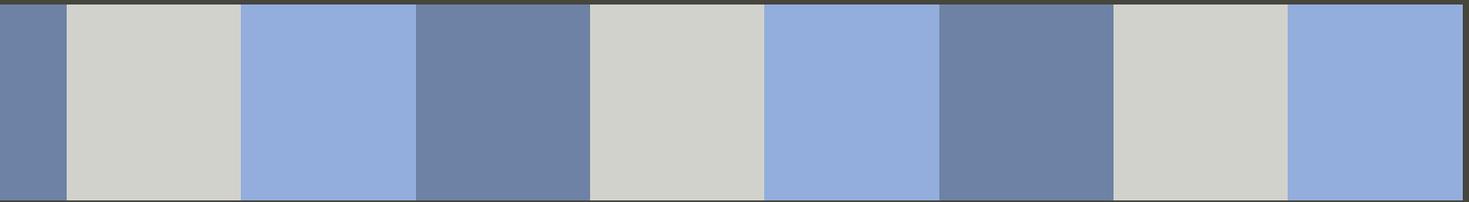


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015



2012

2013

2014

2015

2016

2017

2018

2019

2020



ROCKINGHAM COUNTY SCHOOLS

*Rockingham County Board of Education  
Eden, North Carolina*

**Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended  
June 30, 2015**

*Prepared by*  
Parker W. Turpin, CPA  
and the  
Finance Department

STROLLER RENTALS • RESTROOMS



**ROCKINGHAM COUNTY BOARD OF EDUCATION  
TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION**

Letter of Transmittal	i
Board Members and Principal Officers	vi
Organizational Chart	vii
Certificate of Achievement for Excellence in Financial Reporting – GFOA	viii
Certificate of Excellence in Financial Reporting – ASBO	ix

**FINANCIAL SECTION**

<b><u>Exhibit</u></b>		<b><u>Page No.</u></b>
	Independent Auditors' Report.....	1
	<b>Management's Discussion and Analysis</b> .....	<b>3</b>
	Basic Financial Statements:	
	Government-wide Financial Statements:	
<b>1</b>	Statement of Net Position .....	10
<b>2</b>	Statement of Activities .....	11
	Fund Financial Statements:	
<b>3</b>	Balance Sheet - Governmental Funds .....	12
<b>4</b>	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	13
<b>5</b>	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
<b>6</b>	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds.....	15
<b>7</b>	Statement of Net Position - Proprietary Fund Types .....	19
<b>8</b>	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund Types .....	20
<b>9</b>	Statement of Cash Flows - Proprietary Fund Types.....	21
<b>10</b>	Statement of Fiduciary Net Position .....	22
<b>11</b>	Statement of Changes in Fiduciary Net Position .....	23
	Notes to the Financial Statements.....	24
	Required Supplementary Information:	
	Schedule of the Board's Proportionate Share of the Net Pension Liability.....	44
	Schedule of Board Contributions .....	45
	Individual Fund Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	46
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Outlay Fund.....	48
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) School Food Service Fund .....	49
	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Child Care Fund.....	50

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**TABLE OF CONTENTS (continued)**

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	<u>Page No.</u>
<b><u>STATISTICAL SECTION</u></b>	
Financial Perspective for Governmental and Business-type Activities .....	52
Sources of Governmental Fund Revenues .....	53
Net Position by Category .....	54
Changes in Net Position – Post-Chart of Accounts Change .....	56
Changes in Net Position – Pre-Chart of Accounts Change .....	58
Fund Balances, Governmental Funds .....	60
Changes in Fund Balances, Governmental Funds .....	61
Analysis of General Fund Balance .....	62
Operational and Capital Expenditures in Total and Per Pupil .....	63
Per Pupil Expenditures (Excludes Capital Outlay) .....	64
School Food Service Revenues by Source .....	65
Outstanding Debt by Type .....	66
Student Information .....	67
Number of Personnel .....	68
Capital Assets by Function .....	69
Rockingham County, North Carolina	
Principal Property Taxpayers .....	70
Property Tax Levies and Collections .....	71
Assessed Value of Taxable Property .....	72
Property Tax Rates of Overlapping Governmental Jurisdictions .....	73
Direct and Overlapping Governmental Activities Debt .....	74
Computation of Legal Debt Limit .....	75
Demographic Statistics .....	76
Principal Employers .....	77

# **Introductory Section**

# **ROCKINGHAM COUNTY SCHOOLS**

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

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

**Parker W. Turpin, CPA  
Chief Financial Officer**

## **Letter of Transmittal**

**December 18, 2015**

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

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Rockingham County Board of Education (the Board), operating as the "Rockingham County Schools" for the fiscal year ended June 30, 2015 is herewith submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Superintendent and the Chief Financial Officer. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

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

### **Financial Policies**

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

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

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

### **Reporting Entity**

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

Rockingham County Schools is a public system that serves Kindergarten through grade 12. The system provides educational courses and programs as prescribed by the North Carolina Department of Public Instruction. The average daily membership for the 2014-2015 fiscal year was 12,807.

## **Outlook**

Rockingham County continues to suffer from the sluggish economy and the jobless recovery. Business recruitment and expansion activity remains low. Expansion activity at existing industries continues to be slow and many companies are seeing capacity or equipment expansions without creating many new jobs.

The County experienced expansions at three of their existing industries in the last year. Gildan Activewear, Inc. announced plans to expand its distribution center in Eden with over \$23 million investment and the creation of 16 new jobs. This is the company's fourth expansion in four years. Mohawk Industries announced that it would expand its Karastan rug plant in Eden, creating 105 new jobs and investing \$8 million. Unifi, Inc. announced it would add new machinery to its Madison plant to support growth in its polyester texturing capacity.

The county's tourism sector continues to be a bright spot in the local economy with tourism occupancy tax revenues continuing to grow. Tourism is a vital industry in Rockingham County and our community is blessed with many natural attractions. We have a growing reputation for the quality and variety of outdoor recreation. Visitors spent a record \$65.45 million in Rockingham County in 2014 and about 530 local jobs are directly attributable to travel and tourism.

The local budget has continued to cut expenditures to cover increases in costs. The County is still unable to adequately fund the school system, resulting in additional cuts and forcing the system to budget approximately \$2.0 million from fund balance for the 2015-2016 school year.

Rockingham County has been hit hard by the downturn in the U.S. economy. The County is working to attract new industries, assist existing industries and small businesses, and focus on developing a strong tourism industry. The hope is that these efforts will diversify the local economy.

As we begin to look toward budgeting for 2016-2017, we are taking a conservative approach regarding expenditures and staffing in order to balance the budget. Expired federal programs have been replaced with local funds, and additional cuts are expected to continue from the State, and possibly local as well.

Cooperation between the Board of County Commissioners and the Board of Education has enabled the school system to build five new school buildings in recent years. Four replaced outdated structures while one is an additional school to serve a high population area. We have also added additions to and remodeled four established schools. The County financed all of these projects by designating future sales tax revenues and lottery proceeds to repay loans. The construction cost of the completed projects was \$54 million.

## **Major Initiatives**

Rockingham County Schools are being faced with many challenges that will require a more efficient and effective use of all of our funding. The federal "No Child Left Behind" law encourages us to improve student performance by developing strategies for structuring testing/assessment efforts, and more effectively using group and individual data for designing instruction and measuring school success. We have been generating data in more detail to help our schools meet the needs of all our children. There is a system-wide plan for improvement for all of our schools. Student achievement has continued to improve each year. Even with the re-norming of our new student assessments, Rockingham County scores did not drop as great as some school districts of similar size and geography. The 2015-2016 school year should produce higher student achievement than ever before. We are also addressing the dropout issue with emphasis upon generating accurate student data, including changes by gender and ethnicity, identification of contributing factors, conducting research related to successful practices and generating a multi-year program. We are developing another diploma pathway for our struggling at-risk students. The dropout rate has been cut in half from ten years ago to 3.80% for the 2013-14 school year. In four of the past five years, the dropout rate has been the lowest in the district's history.

The 2015-2016 budget focuses on the district's goals and objectives, which are outlined as follows:

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

For the 2014-15 school year, the State Board of Education designated 10 of our 25 schools as having achieved expected growth, and 11 of the 25 schools as achieving high growth. Two of the 25 schools met annual measurable objectives in both reading and math, with 2 schools achieving the annual measurable objectives in reading and 7 schools achieving the annual measurable objectives in math.

## Financial Information

- **Internal Control**

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

- **Budgetary Control**

North Carolina General Statutes requires all governmental units to adopt a balanced budget by July 1 of each year. The Board approves the annual budget by purpose, function, and project on a modified accrual basis. Budgets are adopted for all governmental funds and proprietary funds. The final budget amount as amended for the fiscal year is reflected in financial and individual statement sections.

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

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

- **Fund Accounting**

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

Governmental Funds:

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

Proprietary Funds (Enterprise Funds):

- Food Service Fund
- School Age Child Care Fund

Fiduciary Fund:

- Scholarship Fund

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

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

## Independent Audit

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

In addition to meeting the requirements set forth by the State, the audit also was designed to meet the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The auditors' reports related specifically to the single audit are included in a separate report issued by the auditors.

## Financial Reporting Awards

For the fiscal year ended June 30, 2014, our Comprehensive Annual Financial Report (CAFR) was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA), as well as the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO). Both are prestigious national awards recognizing conformance with the highest standards for preparation of governmental financial reports.

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

## Acknowledgements

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

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

Respectfully submitted,



Rodney Shotwell, Ed.D.  
Superintendent



Parker W. Turpin, CPA  
Chief Financial Officer

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

***July 1, 2014 - June 30, 2015***

***Board Members***

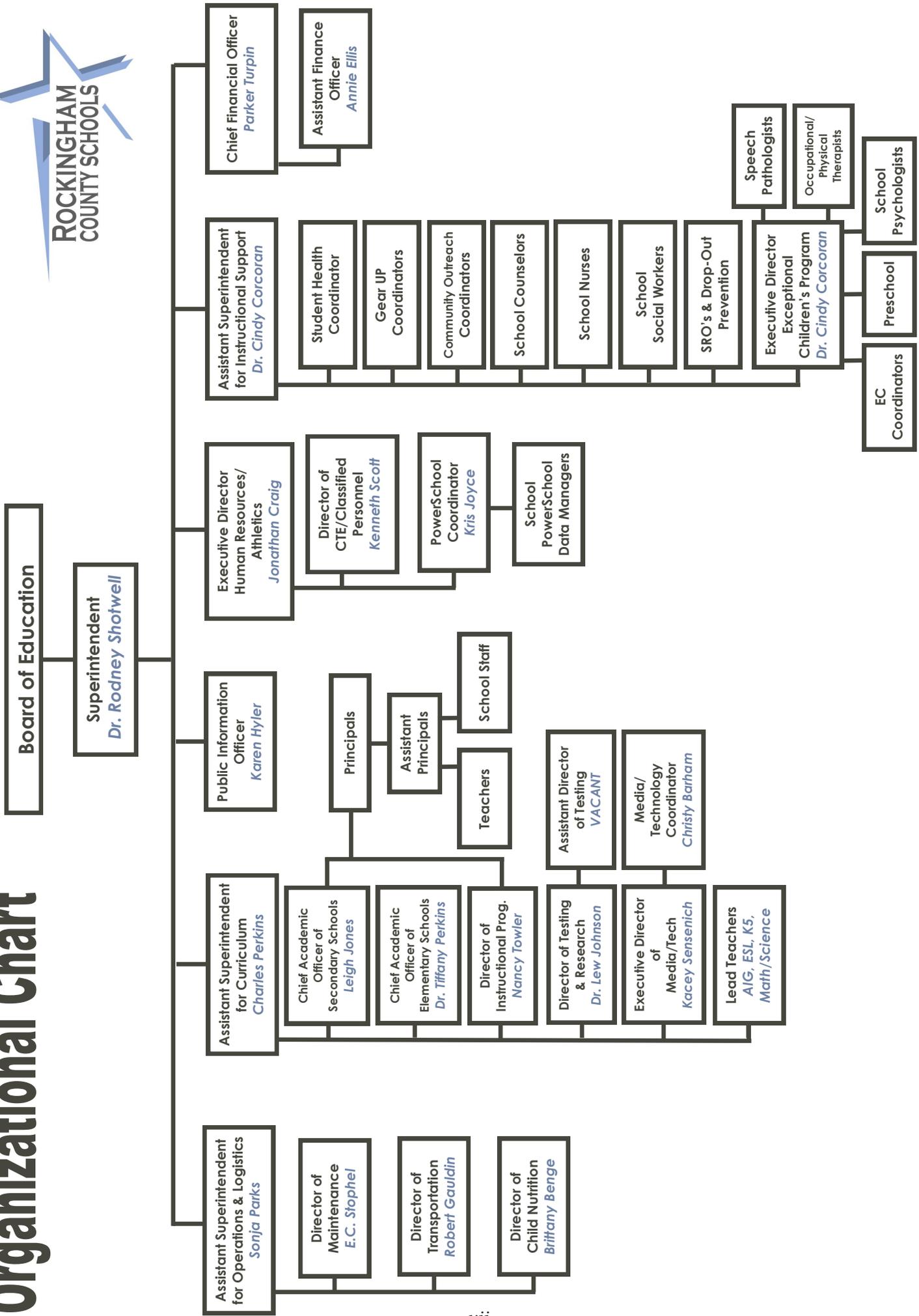
Nell Rose, *Chair*  
Amanda Bell, *Vice Chair*

