal commodities	232,765	225,904	250,759	240,304	241,788
Other	158,711	67,565	43,241	9,576	11,663
Total revenues	\$ 3,783,908	\$ 3,577,225	\$ 3,724,483	\$ 3,360,335	\$ 3,384,520

Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports.

Note: Other revenue includes interest earned, State reimbursements, and other revenue.

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

Proprietary Fund - Food Service Operations Revenues by Source



NASH-ROCKY MOUNT BOARD OF EDUCATION
Proprietary Fund - Food Services Operations
Expenses by Category
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Purchase of food	\$ 3,341,856	\$ 3,224,514	\$ 2,561,341	\$ 2,645,502	\$ 2,731,609
Donated commodities	366,698	-	591,645	494,573	536,251
Salaries and benefits	4,133,854	4,161,028	4,270,414	4,248,207	4,277,101
Other	847,827	967,456	959,044	1,444,997	1,165,946
Total expenses	<u>\$ 8,690,235</u>	<u>\$ 8,352,998</u>	<u>\$ 8,382,444</u>	<u>\$ 8,833,279</u>	<u>\$ 8,710,907</u>
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2014	2015	2016	2017	2018
Purchase of food	\$ 2,658,573	\$ 2,613,780	\$ 2,651,863	\$ 2,420,716	\$ 2,521,075
Donated commodities	554,780	539,092	604,425	588,636	609,280
Salaries and benefits	4,453,697	4,131,001	4,197,006	4,237,257	4,596,819
Other	1,349,355	1,349,454	1,321,695	1,308,089	1,071,515
Total expenses	<u>\$ 9,016,405</u>	<u>\$ 8,633,327</u>	<u>\$ 8,774,989</u>	<u>\$ 8,554,698</u>	<u>\$ 8,798,689</u>

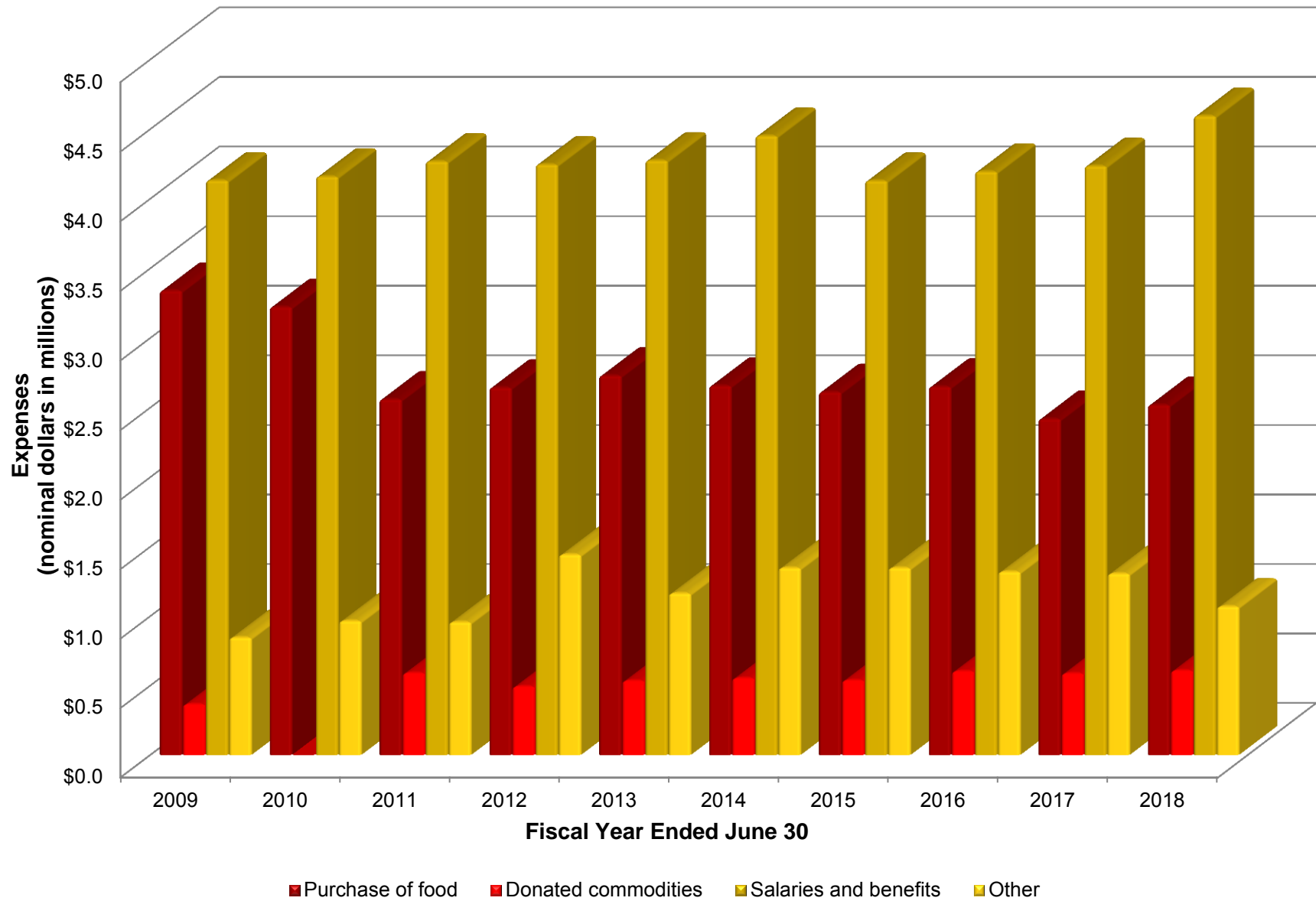
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Purchase of food	\$ 1,549,358	\$ 1,479,372	\$ 1,134,733	\$ 1,152,835	\$ 1,169,834
Donated commodities	170,009	-	262,112	215,521	229,654
Salaries and benefits	1,916,545	1,909,035	1,891,891	1,851,248	1,831,704
Other	393,071	443,858	424,878	629,689	499,326
Total expenses	<u>\$ 4,028,983</u>	<u>\$ 3,832,265</u>	<u>\$ 3,713,614</u>	<u>\$ 3,849,293</u>	<u>\$ 3,730,518</u>
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2014	2015	2016	2017	2018
Purchase of food	\$ 1,115,440	\$ 1,095,291	\$ 1,100,185	\$ 988,229	\$ 1,000,470
Donated commodities	232,765	225,904	250,759	240,304	241,788
Salaries and benefits	1,868,608	1,731,074	1,741,222	1,729,810	1,824,214
Other	566,140	565,482	548,335	534,012	425,223
Total expenses	<u>\$ 3,782,953</u>	<u>\$ 3,617,751</u>	<u>\$ 3,640,501</u>	<u>\$ 3,492,355</u>	<u>\$ 3,491,695</u>

Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports.

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

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

Proprietary Fund - Food Services Operations Expenses by Category



NASH-ROCKY MOUNT BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2018	\$ 3,451,303	\$ 3,451,303	N/A	N/A
2017	3,076,303	3,076,303	N/A	\$ 33
2016	845,705	845,705	0.023%	9
2015	2,661,972	2,661,972	0.073%	28
2014	3,202,747	3,202,747	0.091%	34
2013	4,817,918	4,817,918	0.139%	51
2012	119,235	119,235	0.004%	1
2011	250,512	250,512	0.008%	3
2010	229,701	229,701	0.007%	2
2009	793,954	793,954	0.025%	8