Josh Austin	Lorie McKinney
Virginia Hoover	Ron Price
Wayne Kirkman	Lynn Tuttle
Elaine McCollum	Bob Wyatt
Ophelia Wright	

***Principal Officers***

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

# Organizational Chart





Government Finance Officers Association

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

Presented to

**Rockingham County Schools  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Association of School Business Officials International



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

## Rockingham County Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

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

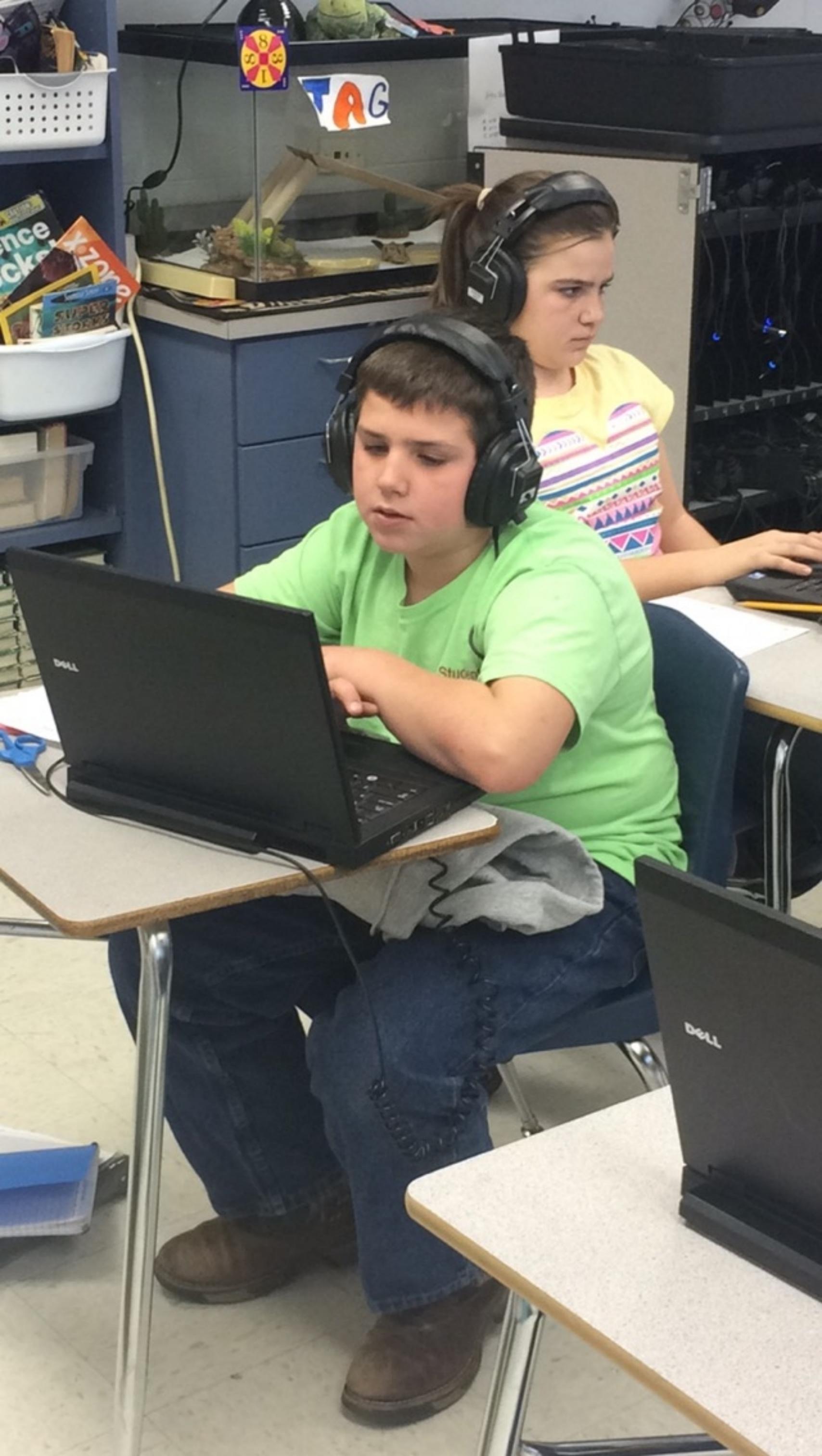


A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



# Financial Section



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Rockingham County Board of Education  
Eden, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockingham County Board of Education, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockingham County Board of Education as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, State Public School, Federal Grants and Other Restricted funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **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 and the Schedule of Board Contributions on pages 44 and 45, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockingham County Board of Education's basic financial statements. The introductory section, individual nonmajor fund schedules, 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 schedules 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 schedules 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 October 30, 2015 on our consideration of the Rockingham County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockingham County Board of Education's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

October 30, 2015  
Rockingham, North Carolina

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

---

This section of the Rockingham County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2015. 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 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. As a result, net position as previously reported at June 30, 2014 for the governmental and business-type activities decreased by \$23.3 million and \$785,000, respectively. For the fiscal year ended June 30, 2015, the Board's total government-wide net position (not including the decrease in net position due to the GASB 68 restatement) increased by \$1.4 million, or 2.1%. Governmental activities net position increased by \$2.4 million and business-type activities net position decreased by \$1.0 million.

- Total government-wide net investment in capital assets decreased by \$3.6 million, or 4.1%, from the prior year. Governmental activities net investment in capital assets decreased by \$3.5 million and business-type activities net investment in capital assets decreased by \$113,000.
- Total restricted net position increased by \$4.5 million. Restricted net position is found only in the governmental activities.
- The Board's total government-wide unrestricted net position at June 30, 2015 decreased by \$20.9 million from the prior year due largely to the \$23.3 million GASB 68 restatement. Net of this restatement, governmental activities unrestricted net position increased by \$1.4 million while business-type activities unrestricted net position decreased by \$887,000 from the prior year.
- Financial reporting awards from Association of School Business Officials International and the Government Finance Officers Association were received for the 2014 year.

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

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary schedules and other schedules for governmental and enterprise funds.*

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary funds and fiduciary

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

---

fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting.

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

### **Government-wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

Rockingham County Board of Education has three types of funds:

*Governmental funds:* Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the

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

Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Restricted Fund, the Individual Schools Fund and the Capital Outlay Fund. The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 of this report.

*Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Rockingham County Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

*Fiduciary funds:* The Board is the trustee, or fiduciary, for assets that belong to others, such as the Private Purpose Trust Fund. The Board is responsible for ensuring that the assets reported in this fund are used only for their intended purpose and by those to whom the assets belong. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The fiduciary fund statements are shown as Exhibits 10 and 11.

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

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$66.9 million as of June 30, 2015 as compared to \$89.6 million as of June 30, 2014, a decrease of \$22.7 million. As previously discussed, this decrease is primarily due to the implementation of GASB 68 during the year which had the effect of reducing beginning of year net position by \$24.1 million. The largest component of net position is net investment in capital assets of \$83.4 million. Following is a summary of the Statement of Net Position at June 30, 2015 and 2014:

**Table 1  
Condensed Statement of Net Position  
As of June 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Current assets	\$ 15,833,410	\$ 13,568,375	\$ (481,499)	\$ 544,958	\$ 15,351,911	\$ 14,113,333
Capital assets	83,436,233	87,359,653	303,489	416,422	83,739,722	87,776,075
Total assets	99,269,643	100,928,028	(178,010)	961,380	99,091,633	101,889,408
Deferred outflows of resources	6,091,015	-	205,421	-	6,296,436	-
Current liabilities	7,393,340	7,196,263	135,977	144,812	7,529,317	7,341,075
Long-term liabilities	9,709,968	4,841,858	273,199	97,273	9,983,167	4,939,131
Total liabilities	17,103,308	12,038,121	409,176	242,085	17,512,484	12,280,206
Deferred inflows of resources	20,302,578	-	684,710	-	20,987,288	-
Net investment in capital assets	83,111,393	86,566,969	303,489	416,422	83,414,882	86,983,391
Restricted net position	7,507,480	3,053,810	-	-	7,507,480	3,053,810
Unrestricted net position (deficit)	(22,664,101)	(730,872)	(1,369,964)	302,873	(24,034,065)	(427,999)
Total net position (deficit)	\$ 67,954,772	\$ 88,889,907	\$ (1,066,475)	\$ 719,295	\$ 66,888,297	\$ 89,609,202

The net position of the Board's governmental activities decreased \$20.9 million during the year, from \$88.9 million at June 30, 2014 to \$68.0 million at June 30, 2015, indicating a decline in the financial

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

condition of the Board. The GASB 68 restatement accounted for all of this decrease, reducing beginning of year governmental activities net position by \$23.3 million. Restricted net position increased primarily due to the receipt of federal Medicaid funding during the year. Unrestricted net position decreased \$21.9 million compared to the prior year, due primarily to implementation of GASB 68. Net investment in capital assets decreased \$3.5 million due to an excess of depreciation expense over capital additions for the year.