N/A = Not available

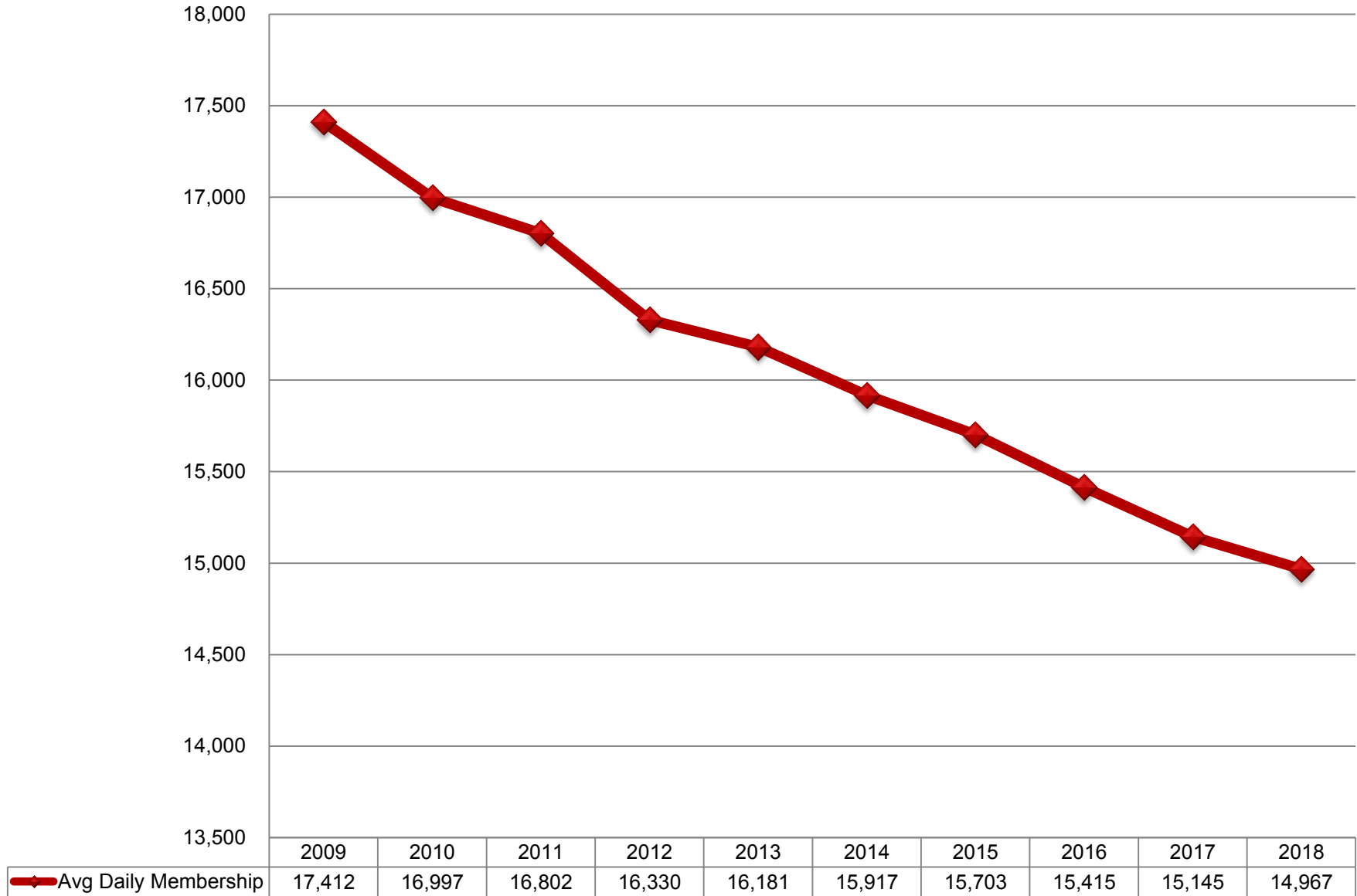
Source: Nash-Rocky Mount Board of Education, North Carolina, Annual Financial Reports.

Note: Nash-Rocky Mount School System cannot incur debt without obtaining prior approval from the Board.

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

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

NASH-ROCKY MOUNT BOARD OF EDUCATION
Average Daily Membership
Last Ten Fiscal Years



NASH-ROCKY MOUNT BOARD OF EDUCATION

Student Statistics Last Ten Fiscal Years

Year Ended June 30	Teaching Staff	Students	Teacher/ Pupil Ratio	Student Attendance Percentage⁽¹⁾	Percentage of Students Receiving Free/Reduced Lunch⁽²⁾
2018	893	14,967	1/17	93.87%	77%
2017	937	15,145	1/16	93.75%	76%
2016	926	15,415	1/17	94.04%	72%
2015	919	15,703	1/17	93.54%	67%
2014	925	15,917	1/17	93.59%	70%
2013	995	16,181	1/16	93.30%	69%
2012	1,072	16,330	1/15	93.83%	69%
2011	1,104	16,802	1/15	94.05%	65%
2010	1,078	16,997	1/16	93.83%	65%
2009	1,154	17,412	1/15	94.01%	56%

NASH-ROCKY MOUNT BOARD OF EDUCATION
Student Statistics (continued)
Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage ⁽³⁾				Graduates ⁽³⁾	Percentage of Graduates Continuing Education ⁽³⁾
	White	Black	Hispanic	Other		
2018	31%	52%	13%	4%	N/A	N/A
2017	32%	52%	12%	4%	1,110	82%
2016	32%	52%	12%	4%	1,082	86%
2015	33%	51%	11%	5%	1,135	84%
2014	34%	50%	10%	6%	1,109	86%
2013	35%	50%	10%	5%	1,136	85%
2012	35%	49%	10%	6%	1,059	82%
2011	35%	49%	10%	6%	1,110	83%
2010	35%	55%	8%	2%	1,078	82%
2009	36%	55%	7%	2%	1,049	82%

N/A = Not Available

Sources:

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

(2) NC Department of Public Instruction Free & Reduced Meals Application Data Reports. Information for 2018 obtained from Nash-Rocky Mount Board of Education Student Data.

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

Note: This table is a ten year schedule. However, the graduate data for the year ended June 30, 2018 could not be obtained from the North Carolina Department of Public Instruction prior to this report being issued. Therefore, there are only nine years of comparative data noted above.

NASH-ROCKY MOUNT BOARD OF EDUCATION
Full-time Equivalent Governmental Employees by Function/Program
Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Officials, admins, mgrs	22	19	21	22	36	25	27	24	26	24
Principals	29	28	28	27	27	29	28	28	30	28
Asst. Principals, non-teaching	35	35	38	38	34	37	37	38	45	44
Total administrators	86	82	87	87	97	91	92	90	101	96
Elementary teachers	613	569	585	568	500	456	456	462	471	437
Secondary teachers	297	264	268	255	254	237	237	243	248	244
Other teachers	244	245	251	249	241	232	226	221	218	212
Total teachers	1,154	1,078	1,104	1,072	995	925	919	926	937	893
Guidance	61	61	61	59	44	44	42	41	40	42
Psychological	8	9	12	9	9	9	10	12	11	10
Librarian, audiovisual	31	32	31	29	23	24	24	21	21	23
Consultant, supervisor	41	46	40	28	31	30	23	26	39	25
Other professionals	39	38	41	56	47	46	44	44	48	41
Total professionals	1,420	1,346	1,376	1,340	1,246	1,169	1,154	1,160	1,197	1,130
Teacher Assistants	403	382	387	364	352	253	223	221	245	194
Technicians	2	3	6	17	19	16	18	17	23	22
Clerical, secretarial	138	127	131	127	119	122	111	117	125	115
Service workers	266	282	280	282	270	258	163	164	156	126
Skilled crafts	54	54	53	49	45	45	35	36	39	29
Laborers, Unskilled	3	3	3	3	3	3	2	2	3	3
Total employees	2,286	2,197	2,236	2,182	2,054	1,866	1,706	1,717	1,788	1,619

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

NASH-ROCKY MOUNT BOARD OF EDUCATION

Instructional Personnel Last Ten Fiscal Years

Year Ended June 30	Teacher Salaries ⁽¹⁾			Bachelors Degree ⁽²⁾	Masters Degree ⁽²⁾	Advanced Degree ⁽²⁾	Doctorate Degree ⁽²⁾
	Minimum	Maximum	Average				
2018	\$ 35,000	\$ 62,590	\$ 48,795	640	227	6	-
2017	35,000	62,220	48,610	737	213	6	-
2016	35,000	61,000	48,000	717	223	7	1
2015	33,000	62,000	47,500	676	251	8	-
2014	30,800	65,520	48,160	718	222	4	-
2013	30,800	65,520	48,160	777	217	4	-
2012	30,430	64,750	47,590	813	234	3	-
2011	30,430	64,750	47,590	852	224	3	-
2010	30,430	64,750	47,590	913	222	4	2
2009	30,430	64,750	47,590	907	223	5	2

The above tabulation represents state base salaries, but does not include the following:

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

Sources:

(1) North Carolina Public School Salary Schedules (2009-2018)

(2) North Carolina Public Schools Statistical Profile (2009-2017 Editions). Information for 2018 obtained from Nash-Rocky Mount Board of Education Personnel Data.