Net of a reduction of \$785,000 to beginning of year net position for implementation of GASB 68, net position of the Board's business-type activities decreased \$1.0 million during the year. This decrease of \$1.0 million is the combined net loss generated by our school food service and child care operations during the 2015 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, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Revenues:						
Program revenues:						
Charges for services	\$ 1,619,611	\$ 1,616,477	\$ 1,143,156	\$ 1,923,402	\$ 2,762,767	\$ 3,539,879
Operating grants and contributions	92,563,883	89,892,812	4,769,215	4,543,863	97,333,098	94,436,675
Capital grants and contributions	157,490	157,492	-	-	157,490	157,492
General revenues:						
County appropriations	16,777,073	16,986,365	-	-	16,777,073	16,986,365
Other revenues	1,602,395	1,952,328	299	3,351	1,602,694	1,955,679
Total revenues	<u>112,720,452</u>	<u>110,605,474</u>	<u>5,912,670</u>	<u>6,470,616</u>	<u>118,633,122</u>	<u>117,076,090</u>
Expenses:						
Governmental activities:						
Instructional services	86,733,607	92,371,785	-	-	86,733,607	92,371,785
System-wide support services	22,971,945	24,256,341	-	-	22,971,945	24,256,341
Ancillary services	194,589	188,607	-	-	194,589	188,607
Payments to other governments	436,499	416,610	-	-	436,499	416,610
Interest on long-term debt	29,648	-	-	-	29,648	-
Business-type activities:						
School food service	-	-	6,333,809	6,079,035	6,333,809	6,079,035
Child care	-	-	579,193	534,317	579,193	534,317
Total expenses	<u>110,366,288</u>	<u>117,233,343</u>	<u>6,913,002</u>	<u>6,613,352</u>	<u>117,279,290</u>	<u>123,846,695</u>
Change in net position	<u>2,354,164</u>	<u>(6,627,869)</u>	<u>(1,000,332)</u>	<u>(142,736)</u>	<u>1,353,832</u>	<u>(6,770,605)</u>
Beginning net position,						
as previously reported	88,889,907	95,517,776	719,295	862,031	89,609,202	96,379,807
Restatement	<u>(23,289,299)</u>	<u>-</u>	<u>(785,438)</u>	<u>-</u>	<u>(24,074,737)</u>	<u>-</u>
Beginning net position (deficit), restated	<u>65,600,608</u>	<u>95,517,776</u>	<u>(66,143)</u>	<u>862,031</u>	<u>65,534,465</u>	<u>96,379,807</u>
Ending net position (deficit)	<u>\$ 67,954,772</u>	<u>\$ 88,889,907</u>	<u>\$ (1,066,475)</u>	<u>\$ 719,295</u>	<u>\$ 66,888,297</u>	<u>\$ 89,609,202</u>

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

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Total governmental activities generated revenues of \$112.7 million while expenses in this category totaled \$110.4 million for the year ended June 30, 2015, resulting in an increase in net position of \$2.4 million. Comparatively, revenues were \$110.6 million and expenses totaled \$117.2 for the year ended June 30, 2014, resulting in a decrease in net position of \$6.6 million. In comparing the two years, revenues increased by \$2.1 million while expenses decreased by \$6.9 million. The increase in revenues is largely attributable to a \$2.2 million increase in funding from the State Public School Fund. Expenses decreased primarily as the result of implementation of GASB 68 which had the effect of reducing retirement expense by \$3.3 million compared to the prior year.

The Board's primary sources of revenues were funding from the State of North Carolina, Rockingham County, and the United States Government, which respectively comprised 68.5%, 14.9% and 8.3% of our total revenues. As would be expected, the major component of our expenditures was instructional services which accounted for 78.6% of our total expenditures during the most recent fiscal year. Of the remaining 21.4% of our total expenditures, 20.8% was attributable to system-wide support services.

Our business-type activities generated revenues of \$5.9 million, while expenses in this category totaled \$6.9 million for the year ended June 30, 2015. For the year, net position decreased by \$1.0 million. Comparatively, revenues were \$6.5 million and expenses totaled \$6.6 million for the year ended June 30, 2014, resulting in a decrease in net position of \$143,000. In comparing the two years, revenues decreased \$558,000 while expenses increased by \$300,000. During the 2014-2015 year, the district implemented the federal Community Eligibility Program (CEP) whereby all kids in the district receive free breakfast and lunch each day. Implementation of this program had the effect of increasing student meal participation throughout the district. As a result, revenue from USDA reimbursements increased by \$255,000 while revenue from food sales declined by \$819,000. Food costs increased by \$415,000 due to the increase in participation.

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

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

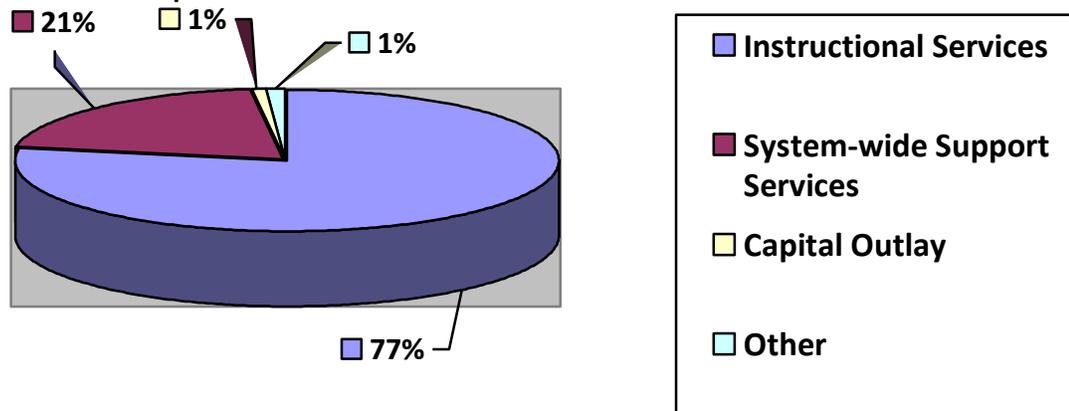
The Board's governmental funds reported a combined fund balance of \$11.5 million at June 30, 2015, an increase of \$2.1 million over the amount reported at June 30, 2014. The Board's General, Other Restricted and Capital Outlay funds reported increases in fund balance for the year of \$1.9 million, \$152,000 and \$18,000, respectively, while the Individual Schools Fund reported a decrease in fund balance of \$10,000. Overall, total governmental fund revenues increased over the prior year by \$2.2 million, or 2.0%, while total expenditures decreased by \$2.7 million, or 2.4%.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. For the year, the State Public School Fund reported an increase in revenues (and expenditures) of \$2.2 million while the Federal Grants Fund reported an increase of \$123,000.

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

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**Categorization of Expenditures for Governmental Funds**



Expenditures presented on modified accrual basis of accounting.

*Proprietary Funds:* The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of \$1.0 million for the fiscal year ended June 30, 2015 compared to a decrease of \$143,000 for the same 2014 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year changes in operating results for the School Food Service and Child Care funds.

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget to account for various changes in program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments. None of the budget adjustments made during the current year were significant in nature and expenditures did not exceed the budget in any category.

Fund balance in the General Fund at June 30, 2015 was \$5.3 million, an increase of \$1.9 million. The Board budgeted to use \$1.2 million of fund balance for the year. However, due primarily to an increase in revenues of \$2.2 million from the State Public School Fund, management was able to keep instructional and system-wide support services expenditures in the General Fund \$2.6 million below budget. In addition, the Board budgeted to transfer \$514,000 during the year to the School Food Service Fund to help fund operating costs. The Board decided to report all funds distributed to the School Food Service Fund during the year as a loan to be repaid once the program is financially able. These factors enabled the district to not have to use any of the appropriated fund balance.

**Capital Assets**

Total primary government capital assets were \$83.7 million at June 30, 2015 compared to \$87.8 million at June 30, 2014, a decrease of 3.5%. This decrease is due to an excess of depreciation expense over capital additions for the year. The following table is a summary of the Board's capital assets, net of depreciation, at June 30, 2015 and 2014. More detailed information about the Board's capital assets is contained in Note 2 to the financial statements.

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

**Table 3  
Summary of Capital Assets  
As of June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>
Land	\$ 2,986,396	\$ 2,982,396	\$ -	\$ -	\$ 2,986,396	\$ 2,982,396
Buildings and improvements	79,058,883	82,783,787	-	-	79,058,883	82,783,787
Equipment and furniture	779,100	680,232	303,489	416,422	1,082,589	1,096,654
Vehicles	611,854	913,238	-	-	611,854	913,238
Total	<u>\$ 83,436,233</u>	<u>\$ 87,359,653</u>	<u>\$ 303,489</u>	<u>\$ 416,422</u>	<u>\$ 83,739,722</u>	<u>\$ 87,776,075</u>

**Debt Outstanding**

The Board's outstanding debt at June 30, 2015 was \$325,000, a decrease of \$468,000 from the prior year. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction. More detailed information about the Board's outstanding debt is contained in Note 2 to the financial statements.

**Economic Factors**

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

The following factors negatively affect the economic outlook of Rockingham County:

- As of June 30, 2015, Rockingham County experienced an unemployment rate of approximately 6.9% as compared to an unemployment rate of approximately 7.1% at June 30, 2014. Rockingham County's unemployment rate is above the June 30, 2015 State of N.C. and national unemployment rates of 6.1% and 5.5%, respectively.
- The Board anticipates a continued decrease in enrollment over the next few years..

**Requests for Information**

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

Parker W. Turpin, Chief Financial Officer  
Rockingham County Board of Education  
511 Harrington Hwy  
Eden, NC 27288

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 10,502,821	\$ 538,891	\$ 11,041,712
Due from other governments	3,450,361	226,243	3,676,604
Receivables	298,514	8,050	306,564
Internal balances	1,384,012	(1,384,012)	-
Inventories	197,702	129,329	327,031
Capital assets:			
Land	2,986,396	-	2,986,396
Other capital assets, net of depreciation	80,449,837	303,489	80,753,326
Total capital assets	<u>83,436,233</u>	<u>303,489</u>	<u>83,739,722</u>
Total assets	<u>99,269,643</u>	<u>(178,010)</u>	<u>99,091,633</u>
<b>Deferred Outflows of Resources</b>	<u>6,091,015</u>	<u>205,421</u>	<u>6,296,436</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	830,536	3,425	833,961
Accrued salaries and wages payable	3,484,150	28,339	3,512,489
Unearned revenue	-	22,659	22,659
Long-term liabilities:			
Net pension liability	5,621,290	189,580	5,810,870
Due within one year	3,078,654	81,554	3,160,208
Due in more than one year	<u>4,088,678</u>	<u>83,619</u>	<u>4,172,297</u>
Total liabilities	<u>17,103,308</u>	<u>409,176</u>	<u>17,512,484</u>
<b>Deferred Inflows of Resources</b>	<u>20,302,578</u>	<u>684,710</u>	<u>20,987,288</u>
<b>Net position</b>			
Net investment in capital assets	83,111,393	303,489	83,414,882
Restricted for:			
Stabilization by State statute	1,813,957	-	1,813,957
School capital outlay	711,823	-	711,823
Instructional services	3,692,010	-	3,692,010
Individual schools activities	1,289,690	-	1,289,690
Unrestricted (deficit)	<u>(22,664,101)</u>	<u>(1,369,964)</u>	<u>(24,034,065)</u>
Total net position (deficit)	<u>\$ 67,954,772</u>	<u>\$ (1,066,475)</u>	<u>\$ 66,888,297</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

**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
<b>Primary government:</b>							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 50,564,972	\$ -	\$ 47,112,635	\$ -	\$ (3,452,337)	\$ -	\$ (3,452,337)
Special populations	13,366,444	1,563,937	15,100,527	-	3,298,020	-	3,298,020
Alternative programs	4,689,786	-	4,831,220	-	141,434	-	141,434
School leadership	6,483,431	-	5,299,032	-	(1,184,399)	-	(1,184,399)
Co-curricular	3,922,773	-	3,109,957	-	(812,816)	-	(812,816)
School-based support	7,706,201	-	6,504,325	-	(1,201,876)	-	(1,201,876)
System-wide support services:							
Support and development	880,890	-	454,604	-	(426,286)	-	(426,286)
Special population support and development	1,427,155	-	820,876	-	(606,279)	-	(606,279)
Alternative programs and services support and development	138,085	-	144,013	-	5,928	-	5,928
Technology support	1,172,189	-	941,002	-	(231,187)	-	(231,187)
Operational support	15,522,831	55,674	6,154,243	157,490	(9,155,424)	-	(9,155,424)
Financial and human resource services	1,303,199	-	790,439	-	(512,760)	-	(512,760)
Accountability	165,878	-	117,756	-	(48,122)	-	(48,122)
System-wide pupil support	956,445	-	111,738	-	(844,707)	-	(844,707)
Policy, leadership and public relations	1,405,273	-	854,874	-	(550,399)	-	(550,399)
Ancillary services	194,589	-	54,050	-	(140,539)	-	(140,539)
Payments to other governments	436,499	-	162,592	-	(273,907)	-	(273,907)
Interest on long-term debt	29,648	-	-	-	(29,648)	-	(29,648)
Total governmental activities	<u>110,366,288</u>	<u>1,619,611</u>	<u>92,563,883</u>	<u>157,490</u>	<u>(16,025,304)</u>	<u>-</u>	<u>(16,025,304)</u>
Business-type activities:							
School food service	6,333,809	542,305	4,769,215	-	-	(1,022,289)	(1,022,289)
Child care	579,193	600,851	-	-	-	21,658	21,658
Total business-type activities	<u>6,913,002</u>	<u>1,143,156</u>	<u>4,769,215</u>	<u>-</u>	<u>-</u>	<u>(1,000,631)</u>	<u>(1,000,631)</u>
Total primary government	<u>\$ 117,279,290</u>	<u>\$ 2,762,767</u>	<u>\$ 97,333,098</u>	<u>\$ 157,490</u>	<u>(16,025,304)</u>	<u>(1,000,631)</u>	<u>(17,025,935)</u>
General revenues:							
					15,834,840	-	15,834,840
					942,233	-	942,233
					15,426	299	15,725
					1,586,969	-	1,586,969
					<u>18,379,468</u>	<u>299</u>	<u>18,379,767</u>
					2,354,164	(1,000,332)	1,353,832
					88,889,907	719,295	89,609,202
					<u>(23,289,299)</u>	<u>(785,438)</u>	<u>(24,074,737)</u>
					<u>65,600,608</u>	<u>(66,143)</u>	<u>65,534,465</u>
					<u>\$ 67,954,772</u>	<u>\$ (1,066,475)</u>	<u>\$ 66,888,297</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2015**