NASH-ROCKY MOUNT BOARD OF EDUCATION

**School Building Data
June 30, 2018**

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
Bailey Elementary	2004	664	606	-9%	Excellent
Baskerville Elementary	1957	427	311	-27%	Good
Benvenue Elementary	1987	668	604	-10%	Good
Cedar Grove Elementary	1953	223	191	-14%	Poor
Coopers Elementary	2000	601	580	-3%	Excellent
Englewood Elementary	1960	508	521	3%	Fair
Fairview Elementary	1997	425	380	-11%	Good
Hubbard Elementary	1956	512	471	-8%	Fair
Johnson Elementary	1960	575	351	-39%	Fair
Middlesex Elementary	1960	418	333	-20%	Good
Nashville Elementary	1952	682	744	9%	Good
Red Oak Elementary	1949	335	245	-27%	Poor
Spring Hope Elementary	1954	542	477	-12%	Fair
Swift Creek Elementary	1949	475	261	-45%	Poor
Williford Elementary	1954	581	416	-28%	Fair
Winstead Avenue Elementary	1998	625	551	-12%	Good

NASH-ROCKY MOUNT BOARD OF EDUCATION

School Building Data (continued)

June 30, 2018

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
Edwards Middle	1962	827	420	-49%	Fair
Nash Central Middle	1965	670	627	-6%	Fair
Parker Middle	1962	557	269	-52%	Fair
Red Oak Middle	1998	850	817	-4%	Excellent
Rocky Mount Middle	1953	1,150	362	-69%	Fair
Southern Nash Middle	1955	850	787	-7%	Fair
Nash Central High	2002	1,150	974	-15%	Excellent
Northern Nash High	1966	1,150	1,067	-7%	Good
Rocky Mount High	2012	1,390	1,167	-16%	Excellent
Southern Nash High	1968	1,068	1,061	-1%	Good
Tar River Academy	1940	95	78	-18%	Poor
NRMPS Early College High ⁽¹⁾	N/A	N/A	296	N/A	N/A

N/A = Not Applicable

Source: Nash-Rocky Mount Board of Education N. C. Public Schools Facility Needs Report; 2018

Note:

(1) Early College is located at Nash Community College

NASH COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013
Population estimate (1)	94,743	95,851	96,116	95,708	95,093
Personal income (2)	\$3,179,260,000	\$3,320,254,000	\$3,249,373,000	\$3,393,700,000	\$3,475,011,000
Per capita income (2)	\$33,557	\$34,640	\$33,807	\$35,459	\$36,543
Median age (3)	38.43	38.58	38.44	38.56	38.67
School enrollment (4)	17,412	16,997	16,802	16,330	16,181
Unemployment rate (5)	13.2%	12.2%	12.7%	12.6%	12.6%
Year Ended June 30	2014	2015	2016	2017	2018
Population estimate (1)	94,357	93,919	94,005	93,991	N/A
Personal income (2)	\$3,538,889,000	\$3,661,127,000	\$3,748,423,000	N/A	N/A
Per capita income (2)	\$37,505	\$38,982	\$39,875	N/A	N/A
Median age (3)	38.76	38.83	42.20	42.39	42.57
School enrollment (4)	15,917	15,703	15,415	15,145	14,967
Unemployment rate (5)	8.8%	8.1%	6.8%	6.0%	5.9%

N/A = Not Available

Sources:

- (1) Based upon estimates issued by the U.S. Census Bureau as of July 1
- (2) Bureau of Economic Analysis
- (3) Office of State Budget and Management
- (4) North Carolina Department of Public Instruction
- (5) North Carolina Employment Security Commission

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

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

NASH COUNTY, NORTH CAROLINA

Principal Employers

For Years Ended June 30, 2018 and 2009

Employer	2018			2009		
	Employees ⁽¹⁾	Rank	Approximate Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Approximate Percentage of Total County Employment
Hospira Inc.	1,000+	1	2%+	1,000+	1	2%+
Nash-Rocky Mount Public Schools	1,000+	2	2%+	1,000+	2	2%+
Nash General Hospital	1,000+	3	2%+	1,000+	3	2%+
Consolidated Diesel Co.	1,000+	4	2%+	1,000+	4	2%+
County Of Nash	500-999	5	2%	500-999	7	2%
Universal Leaf North America	500-999	6	2%			
Mclane Mid-Atlantic Inc	500-999	7	2%			
Wal-Mart Associates Inc.	500-999	8	2%	500-999	6	2%
Alorica Inc	500-999	9	2%			
PNC Bank NA	500-999	10	2%			
RBC Centura Bank Inc.				1,000+	5	2%+
West Customer Management Group LLC				500-999	8	2%
Kaba Ilco Corporation				500-999	9	2%
Hardee's- Non Edi				500-999	10	2%
			<u>20%+</u>			<u>20%+</u>
Total County Employment ⁽²⁾	<u>40,180</u>			<u>40,261</u>		