**Exhibit 3**

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	
<b>Assets</b>							
Cash and cash equivalents	\$ 4,538,239	\$ -	\$ -	3,959,483	\$ 715,409	\$ 1,289,690	\$ 10,502,821
Due from other governments	23,922	3,023,520	295,410	107,509	-	-	3,450,361
Accounts receivable	4,070	-	-	294,444	-	-	298,514
Due from other funds	1,384,012	-	-	-	-	-	1,384,012
Inventories	197,702	-	-	-	-	-	197,702
<b>Total assets</b>	<b>\$ 6,147,945</b>	<b>\$ 3,023,520</b>	<b>\$ 295,410</b>	<b>\$ 4,361,436</b>	<b>\$ 715,409</b>	<b>\$ 1,289,690</b>	<b>\$ 15,833,410</b>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 800,037	\$ -	\$ -	\$ 26,913	\$ 3,586	\$ -	\$ 830,536
Accrued salaries and wages payable	58,812	3,023,520	295,410	106,408	-	-	3,484,150
<b>Total liabilities</b>	<b>858,849</b>	<b>3,023,520</b>	<b>295,410</b>	<b>133,321</b>	<b>3,586</b>	<b>-</b>	<b>4,314,686</b>
Fund balances:							
Nonspendable:							
Inventories	197,702	-	-	-	-	-	197,702
Restricted:							
Stabilization by State statute	1,412,004	-	-	401,953	-	-	1,813,957
School capital outlay	-	-	-	-	711,823	-	711,823
Instructional services	-	-	-	3,692,010	-	-	3,692,010
Individual schools	-	-	-	-	-	1,289,690	1,289,690
Assigned:							
Special revenues	-	-	-	134,152	-	-	134,152
Unassigned	3,679,390	-	-	-	-	-	3,679,390
<b>Total fund balances</b>	<b>5,289,096</b>	<b>-</b>	<b>-</b>	<b>4,228,115</b>	<b>711,823</b>	<b>1,289,690</b>	<b>11,518,724</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,147,945</b>	<b>\$ 3,023,520</b>	<b>\$ 295,410</b>	<b>\$ 4,361,436</b>	<b>\$ 715,409</b>	<b>\$ 1,289,690</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	83,436,233
Deferred outflows of resources related to pensions	6,091,015
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(7,167,332)
Net pension liability	(5,621,290)
Deferred inflows of resources related to pensions	(20,302,578)
<b>Net position of governmental activities</b>	<b>\$ 67,954,772</b>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

**Exhibit 4**

	Major Funds					Non-major Fund	Total
	General	State Public School	Federal Grants	Other Restricted	Capital Outlay	Individual Schools	Governmental Funds
<b>Revenues:</b>							
State of North Carolina	\$ -	\$ 77,093,176	\$ -	\$ 101,340	\$ 157,490	\$ -	\$ 77,352,006
Rockingham County:							
Local current expense	15,834,840	-	-	-	-	-	15,834,840
Other	-	-	-	-	932,525	-	932,525
U.S. Government	-	-	8,369,647	964,038	-	-	9,333,685
Contributions and donations	-	-	-	1,401,506	-	-	1,401,506
Other	425,516	-	-	4,482,052	10,957	3,109,957	8,028,482
Total revenues	<u>16,260,356</u>	<u>77,093,176</u>	<u>8,369,647</u>	<u>6,948,936</u>	<u>1,100,972</u>	<u>3,109,957</u>	<u>112,883,044</u>
<b>Expenditures:</b>							
Current:							
Instructional services:							
Regular instructional	1,413,440	44,435,360	662,278	1,933,283	50,703	-	48,495,064
Special populations	49,826	10,610,977	2,965,331	275,625	-	-	13,901,759
Alternative programs	4,690	1,877,104	2,954,116	18,180	-	-	4,854,090
School leadership	2,062,923	4,507,143	-	40,547	142,056	-	6,752,669
Co-curricular	811,245	-	-	26,004	-	3,119,958	3,957,207
School-based support	518,503	5,895,422	608,903	961,431	8,718	-	7,992,977
System-wide support services:							
Support and development	460,975	451,007	3,597	-	-	-	915,579
Special population support and development	360,768	511,401	309,475	297,062	-	-	1,478,706
Alternative programs and services support and development	-	35,052	108,961	-	-	-	144,013
Technology support	259,340	566,106	374,896	-	-	-	1,200,342
Operational support	6,780,191	5,934,745	219,498	2,215,021	9,671	-	15,159,126
Financial and human resource services	458,288	790,439	-	173	-	-	1,248,900
Accountability	53,563	117,756	-	-	-	-	171,319
System-wide pupil support	13,014	111,738	-	843,197	-	-	967,949
Policy, leadership and public relations	547,646	854,874	-	47,281	-	-	1,449,801
Ancillary services	6,821	54,050	-	139,077	-	-	199,948
Non-programmed charges	436,499	-	162,592	-	-	-	599,091
Debt service:							
Principal retirement	-	310,354	-	-	157,490	-	467,844
Interest and fees	-	29,648	-	-	-	-	29,648
Capital outlay	-	-	-	-	714,361	-	714,361
Total expenditures	<u>14,237,732</u>	<u>77,093,176</u>	<u>8,369,647</u>	<u>6,796,881</u>	<u>1,082,999</u>	<u>3,119,958</u>	<u>110,700,393</u>
Net change in fund balance	2,022,624	-	-	152,055	17,973	(10,001)	2,182,651
<b>Fund balances:</b>							
Beginning of year	3,354,465	-	-	4,076,060	693,850	1,299,691	9,424,066
Change in reserve for inventories	(87,993)	-	-	-	-	-	(87,993)
End of year	<u>\$ 5,289,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,228,115</u>	<u>\$ 711,823</u>	<u>\$ 1,289,690</u>	<u>\$ 11,518,724</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**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, 2015**

**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 2,182,651
Change in fund balance due to change in reserve for inventory	(87,993)
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.	(3,913,961)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,910,321
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Loss on disposal of capital assets	(9,459)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	467,844
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Pension expense	(2,453,875)
Compensated absences	<u>258,636</u>
Total changes in net position of governmental activities	<u>\$ 2,354,164</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

**Exhibit 6**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rockingham County	15,834,840	15,834,840	15,834,840	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	<u>340,000</u>	<u>370,000</u>	<u>425,516</u>	<u>55,516</u>
Total revenues	<u>16,174,840</u>	<u>16,204,840</u>	<u>16,260,356</u>	<u>55,516</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,545,466	1,766,350	1,413,440	352,910
Special populations	24,535	57,135	49,826	7,309
Alternative programs	6,639	10,439	4,690	5,749
School leadership	2,762,441	2,393,587	2,062,923	330,664
Co-curricular	874,338	848,466	811,245	37,221
School-based support	<u>636,367</u>	<u>666,230</u>	<u>518,503</u>	<u>147,727</u>
Total instructional services	<u>5,849,786</u>	<u>5,742,207</u>	<u>4,860,627</u>	<u>881,580</u>
System-wide support services:				
Support and development	614,714	628,420	460,975	167,445
Special population support and development	630,463	520,613	360,768	159,845
Alternative programs and services support and development	-	-	-	-
Technology support	497,290	368,408	259,340	109,068
Operational support	7,019,920	7,539,384	6,780,191	759,193
Financial and human resource services	934,521	710,123	458,288	251,835
Accountability	161,875	142,575	53,563	89,012
System-wide pupil support	25,700	22,200	13,014	9,186
Policy, leadership and public relations	<u>582,025</u>	<u>672,364</u>	<u>547,646</u>	<u>124,718</u>
Total system-wide support services	<u>10,466,508</u>	<u>10,604,087</u>	<u>8,933,785</u>	<u>1,670,302</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	<u>14,112</u>	<u>14,112</u>	<u>6,821</u>	<u>7,291</u>
Total ancillary services	<u>14,112</u>	<u>14,112</u>	<u>6,821</u>	<u>7,291</u>
Nonprogrammed charges	<u>561,359</u>	<u>561,359</u>	<u>436,499</u>	<u>124,860</u>
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	<u>16,891,765</u>	<u>16,921,765</u>	<u>14,237,732</u>	<u>2,684,033</u>
Revenues over (under) expenditures	(716,925)	(716,925)	2,022,624	2,739,549
Other financing uses:				
Transfers to other funds	(514,000)	(514,000)	-	514,000
Fund balance appropriated	<u>1,230,925</u>	<u>1,230,925</u>	-	<u>(1,230,925)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,022,624</u>	<u>\$ 2,022,624</u>
Fund balances:				
Beginning of year			3,354,465	
Change in reserve for inventories			<u>(87,993)</u>	
End of year			<u>\$ 5,289,096</u>	

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**

**Exhibit 6 (continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	State Public School Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 75,511,782	\$ 81,833,531	\$ 77,093,176	\$ (4,740,355)
Rockingham County	-	-	-	-
U.S. Government	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>75,511,782</u>	<u>81,833,531</u>	<u>77,093,176</u>	<u>(4,740,355)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	46,110,495	46,732,638	44,435,360	2,297,278
Special populations	10,215,106	11,273,088	10,610,977	662,111
Alternative programs	1,603,083	2,126,089	1,877,104	248,985
School leadership	3,774,305	5,129,829	4,507,143	622,686
Co-curricular	-	-	-	-
School-based support	5,758,167	6,470,553	5,895,422	575,131
Total instructional services	<u>67,461,156</u>	<u>71,732,197</u>	<u>67,326,006</u>	<u>4,406,191</u>
System-wide support services:				
Support and development	506,745	469,224	451,007	18,217
Special population support and development	191,438	557,698	511,401	46,297
Alternative programs and services support and development	34,277	41,277	35,052	6,225
Technology support	242,901	644,022	566,106	77,916
Operational support	5,631,071	6,048,743	5,934,745	113,998
Financial and human resource services	405,779	811,792	790,439	21,353
Accountability	58,344	129,417	117,756	11,661
System-wide pupil support	111,536	114,639	111,738	2,901
Policy, leadership and public relations	811,236	876,208	854,874	21,334
Total system-wide support services	<u>7,993,327</u>	<u>9,693,020</u>	<u>9,373,118</u>	<u>319,902</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	57,299	68,312	54,050	14,262
Total ancillary services	<u>57,299</u>	<u>68,312</u>	<u>54,050</u>	<u>14,262</u>
Nonprogrammed charges	-	-	-	-
Debt service				
Principal retirement	-	310,354	310,354	-
Interest and fees	-	29,648	29,648	-
Total debt service	-	<u>340,002</u>	<u>340,002</u>	-
Total expenditures	<u>75,511,782</u>	<u>81,833,531</u>	<u>77,093,176</u>	<u>4,740,355</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.

**ROCKINGHAM COUNTY BOARD OF EDUCATION**

**Exhibit 6 (continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**

**For the Fiscal Year Ended June 30, 2015**

Federal Grants Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Rockingham County	-	-	-	-
U.S. Government	11,659,236	12,201,556	8,369,647	(3,831,909)
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>11,659,236</u>	<u>12,201,556</u>	<u>8,369,647</u>	<u>(3,831,909)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	965,001	1,017,124	662,278	354,846
Special populations	4,310,721	4,249,698	2,965,331	1,284,367
Alternative programs	3,608,244	3,613,994	2,954,116	659,878
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	963,554	999,201	608,903	390,298
Total instructional services	<u>9,847,520</u>	<u>9,880,017</u>	<u>7,190,628</u>	<u>2,689,389</u>
System-wide support services:				
Support and development	1,400	7,101	3,597	3,504
Special population support and development	404,854	398,310	309,475	88,835
Alternative programs and services support and development	122,928	130,789	108,961	21,828
Technology support	10,127	376,967	374,896	2,071
Operational support	299,209	290,220	219,498	70,722
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Total system-wide support services	<u>838,518</u>	<u>1,203,387</u>	<u>1,016,427</u>	<u>186,960</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	-	-	-
Total ancillary services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonprogrammed charges	973,198	1,118,152	162,592	955,560
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>11,659,236</u>	<u>12,201,556</u>	<u>8,369,647</u>	<u>3,831,909</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
Change in reserve for inventories			-	
End of year			<u>\$ -</u>	

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**

**Exhibit 6 (continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**

**For the Fiscal Year Ended June 30, 2015**

	Other Restricted Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ 122,848	\$ 101,340	\$ (21,508)
Rockingham County	-	-	-	-
U.S. Government	941,477	1,162,803	964,038	(198,765)
Contributions and donations	-	1,433,987	1,401,506	(32,481)
Other	4,521,100	2,994,576	4,482,052	1,487,476
Total revenues	5,462,577	5,714,214	6,948,936	1,234,722
Expenditures:				
Current:				
Instructional services:				
Regular instructional	2,149,971	2,215,305	1,933,283	282,022
Special populations	382,578	359,818	275,625	84,193
Alternative programs	21,231	96,215	18,180	78,035
School leadership	-	69,093	40,547	28,546
Co-curricular	32,000	37,515	26,004	11,511
School-based support	1,016,128	1,170,608	961,431	209,177
Total instructional services	3,601,908	3,948,554	3,255,070	693,484
System-wide support services:				
Support and development	948	948	-	948
Special population support and development	186,528	300,428	297,062	3,366
Alternative programs and services support and development	-	-	-	-
Technology support	677,000	17,000	-	17,000
Operational support	593,521	2,760,014	2,215,021	544,993
Financial and human resource services	-	179	173	6
Accountability	-	-	-	-
System-wide pupil support	1,050,600	850,046	843,197	6,849
Policy, leadership and public relations	34,515	68,725	47,281	21,444
Total system-wide support services	2,543,112	3,997,340	3,402,734	594,606
Ancillary services:				
Community	164,077	165,127	139,077	26,050
Nutrition	-	-	-	-
Total ancillary services	164,077	165,127	139,077	26,050
Nonprogrammed charges	400	1,828	-	1,828
Debt service				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	6,309,497	8,112,849	6,796,881	1,315,968
Revenues over (under) expenditures	(846,920)	(2,398,635)	152,055	2,550,690
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	846,920	2,398,635	-	(2,398,635)
Net change in fund balance	\$ -	\$ -	152,055	\$ 152,055
Fund balances:				
Beginning of year			4,076,060	
Change in reserve for inventories			-	
End of year			\$ 4,228,115	

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPES**  
**June 30, 2015**

**Exhibit 7**

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 295,224	\$ 243,667	\$ 538,891
Due from other governments	226,243	-	226,243
Receivables	8,050	-	8,050
Inventories	129,329	-	129,329
Total current assets	<u>658,846</u>	<u>243,667</u>	<u>902,513</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	<u>303,489</u>	<u>-</u>	<u>303,489</u>
Total assets	<u>962,335</u>	<u>243,667</u>	<u>1,206,002</u>
<b>Deferred Outflows of Resources</b>	<u>177,049</u>	<u>28,372</u>	<u>205,421</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,987	438	3,425
Accrued salaries and wages payable	28,339	-	28,339
Due to other funds	1,384,012	-	1,384,012
Compensated absences	71,772	9,782	81,554
Unearned revenue	22,659	-	22,659
Total current liabilities	<u>1,509,769</u>	<u>10,220</u>	<u>1,519,989</u>
Noncurrent liabilities:			
Net pension liability	163,396	26,184	189,580
Compensated absences	68,880	14,739	83,619
Total noncurrent liabilities	<u>232,276</u>	<u>40,923</u>	<u>273,199</u>
Total liabilities	<u>1,742,045</u>	<u>51,143</u>	<u>1,793,188</u>
<b>Deferred Inflows of Resources</b>	<u>590,142</u>	<u>94,568</u>	<u>684,710</u>
<b>Net position</b>			
Investment in capital assets	303,489	-	303,489
Unrestricted (deficit)	<u>(1,496,292)</u>	<u>126,328</u>	<u>(1,369,964)</u>
Total net position (deficit)	<u>\$ (1,192,803)</u>	<u>\$ 126,328</u>	<u>\$ (1,066,475)</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2015**

**Exhibit 8**

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Child Care	
Operating revenues:			
Food sales	\$ 542,305	\$ -	\$ 542,305
Child care fees	-	600,851	600,851
Total operating revenues	<u>542,305</u>	<u>600,851</u>	<u>1,143,156</u>
Operating expenses:			
Food cost:			
Purchase of food	2,747,067	15,660	2,762,727
Donated commodities	360,728	-	360,728
Salaries and benefits	3,000,496	538,646	3,539,142
Indirect costs	473,309	-	473,309
Materials and supplies	15,666	10,606	26,272
Repairs and maintenance	79,645	-	79,645
Depreciation	103,644	-	103,644
Loss on disposal of capital assets	9,289	-	9,289
Other	17,274	14,281	31,555
Total operating expenses	<u>6,807,118</u>	<u>579,193</u>	<u>7,386,311</u>
Operating income (loss)	<u>(6,264,813)</u>	<u>21,658</u>	<u>(6,243,155)</u>
Nonoperating revenues:			
Federal reimbursements	4,403,514	-	4,403,514
Federal commodities	360,728	-	360,728
Indirect costs not paid	473,309	-	473,309
Interest earned	167	132	299
Contributions and donations	4,973	-	4,973
Total nonoperating revenues	<u>5,242,691</u>	<u>132</u>	<u>5,242,823</u>
Change in net position	<u>(1,022,122)</u>	<u>21,790</u>	<u>(1,000,332)</u>
Net position, beginning of year, as previously reported	506,277	213,018	719,295
Restatement	<u>(676,958)</u>	<u>(108,480)</u>	<u>(785,438)</u>
Net position (deficit), beginning of year, as restated	<u>(170,681)</u>	<u>104,538</u>	<u>(66,143)</u>
Net position (deficit), end of year	<u>\$ (1,192,803)</u>	<u>\$ 126,328</u>	<u>\$ (1,066,475)</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2015**

**Exhibit 9**

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 543,661	\$ 600,851	\$ 1,144,512
Cash paid for goods and services	(2,929,889)	(40,755)	(2,970,644)
Cash paid to employees for services	(3,115,845)	(551,796)	(3,667,641)
Net cash provided (used) by operating activities	(5,502,073)	8,300	(5,493,773)
Cash flows from noncapital financing activities:			
Due to other funds	1,084,012	-	1,084,012
Federal reimbursements	4,400,694	-	4,400,694
Contributions and donations	4,973	-	4,973
Net cash provided (used) by noncapital financing activities	5,489,679	-	5,489,679
Cash flows from investing activities:			
Interest earned on investments	167	132	299
Net increase (decrease) in cash and cash equivalents	(12,227)	8,432	(3,795)
Cash and cash equivalents, beginning of year	307,451	235,235	542,686
Cash and cash equivalents, end of year	\$ 295,224	\$ 243,667	\$ 538,891
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (6,264,813)	\$ 21,658	\$ (6,243,155)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	103,644	-	103,644
Pension expense	71,328	11,430	82,758
Donated commodities	360,728	-	360,728
Loss on disposal of capital assets	9,289	-	9,289
Indirect costs not paid	473,309	-	473,309
Changes in assets and liabilities:			
Decrease in accounts receivable	13,737	-	13,737
Increase in inventories	(72,267)	-	(72,267)
Increase (decrease) in accounts payable and accrued liabilities	2,030	(208)	1,822
Increase in accrued salaries and wages payable	1,972	-	1,972
Decrease in unearned revenue	(12,381)	-	(12,381)
Increase in deferred outflows of resources for pension plan contributions in current fiscal year	(171,797)	(27,530)	(199,327)
Increase (decrease) in compensated absences payable	(16,852)	2,950	(13,902)
Total adjustments	762,740	(13,358)	749,382
Net cash provided (used) by operating activities	\$ (5,502,073)	\$ 8,300	\$ (5,493,773)

**NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$360,728 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.

Indirect costs of \$473,309 that would be due to the Restricted Revenue Fund were not paid. These unpaid costs are reflected as a non-operating revenue and an operating expense on Exhibit 8.

The School Service Fund reported a loss on disposal of capital assets of \$9,289.

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2015**

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**Exhibit 10**

	<u>Private Purpose Trust Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ <u>108,078</u>
<b>Liabilities</b>	<u>-</u>
<b>Net position</b>	
Assets held in trust for private purpose	\$ <u>108,078</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Fiscal Year Ended June 30, 2015**

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**Exhibit 11**

	<u>Private Purpose Trust Fund</u>
Additions:	
Contributions and other revenue	\$ 979
Deductions:	
Instructional costs	<u>-</u>
Change in net position	979
Beginning net position	<u>107,099</u>
Ending net position	<u>\$ 108,078</u>

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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

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

*Capital Outlay Fund.* The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Rockingham County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental funds:

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

The Board reports the following major enterprise fund:

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

The Board reports the following nonmajor enterprise fund:

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

The Board reports the following fiduciary fund:

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

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the Board of Education. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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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 is reserved. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before December 31, 2005 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$2,000 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

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

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

	<u>Years</u>
Buildings and improvements	40
Playground structures/fencing	15
Equipment and furniture	5-12
Vehicles	5

5. Deferred outflows and inflows of resources

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meet this criterion – pension related deferrals.

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2015 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of four classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*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 [G.S. 115C-425(a)].

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

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

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

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will pay expenditures from restricted revenue sources first and then from general unrestricted revenues.

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 \$56,436,048 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$205,122,212
Less accumulated depreciation	<u>(121,685,979)</u>
Net capital assets	83,436,233
Pension related deferred outflows of resources:	
Contributions made to the pension plan in the current fiscal year	5,910,321
Changes in proportion and differences between Board contributions and proportionate share of contributions	180,694
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	(324,840)
Compensated absences	(6,842,492)
Net pension liability	<u>(5,621,290)</u>
Deferred inflows of resources related to pensions:	
Differences between expected and actual experience	(1,310,292)
Difference between projected and actual earnings on plan investments	<u>(18,992,286)</u>
Total adjustment	<u>\$ 56,436,048</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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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 \$171,513 as follows:

<u>Description</u>	<u>Amount</u>
Change in fund balance due to change in reserve for inventory	\$ (87,993)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	421,380
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	(4,335,341)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	467,844
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,910,321
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(2,453,875)
Loss on disposal of capital assets	(9,459)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	<u>258,636</u>
Total adjustment	<u>\$ 171,513</u>

10. Defined Benefit Pension Plans

For purposes of measuring the net pension asset, 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) and additions to/deductions from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS. 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. Investments are reported at fair value.