Sources:

(1) North Carolina Chamber of Commerce - current year data is as of March 31st

(2) North Carolina Employment Security Commission

NASH COUNTY, NORTH CAROLINA
Principal Property Taxpayers
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
Hospira Inc.	\$ 267,831,000	1	3.62%	\$ 120,433,000	2	2.00%
Consolidated Diesel Co.	205,516,000	2	2.77%	203,865,000	1	3.38%
Universal Leaf North America NC	101,053,000	3	1.36%	105,053,000	3	1.74%
Duke Energy Progress, Inc.	69,053,000	4	0.93%	40,475,000	4	0.67%
McLane Mid Atlantic, Inc.	38,209,000	5	0.52%	-		-
Kaba Ilco-Unican Corporation	23,737,000	6	0.32%	21,575,000	8	0.36%
Carolina Telephone	21,457,000	7	0.29%	-		-
Dominion North Carolina Power	20,926,000	8	0.28%	-		-
Hendon Golden East LLC	19,156,000	9	0.26%	24,049,000	7	0.40%
Honeywell International Inc.	17,449,000	10	0.24%	-		-
PNC - RBC Centura Bank, Inc.	-		-	39,277,000	5	0.65%
Embarq	-		-	30,889,000	6	0.51%
Fords Colony at Rocky Mount	-		-	16,952,000	9	0.28%
Cheesecake Factory Bakery, Inc.	-		-	16,733,000	10	0.28%
	<u>\$ 784,387,000</u>		<u>10.59%</u>	<u>\$ 619,301,000</u>		<u>10.27%</u>
Total Assessed Valuation	<u>\$ 7,406,864,967</u>			<u>\$ 6,024,328,794</u>		

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

NASH COUNTY, NORTH CAROLINA
Property Tax Levies and Collections
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
2018	\$ 49,661,000	\$ 49,032,000	98.73%	\$ -	\$ 49,032,000	98.73%
2017	50,211,000	49,491,000	98.57%	296,000	49,787,000	99.16%
2016	48,799,000	48,045,000	98.45%	407,000	48,452,000	99.29%
2015	48,394,000	47,608,000	98.38%	529,000	48,137,000	99.47%
2014	48,579,724	47,477,353	97.73%	780,000	48,257,353	99.34%
2013	47,082,000	44,970,000	95.51%	1,750,000	46,720,000	99.23%
2012	46,574,000	44,620,000	95.80%	1,628,000	46,248,000	99.30%
2011	46,010,000	44,172,000	96.01%	1,639,000	45,811,000	99.57%
2010	46,000,000	44,205,000	96.10%	1,590,000	45,795,000	99.55%
2009	42,240,000	40,459,000	95.78%	1,458,000	41,917,000	99.24%

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

EDGECOMBE COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2009	2010	2011	2012	2013
Population estimate (1)	51,800	51,327	56,552	56,039	55,574
Personal income (2)	\$1,502,361,000	\$1,532,713,000	\$1,525,337,000	\$1,605,691,000	\$1,609,881,000
Per capita income (2)	\$29,003	\$29,862	\$26,972	\$28,653	\$28,968
Median age (3)	36.74	38.88	36.20	39.59	39.82
Unemployment rate (4)	14.2%	16.1%	15.6%	14.3%	14.5%
Year Ended June 30	2014	2015	2016	2017	2018
Population estimate (1)	54,933	54,150	53,318	52,747	N/A
Personal income (2)	\$1,767,508,000	\$1,737,339,000	\$1,763,207,000	N/A	N/A
Per capita income (2)	\$32,176	\$32,084	\$33,070	N/A	N/A
Median age (3)	40.07	40.33	41.06	41.74	42.88
Unemployment rate (4)	11.0%	10.5%	8.6%	7.3%	7.4%

N/A = Not Available

Sources:

- (1) Based upon estimates issued by the U.S. Census Bureau as of July 1
- (2) Bureau of Economic Analysis
- (3) Office of State Budget and Management
- (4) North Carolina Employment Security Commission