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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

A. Assets

1. Deposits

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

At June 30, 2015, the Board had deposits with banks and savings and loans with a carrying amount of \$10,899,597 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$11,224,540 and \$1,047,792, respectively. Of these balances, \$1,592,004 was covered by federal depository insurance and \$10,680,328 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2015, the Board had \$250,193 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no policy for managing interest rate risk or credit risk.

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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3. Accounts Receivable

Receivables at the government-wide level at June 30, 2015 are as follows:

	Due from (to) other Funds (Internal Balances)	Due from other Governments	Other	Total
Governmental activities:				
General Fund	\$ 1,384,012	\$ 23,922	\$ 4,070	\$ 1,412,004
Other governmental funds	<u>-</u>	<u>3,426,439</u>	<u>294,444</u>	<u>3,720,883</u>
Total governmental activities	<u>\$ 1,384,012</u>	<u>\$ 3,450,361</u>	<u>\$ 298,514</u>	<u>\$ 5,132,887</u>
Business-type activities:				
School Food Service Fund	<u>\$ (1,384,012)</u>	<u>\$ 226,243</u>	<u>\$ 8,050</u>	<u>\$ (1,149,719)</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 23,922	Amounts due from County
State Public School Fund	3,023,520	Operating funds from DPI
Federal Grants Fund	295,410	Federal grant funds
Other Restricted Fund	<u>107,509</u>	Federal grant funds
Total	<u>\$ 3,450,361</u>	

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,982,396	\$ 4,000	\$ -	\$ 2,986,396
Capital assets being depreciated:				
Buildings and improvements	185,862,127	133,501	-	185,995,628
Equipment and furniture	3,917,380	279,786	24,293	4,172,873
Vehicles	11,963,222	4,093	-	11,967,315
Total capital assets being depreciated	<u>201,742,729</u>	<u>417,380</u>	<u>24,293</u>	<u>202,135,816</u>
Less accumulated depreciation for:				
Buildings and improvements	103,078,340	3,858,405	-	106,936,745
Equipment and furniture	3,237,148	171,459	14,834	3,393,773
Vehicles	11,049,984	305,477	-	11,355,461
Total accumulated depreciation	<u>117,365,472</u>	<u>4,335,341</u>	<u>14,834</u>	<u>121,685,979</u>
Total capital assets being depreciated, net	<u>84,377,257</u>			<u>80,449,837</u>
Governmental activity capital assets, net	<u>\$ 87,359,653</u>			<u>\$ 83,436,233</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 3,463,782	\$ -	\$ 39,000	\$ 3,424,782
Less accumulated depreciation for:				
Equipment and furniture	<u>3,047,360</u>	<u>103,644</u>	<u>29,711</u>	<u>3,121,293</u>
School Food Service capital assets, net	<u>416,422</u>			<u>303,489</u>
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	15,551	-	-	15,551
Less accumulated depreciation for:				
Equipment and furniture	<u>15,551</u>	<u>-</u>	<u>-</u>	<u>15,551</u>
Child Care Fund capital assets, net	<u>-</u>			<u>-</u>
Business-type activities capital assets, net	<u>\$ 416,422</u>			<u>\$ 303,489</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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Depreciation was charged to governmental functions as follows:

Instructional services	\$ 4,029,864
System-wide support services	<u>305,477</u>
Total	<u>\$ 4,335,341</u>

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2015, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$6,109,648 for the year ended June 30, 2015.

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

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the Board reported a liability of \$5,810,870 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014 and at June 30, 2013, the Board's proportion was .50% and .49%, respectively.

For the year ended June 30, 2015, the Board recognized pension expense of \$2,536,633. At June 30, 2015, 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	\$ -	\$ 1,354,482
Net difference between projected and actual earnings on pension plan investments	-	19,632,806
Changes in proportion and differences between Board contributions and proportionate share of contributions	186,788	-
Board contributions subsequent to the measurement date	<u>6,109,648</u>	<u>-</u>
Total	<u>\$ 6,296,436</u>	<u>\$ 20,987,288</u>

\$6,109,648 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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Year ended June 30:	
2016	\$ (5,216,301)
2017	(5,216,301)
2018	(5,216,301)
2019	(5,151,597)
2020	-
Thereafter	-
Total	<u>\$ (20,800,500)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 41,714,451	\$ 5,810,870	\$ (24,504,474)

*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**

**Healthcare Benefits**

*Plan Description.* The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

*Funding Policy.* The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees 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 and after October 1, 2006 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 total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, 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 fiscal years ended June 30, 2015, 2014, and 2013, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,655,539, \$3,575,307 and \$3,596,219, respectively. These contributions represented 5.49%, 5.40% and 5.30% of covered payroll, respectively.

#### Long-term 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. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as another postemployment benefit 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. 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 accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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and clicking on “Financial Reports”, or by calling the State Controller’s Financial Reporting Section at (919) 981-5454.

*Funding Policy.* An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers’ and State Employees’ Retirement System of North Carolina, 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 the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee’s annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers’ Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which the member might be entitled should the member become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board’s contributions are established in the Appropriations Bill by the General Assembly. 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 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. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$273,000, \$291,321 and \$298,554, respectively. These contributions represented 0.41%, 0.44% and 0.44% of covered payroll, respectively.

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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2. Accounts Payable

Accounts payable as of June 30, 2015 are as follows:

	<u>Vendors and Other</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 800,037	\$ 58,812	\$ 858,849
Other governmental activities	<u>30,499</u>	<u>3,425,338</u>	<u>3,455,837</u>
Total governmental activities	<u>\$ 830,536</u>	<u>\$ 3,484,150</u>	<u>\$ 4,314,686</u>
Business-type activities:			
School Food Service Fund	\$ 2,987	\$ 28,339	\$ 31,326
Child Care Fund	<u>438</u>	<u>-</u>	<u>438</u>
Total business-type activities	<u>\$ 3,425</u>	<u>\$ 28,339</u>	<u>\$ 31,764</u>

3. Unearned Revenues

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

Prepayments of meals (School Food Service Fund)	<u>\$ 22,659</u>
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4. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,354,482
Net difference between projected and actual earnings on pension plan investments	-	19,632,806
Changes in proportion and differences between Board contributions and proportionate share of contributions	186,788	-
Board contributions subsequent to the measurement date	<u>6,109,648</u>	<u>-</u>
Total	<u>\$ 6,296,436</u>	<u>\$ 20,987,288</u>

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for both general liability and errors and omissions of \$3,150,000 each. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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omissions and general liability coverage. Statutory workers' compensation coverage is purchased through a private insurer for employees to the extent they are paid from federal and local funds. Workers' compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full 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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$200,000.

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

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through special third party financing arrangements. During 2012 the Board entered into such a financing contract for the purchase of school buses. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15<sup>th</sup> dates. This contract was paid in full during the year ended June 30, 2015.

The Board also entered into two installment purchase contracts for the purchase of laptop computers during the fiscal year ended June 30, 2015. The contracts require payments of principal and interest at 4.7% due annually through the year ended June 30, 2016.

The future minimum payments of the installment purchases as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 340,002
Less portion representing interest	<u>(15,162)</u>
Total principal obligation	<u>\$ 324,840</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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, 2015:

	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 792,684	\$ -	\$ 467,844	\$ 324,840	\$ 324,840
Net pension liability	28,865,559	-	23,244,269	5,621,290	-
Compensated absences	<u>7,101,128</u>	<u>4,349,931</u>	<u>4,608,567</u>	<u>6,842,492</u>	<u>2,753,814</u>
Total	<u>\$ 36,759,371</u>	<u>\$ 4,349,931</u>	<u>\$ 28,320,680</u>	<u>\$ 12,788,622</u>	<u>\$ 3,078,654</u>
Business-type activities:					
Net pension liability	\$ 973,499	\$ -	\$ 783,919	\$ 189,580	\$ -
Compensated absences	<u>179,075</u>	<u>148,929</u>	<u>162,831</u>	<u>165,173</u>	<u>81,554</u>
Total	<u>\$ 1,152,574</u>	<u>\$ 148,929</u>	<u>\$ 946,750</u>	<u>\$ 354,753</u>	<u>\$ 81,554</u>

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

C. Interfund Balances and Activity

Interfund Balances

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Food Service Fund	<u>\$ 1,384,012</u>

The amount above represents funds loaned by the General Fund to the School Food Service Fund to pay operating costs.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 5,289,096
Less:	
Inventories	(197,702)
Stabilization by State statute	<u>(1,412,004)</u>
Remaining fund balance	<u>\$ 3,679,390</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2015**

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**NOTE 3 – OTHER RESTRICTED FUND – OTHER REVENUES**

Other revenues for the fiscal year ended June 30, 2015 in the Other Restricted Fund consists of the following:

Tuition and fees	\$ 1,563,937
Medicaid reimbursement program	1,524,219
Indirect costs allocated	162,592
Private grants, programs and donations	1,401,506
Other	<u>1,231,304</u>
Total other revenues	<u>\$ 5,883,558</u>

**NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

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

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

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$23,289,299 and \$785,438, respectively.

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

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	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.496%	0.492%
Board's proportionate share of the net pension liability (asset)	\$ 5,810,870	\$ 29,839,058
Board's covered-employee payroll	\$ 66,332,808	\$ 68,635,615
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.76%	43.47%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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

**ROCKINGHAM COUNTY BOARD OF EDUCATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS**

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,109,648	\$ 5,764,321
Contributions in relation to the contractually required contribution	<u>6,109,648</u>	<u>5,764,321</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 66,772,104	\$ 66,332,808
Contributions as a percentage of covered-employee payroll	9.15%	8.69%

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Rockingham County:			
County appropriation	\$ 15,834,840	\$ 15,834,840	\$ -
Other:			
Fines and forfeitures	300,000	289,782	(10,218)
Interest earned on investment	10,000	14,177	4,177
Miscellaneous	60,000	121,557	61,557
Total other	<u>370,000</u>	<u>425,516</u>	<u>55,516</u>
Total revenues	<u>16,204,840</u>	<u>16,260,356</u>	<u>55,516</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	1,766,350	1,413,440	352,910
Special populations	57,135	49,826	7,309
Alternative programs	10,439	4,690	5,749
School leadership	2,393,587	2,062,923	330,664
Co-curricular	848,466	811,245	37,221
School-based support	666,230	518,503	147,727
Total instructional services	<u>5,742,207</u>	<u>4,860,627</u>	<u>881,580</u>
System-wide support services:			
Support and development	628,420	460,975	167,445
Special population support and development	520,613	360,768	159,845
Technology support	368,408	259,340	109,068
Operational support	7,539,384	6,780,191	759,193
Financial and human resource services	710,123	458,288	251,835
Accountability	142,575	53,563	89,012
System-wide pupil support	22,200	13,014	9,186
Policy, leadership and public relations	672,364	547,646	124,718
Total system-wide support services	<u>10,604,087</u>	<u>8,933,785</u>	<u>1,670,302</u>

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (Continued)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Current:			
Ancillary services:			
Nutrition	14,112	6,821	7,291
Non-programmed charges:			
Payments to other governments	561,359	436,499	124,860
Total expenditures	16,921,765	14,237,732	2,684,033
Revenues under expenditures	(716,925)	2,022,624	2,739,549
Other financing sources (uses):			
Transfers to other funds	(514,000)	-	514,000
Fund balance appropriated	1,230,925	-	(1,230,925)
Net change in fund balance	\$ -	2,022,624	\$ 2,022,624
Fund balance:			
Beginning of year		3,354,465	
Change in reserve for inventories		(87,993)	
End of year		\$ 5,289,096	

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL OUTLAY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 50,000	\$ -	\$ (50,000)
State appropriations - buses	<u>157,492</u>	<u>157,490</u>	<u>(2)</u>
Total State of North Carolina	<u>207,492</u>	<u>157,490</u>	<u>(50,002)</u>
Rockingham County:			
Local bond revenues	-	50,000	50,000
General county appropriations	<u>882,525</u>	<u>882,525</u>	<u>-</u>
Total Rockingham County	<u>882,525</u>	<u>932,525</u>	<u>50,000</u>
Other:			
Local sales tax	9,710	9,708	(2)
Interest earned on investments	<u>1,135</u>	<u>1,249</u>	<u>114</u>
Total other	<u>10,845</u>	<u>10,957</u>	<u>112</u>
Total revenues	<u>1,100,862</u>	<u>1,100,972</u>	<u>110</u>
Expenditures:			
Debt service:			
Principal retirement	<u>157,492</u>	<u>157,490</u>	<u>2</u>
Current:			
Instructional services:			
Regular instructional	94,111	50,703	43,408
School Leadership	147,886	142,056	5,830
School-based support	<u>9,450</u>	<u>8,718</u>	<u>732</u>
Total instructional services	<u>251,447</u>	<u>201,477</u>	<u>49,970</u>
System-wide support services:			
Operational support	<u>538,291</u>	<u>9,671</u>	<u>528,620</u>
Capital outlay	<u>1,053,647</u>	<u>714,361</u>	<u>339,286</u>
Total expenditures	<u>2,000,877</u>	<u>1,082,999</u>	<u>917,878</u>
Revenues over (under) expenditures	<u>(900,015)</u>	<u>17,973</u>	<u>917,988</u>
Other financing sources:			
Installment purchase obligations issued	482,335	-	(482,335)
Fund balance appropriated	<u>417,680</u>	<u>-</u>	<u>(417,680)</u>
Net change in fund balance	<u>\$ -</u>	<u>17,973</u>	<u>\$ 17,973</u>
Fund balance:			
Beginning of year		<u>693,850</u>	
End of year		<u>\$ 711,823</u>	

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**SCHOOL FOOD SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 1,854,530	\$ 542,305	\$ (1,312,225)
Operating expenditures:			
Business support services:			
Purchase of food	-	2,819,334	-
Donated commodities	-	360,728	-
Salaries and benefits	-	3,117,817	-
Indirect costs	-	473,309	-
Materials and supplies	-	15,666	-
Repairs and maintenance	-	79,645	-
Other	-	17,274	-
Total operating expenditures	<u>7,774,849</u>	<u>6,883,773</u>	<u>891,076</u>
Operating loss	<u>(5,920,319)</u>	<u>(6,341,468)</u>	<u>(421,149)</u>
Nonoperating revenues:			
Federal reimbursements	4,732,000	4,403,514	(328,486)
Federal commodities	380,089	360,728	(19,361)
State reimbursements	35,000	-	(35,000)
Indirect costs not paid	256,230	473,309	217,079
Interest earned	2,000	167	(1,833)
Contributions and donations	<u>1,000</u>	<u>4,973</u>	<u>3,973</u>
Total nonoperating revenues	<u>5,406,319</u>	<u>5,242,691</u>	<u>(163,628)</u>
Excess (deficiency) of revenues over expenditures before other financing sources	(514,000)	(1,098,777)	(584,777)
Other financing sources:			
Transfers from other funds	<u>514,000</u>	<u>-</u>	<u>(514,000)</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>(1,098,777)</u>	<u>\$ (1,098,777)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(103,644)	
Loss on disposal of capital assets		(9,289)	
Contributions to the pension plan in current fiscal year		171,797	
Decrease in compensated absences payable		16,852	
Decrease in inventory		72,267	
Pension expense		<u>(71,328)</u>	
Change in net position (full accrual)		<u>\$ (1,022,122)</u>	

**ROCKINGHAM COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**CHILD CARE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 565,776	\$ 600,851	\$ 35,075
Operating expenditures:			
Regular community services:			
Purchase of food	-	15,660	-
Salaries and benefits	-	551,796	-
Materials and supplies	-	10,606	-
Other	-	14,281	-
Total operating expenditures	605,776	592,343	13,433
Operating income	(40,000)	8,508	48,508
Nonoperating revenues:			
Interest earned	-	132	132
Excess of revenues over expenditures before other financing uses	(40,000)	8,640	48,640
Fund balance appropriated	40,000	-	(40,000)
Excess of revenues over expenditures	\$ -	8,640	\$ 8,640
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Contributions to the pension plan in current fiscal year		27,530	
Increase in compensated absences payable		(2,950)	
Pension expense		(11,430)	
Change in net position (full accrual)		\$ 21,790	

# **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.

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

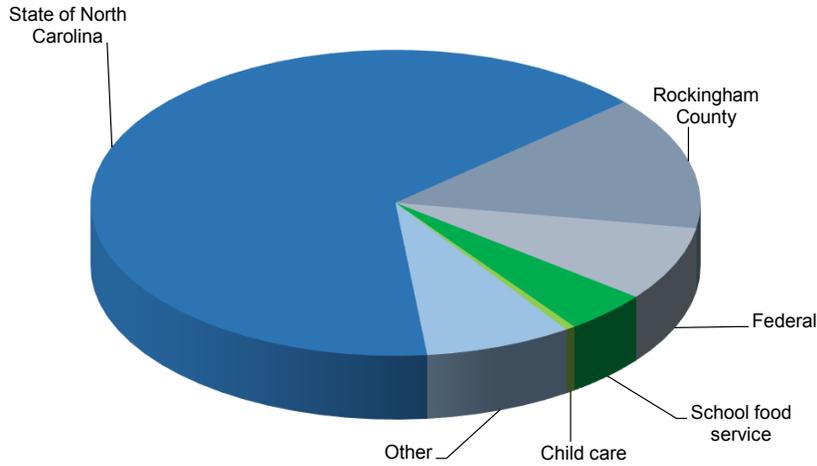
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

#### **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.

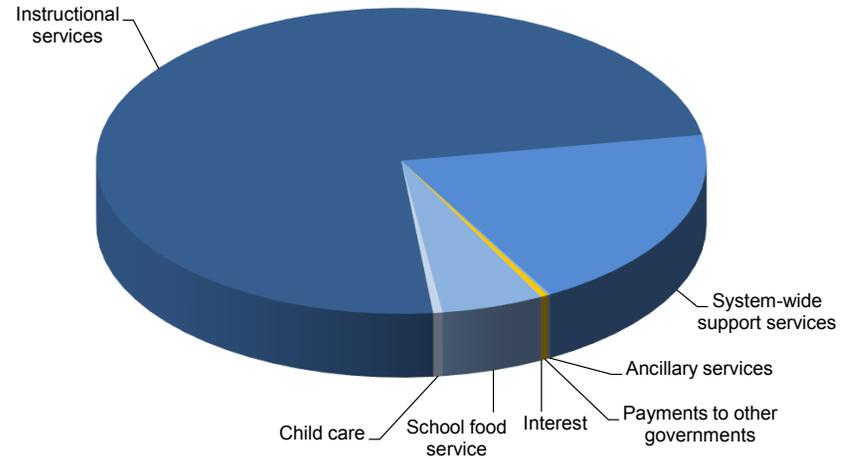
**ROCKINGHAM COUNTY SCHOOLS**  
**Financial Perspective**  
**Governmental and Business-type Activities**  
**For Year Ended June 30, 2015**

**Revenue Sources**



State of North Carolina	\$ 77,352,006
Rockingham County	16,767,365
Federal	9,333,685
School food service	5,311,687
Child care	600,983
Other	9,267,396
	<hr/>
Total revenue sources	<u><u>\$ 118,633,122</u></u>

**Expenses**



Instructional services	\$ 86,733,607
System-wide support services	22,971,945
Ancillary services	194,589
Payments to other governments	436,499
Interest	29,648
School food service	6,333,809
Child care	579,193
	<hr/>
Total expenses	<u><u>\$ 117,279,290</u></u>

# ROCKINGHAM COUNTY SCHOOLS

## SOURCES OF GOVERNMENTAL FUND REVENUES

For The Last Ten Fiscal Years

Year Ended June 30:	State of North Carolina	County Appropriations	Federal	Other	Total
2006	\$ 73,986,154	\$ 22,529,668	\$ 8,115,941	\$ 7,722,002	\$ 112,353,765
2007	79,103,713	16,755,161	8,009,103	7,281,124	111,149,101
2008	83,195,641	16,996,683	8,667,641	8,081,466	116,941,431
2009	85,976,534	17,274,109	8,968,159	7,361,980	119,580,782
2010	77,274,059	17,205,124	14,935,543	8,057,055	117,471,781
2011	76,931,010	28,737,002	14,566,686	7,585,362	127,820,060
2012	78,289,504	18,961,864	12,753,558	8,951,421	118,956,347
2013	77,810,833	18,844,783	8,264,758	8,635,209	113,555,583
2014	75,311,872	16,986,365	10,218,128	8,153,880	110,670,245
2015	77,352,006	16,767,365	9,333,685	9,429,988	112,883,044

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

State of North Carolina includes all State grants and reimbursements.

County Appropriations include Regular and Capital Outlay.

Federal Revenue includes all federal grants and reimbursements.

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

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

## ROCKINGHAM COUNTY SCHOOLS

### NET POSITION BY CATEGORY

For The Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 99,478,870	\$ 96,545,689	\$ 93,006,612	\$ 89,942,114	\$ 87,152,851	\$ 94,632,505	\$ 93,396,943	\$ 91,172,625	\$ 86,566,969	\$ 83,111,393
Restricted	1,231,473	1,334,666	1,285,176	1,268,599	1,460,296	4,769,215	5,038,772	2,657,133	3,053,810	7,507,480
Unrestricted (deficit)	(497,914)	456,429	814,926	(737,370)	(751,761)	(768,397)	2,328,786	1,688,018	(730,872)	(22,664,101)
<b>Subtotal governmental activities net position</b>	<b>\$ 100,212,429</b>	<b>\$ 98,336,784</b>	<b>\$ 95,106,714</b>	<b>\$ 90,473,343</b>	<b>\$ 87,861,386</b>	<b>\$ 98,633,323</b>	<b>\$ 100,764,501</b>	<b>\$ 95,517,776</b>	<b>\$ 88,889,907</b>	<b>\$ 67,954,772</b>
<b>Business-type Activities:</b>										
Invested in capital assets	\$ 223,874	\$ 201,834	\$ 175,020	\$ 183,907	\$ 193,421	\$ 165,375	\$ 132,232	\$ 545,112	\$ 416,422	\$ 303,489
Unrestricted	784,138	622,308	600,031	445,181	363,914	140,638	465,993	316,919	302,873	(1,369,964)
<b>Subtotal business-type activities net position</b>	<b>\$ 1,008,012</b>	<b>\$ 824,142</b>	<b>\$ 775,051</b>	<b>\$ 629,088</b>	<b>\$ 557,335</b>	<b>\$ 306,013</b>	<b>\$ 598,225</b>	<b>\$ 862,031</b>	<b>\$ 719,295</b>	<b>\$ (1,066,475)</b>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 99,702,744	\$ 96,747,523	\$ 93,181,632	\$ 90,126,021	\$ 87,346,272	\$ 94,797,880	\$ 93,529,175	\$ 91,717,737	\$ 86,983,391	\$ 83,414,882
Restricted	1,231,473	1,334,666	1,285,176	1,268,599	1,460,296	4,769,215	5,038,772	2,657,133	3,053,810	7,507,480
Unrestricted (deficit)	286,224	1,078,737	1,414,957	(292,189)	(387,847)	(627,759)	2,794,779	2,004,937	(427,999)	(24,034,065)
<b>Total primary government net position</b>	<b>\$ 101,220,441</b>	<b>\$ 99,160,926</b>	<b>\$ 95,881,765</b>	<b>\$ 91,102,431</b>	<b>\$ 88,418,721</b>	<b>\$ 98,939,336</b>	<b>\$ 101,362,726</b>	<b>\$ 96,379,807</b>	<b>\$ 89,609,202</b>	<b>\$ 66,888,297</b>