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

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

EDGECOMBE COUNTY, NORTH CAROLINA

Principal Employers

For Years Ended June 30, 2018 and 2009

Employer	2018			2009		
	Employees ⁽¹⁾	Rank	Approximate Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Approximate Percentage of Total County Employment
QVC Rocky Mount Inc	1,000+	1	5%+	500-999	3	4%
Edgecombe Tarboro BOE	1,000+	2	5%+	500-999	2	4%
City of Rocky Mount	1,000+	3	5%+	1,000+	1	5%+
The Hillshire Brands Company	500-999	4	4%	-	-	-
Vidant Medical Center	500-999	5	4%	-	-	-
Edgecombe County	500-999	6	4%	500-999	6	4%
Carolina System Technology Inc	250-499	7	2%	-	-	-
Edgecombe Community College	250-499	8	2%	-	-	-
Air System Components Inc	250-499	9	2%	500-999	8	4%
Nash-Rocky Mount Schools	250-499	10	2%	250-499	9	2%
Sara Lee Corporation	-	-	-	500-999	4	4%
East Carolina Health, Inc.	-	-	-	500-999	5	4%
Mclane Mid-Atlantic Inc	-	-	-	500-999	7	4%
U.S. Postal Service	-	-	-	250-499	10	2%
			35%+			37%+
Total County Employment ⁽²⁾	20,033			20,418		

Sources:

(1) North Carolina Chamber of Commerce - current year data is as of March 31st

(2) North Carolina Employment Security Commission

EDGECOMBE COUNTY, NORTH CAROLINA

Principal Property Taxpayers
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
QVC Rocky Mount, Inc.	\$ 83,814,260	1	2.79%	\$ 65,878,958	1	2.61%
Hillshire Brands	72,145,669	2	2.40%	48,662,817	4	1.93%
Carolina Systems Technology, Inc.	58,835,937	3	1.96%	63,944,268	2	2.54%
LS Cable & System USA Inc.	39,377,711	4	1.31%	-	-	-
Dominion NC Power	29,616,266	5	0.98%	-	-	-
Carolina Telephone	29,276,964	6	0.97%	56,759,751	3	2.25%
Edgecombe Martin CO EMC	27,665,394	7	0.92%	20,661,809	6	0.82%
Conetoe Solar, LLC	27,283,057	8	0.91%	-	-	-
CSX Transportation	21,228,728	9	0.71%	15,585,561	8	0.62%
ABB Power T&D CO Inc.	18,379,631	10	0.61%	9,359,158	10	0.37%
Cogentrix	-	-	-	42,169,492	5	1.67%
Carlisle Plastics LP	-	-	-	15,798,330	7	0.63%
Superior Telecommunications	-	-	-	15,540,578	9	0.62%
	<u>\$ 407,623,617</u>		<u>13.56%</u>	<u>\$ 354,360,722</u>		<u>14.06%</u>
Total Assessed Valuation	<u>\$ 3,009,063,074</u>			<u>\$ 2,520,346,529</u>		

Source: Edgecombe County, North Carolina Tax Assessor.

EDGECOMBE COUNTY, NORTH CAROLINA
Property Tax Levies and Collections
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
2018	N/A	N/A	N/A	N/A	N/A	N/A
2017	\$ 30,834,743	\$ 29,428,824	95.44%	\$ -	\$ 29,428,824	95.44%
2016	30,355,869	28,934,308	95.32%	15,642	28,949,950	95.37%
2015	28,665,283	27,106,162	94.56%	1,258,382	28,364,544	98.95%
2014	27,534,246	25,725,379	93.43%	1,675,314	27,400,693	99.51%
2013	26,783,642	24,673,245	92.12%	2,051,094	26,724,339	99.78%
2012	26,636,398	24,658,015	92.57%	1,929,738	26,587,753	99.82%
2011	27,028,369	25,430,152	94.09%	1,559,297	26,989,449	99.86%
2010	26,808,512	25,979,749	96.91%	788,988	26,768,737	99.85%
2009	23,320,868	22,869,887	98.07%	393,219	23,263,106	99.75%

N/A = Not Available

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

Note: This table is a ten year schedule. However, Edgecombe County's Annual Financial Report for the year ended June 30, 2018 was not available at the time this report was issued. Therefore June 30, 2018 data will be shown as "N/A" and will be reported for the year ended June 30, 2019, if applicable.



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