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

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



# ROCKINGHAM COUNTY SCHOOLS

## CHANGES IN NET POSITION - Post-Chart of Accounts Change

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

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>								
<b>Governmental Activities:</b>								
<b>Instructional services:</b>								
Regular	\$ 60,396,468	\$ 62,018,140	\$ 56,898,377	\$ 55,917,573	\$ 55,987,775	\$ 55,305,309	\$ 53,707,617	\$50,564,972
Special populations	13,660,673	13,823,553	14,110,754	13,874,404	13,971,925	13,968,069	13,991,911	13,366,444
Alternative programs	4,991,929	5,105,223	5,925,720	6,086,636	4,890,515	5,006,458	5,066,169	4,689,786
School leadership	7,925,107	8,129,995	7,918,744	7,915,061	7,869,794	7,382,938	8,030,749	6,483,431
Co-curricular	4,001,176	3,631,120	3,457,340	3,370,203	3,834,507	4,230,369	4,421,282	3,922,773
School based support	6,005,415	6,917,178	6,972,189	6,869,042	7,038,694	7,597,829	7,154,057	7,706,201
<b>System-wide support services:</b>								
Support and development	867,353	1,009,226	776,791	858,183	775,371	902,251	946,189	880,890
Special populations support and development	375,147	370,245	545,094	561,650	720,511	1,347,770	1,422,590	1,427,155
Alternative programs and services support and development	289,292	299,376	222,098	224,484	373,911	192,532	197,094	138,085
Technology support	706,099	1,300,661	1,582,339	1,040,367	977,697	1,313,232	1,028,521	1,172,189
Operational support	16,308,815	16,333,316	15,910,005	16,194,277	15,743,959	15,992,262	16,294,765	15,522,831
Financial and human resource services	1,747,663	1,819,292	1,841,717	1,485,201	1,359,642	1,441,720	1,421,365	1,303,199
Accountability	50,734	47,515	52,723	152,228	175,376	176,431	230,534	165,878
System-wide pupil support	13,682	133,539	93,419	180,691	136,861	675,753	1,035,122	956,445
Policy, leadership and public relations	1,878,850	2,267,473	2,506,203	1,435,796	1,687,940	1,759,102	1,680,161	1,405,273
<b>Ancillary services</b>	680,050	663,851	623,009	434,839	316,018	246,543	188,607	194,589
<b>Payments to other governments</b>	273,048	326,966	647,216	447,489	504,835	312,527	416,610	436,499
<b>Interest on long-term debt</b>	-	-	-	-	-	-	-	29,648
<b>Subtotal governmental activities expenses</b>	<b>\$ 120,171,501</b>	<b>\$ 124,196,669</b>	<b>\$ 120,083,738</b>	<b>\$ 117,048,124</b>	<b>\$ 116,365,331</b>	<b>\$ 117,851,095</b>	<b>\$ 117,233,343</b>	<b>\$ 110,366,288</b>
<b>Business-type Activities:</b>								
School food service	\$ 7,360,134	\$ 7,382,253	\$ 7,554,393	\$ 7,160,037	\$ 6,816,174	\$ 6,329,308	\$ 6,079,035	\$ 6,333,809
Child care	736,117	706,204	541,226	533,324	510,714	534,011	534,317	579,193
<b>Subtotal business-type activities</b>	<b>\$ 8,096,251</b>	<b>\$ 8,088,457</b>	<b>\$ 8,095,619</b>	<b>\$ 7,693,361</b>	<b>\$ 7,326,888</b>	<b>\$ 6,863,319</b>	<b>\$ 6,613,352</b>	<b>\$ 6,913,002</b>
<b>Total primary government expenses</b>	<b>\$ 128,267,752</b>	<b>\$ 132,285,126</b>	<b>\$ 128,179,357</b>	<b>\$ 124,741,485</b>	<b>\$ 123,692,219</b>	<b>\$ 124,714,414</b>	<b>\$ 123,846,695</b>	<b>\$ 117,279,290</b>
<b>Program Revenues:</b>								
<b>Governmental Activities:</b>								
<b>Charges for services</b>								
Special populations	\$ 1,573,860	\$ 840,014	\$ 1,323,168	\$ 2,049,367	\$ 2,397,864	\$ 1,778,060	\$ 1,593,885	\$ 1,563,937
Co-curricular	3,104,430	1,060,722	688,715	-	-	-	-	-
Technology support	-	-	-	-	58,691	-	-	-
Operational support	266,082	23,705	33,245	37,529	-	18,160	22,592	55,674
Ancillary services	498,927	-	-	-	-	-	-	-
Payments to other governments	-	99,884	-	-	-	-	-	-
<b>Operating grants and contributions</b>	93,723,810	99,046,588	96,925,581	96,263,975	96,123,426	91,375,424	89,892,812	92,563,883
<b>Capital grants and contributions</b>	577,534	1,132,751	1,211,943	665,819	1,356,167	314,984	157,492	157,490
<b>Subtotal governmental activities program revenues</b>	<b>\$ 99,744,643</b>	<b>\$ 102,203,664</b>	<b>\$ 100,182,652</b>	<b>\$ 99,016,690</b>	<b>\$ 99,936,148</b>	<b>\$ 93,486,628</b>	<b>\$ 91,666,781</b>	<b>\$ 94,340,984</b>

# ROCKINGHAM COUNTY SCHOOLS

## CHANGES IN NET POSITION - Post-Chart of Accounts Change (Continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-type Activities:</b>								
Charges for services:								
School food service	\$ 2,940,385	\$ 2,656,595	\$ 2,364,687	\$ 2,295,396	\$ 2,188,030	\$ 1,566,499	\$ 1,361,532	\$ 542,305
Child care	749,196	663,977	589,911	560,229	580,139	599,761	561,870	600,851
Operating grants & contributions	4,352,446	4,603,854	5,034,324	4,584,296	4,388,954	4,400,403	4,543,863	4,769,215
Capital grants and contributions	-	-	33,620	-	-	-	-	-
Subtotal business-type activities program revenues	\$ 8,042,027	\$ 7,924,426	\$ 8,022,542	\$ 7,439,921	\$ 7,157,123	\$ 6,566,663	\$ 6,467,265	\$ 5,912,371
Total primary government program revenues	\$ 107,786,670	\$ 110,128,090	\$ 108,205,194	\$ 106,456,611	\$ 107,093,271	\$ 100,053,291	\$ 98,134,046	\$ 100,253,355
<b>Net (Expenses) Revenues:</b>								
Governmental activities	\$ (20,426,858)	\$ (21,993,005)	\$ (19,901,086)	\$ (18,031,434)	\$ (16,429,183)	\$ (24,364,467)	\$ (25,566,562)	\$ (16,025,304)
Business-type activities	(54,224)	(164,031)	(73,077)	(253,440)	(169,765)	(296,656)	(146,087)	(1,000,631)
Total primary government net (expenses) revenues	\$ (20,481,082)	\$ (22,157,036)	\$ (19,974,163)	\$ (18,284,874)	\$ (16,598,948)	\$ (24,661,123)	\$ (25,712,649)	\$ (17,025,935)
<b>General Revenues &amp; Other Changes in Net Position:</b>								
<b>Governmental Activities:</b>								
Unrestricted county appropriations-operating	\$ 15,707,072	\$ 15,981,873	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840	\$ 15,834,840
Unrestricted county appropriations-capital	1,269,775	1,292,236	1,370,284	12,902,162	3,127,024	3,024,183	1,151,525	942,233
Transfers	-	(17,482)	-	-	(459,838)	-	-	-
Investment earnings, unrestricted	219,941	103,007	84,005	66,369	58,335	32,221	16,922	15,426
Miscellaneous, unrestricted	-	-	-	-	-	1,042,358	1,935,406	1,586,969
Subtotal governmental activities	\$ 17,196,788	\$ 17,359,634	\$ 17,289,129	\$ 28,803,371	\$ 18,560,361	\$ 19,933,602	\$ 18,938,693	\$ 18,379,468
<b>Business-type Activities:</b>								
Transfers	\$ -	\$ 17,482	\$ -	\$ -	\$ 459,838	\$ -	\$ -	\$ -
Investment earnings, unrestricted	5,133	586	1,324	2,118	2,139	432	214	299
Miscellaneous, unrestricted	-	-	-	-	-	-	3,137	-
Subtotal business-type activities	\$ 5,133	\$ 18,068	\$ 1,324	\$ 2,118	\$ 461,977	\$ 432	\$ 3,351	\$ 299
Total primary government	\$ 17,201,921	\$ 17,377,702	\$ 17,290,453	\$ 28,805,489	\$ 19,022,338	\$ 19,934,034	\$ 18,942,044	\$ 18,379,767
<b>Change in Net Position:</b>								
Governmental activities	\$ (3,230,070)	\$ (4,633,371)	\$ (2,611,957)	\$ 10,771,937	\$ 2,131,178	\$ (4,430,865)	\$ (6,627,869)	\$ 2,354,164
Business-type activities	(49,091)	(145,963)	(71,753)	(251,322)	292,212	(296,224)	(142,736)	(1,000,332)
Total primary government	\$ (3,279,161)	\$ (4,779,334)	\$ (2,683,710)	\$ 10,520,615	\$ 2,423,390	\$ (4,727,089)	\$ (6,770,605)	\$ 1,353,832

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

A major change in the Chart of Accounts has made this noncomparable with years prior to 2008 for purpose/function. This second chart has been added to reflect the new purposes.

# ROCKINGHAM COUNTY SCHOOLS

## CHANGES IN NET POSITION - Pre-Chart of Accounts Change

For The Prior Two Fiscal Years  
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>
<b>Expenses:</b>		
<b>Governmental Activities:</b>		
<b>Instructional programs:</b>		
Regular	\$ 55,550,673	\$ 57,194,843
Special	14,594,159	14,540,174
Co-curricular	3,644,246	3,476,815
Student services	7,679,518	8,533,121
<b>Support services:</b>		
Pupil	203,660	295,599
Instructional	628,673	725,813
Administration	2,601,570	2,681,154
School administrative	7,647,457	8,550,281
Business	14,706,422	14,832,429
Central	259,738	293,811
Other	1,968,306	1,532,928
Non-programmed charges	159,381	227,701
Subtotal governmental activities expenses	<u>\$ 109,643,803</u>	<u>\$ 112,884,669</u>
<b>Business-type Activities:</b>		
School food service	\$ 7,140,122	\$ 7,116,659
Child care	730,410	756,169
Subtotal business-type activities expenses	<u>\$ 7,870,532</u>	<u>\$ 7,872,828</u>
Total primary government expenses	<u>\$ 117,514,335</u>	<u>\$ 120,757,497</u>
<b>Program Revenues:</b>		
<b>Governmental Activities:</b>		
Charges for services	\$ 1,737,503	\$ 489,712
Operating grants & contributions	87,352,023	92,874,875
Capital grants & contributions	542,226	751,390
Subtotal governmental activities program revenues	<u>\$ 89,631,752</u>	<u>\$ 94,115,977</u>
<b>Business-type Activities:</b>		
Charges for service	\$ 3,712,202	\$ 3,619,320
Operating grants & contributions	3,722,685	3,903,085
Subtotal business-type activities program revenues	<u>\$ 7,434,887</u>	<u>\$ 7,522,405</u>
Total primary government program revenues	<u>\$ 97,066,639</u>	<u>\$ 101,638,382</u>
<b>Net (Expenses) Revenues:</b>		
Governmental activities	\$ (20,012,051)	\$ (18,768,692)
Business-type activities	(435,645)	(350,423)
Total primary government net (expenses) revenues	<u>\$ (20,447,696)</u>	<u>\$ (19,119,115)</u>

# ROCKINGHAM COUNTY SCHOOLS

## CHANGES IN NET POSITION - Pre-Chart of Accounts Change (Continued)

For The Prior Two Fiscal Years  
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>
<b>General Revenues &amp; Other Changes in Net Position:</b>		
<b>Governmental Activities:</b>		
Unrestricted County appropriations-operating	\$ 14,697,160	\$ 15,102,726
Unrestricted County appropriations-capital	7,832,508	1,652,435
Investment earnings	192,346	277,963
Transfers	(136,783)	(140,077)
<b>Subtotal governmental activities</b>	<u>\$ 22,585,231</u>	<u>\$ 16,893,047</u>
<b>Business-type Activities:</b>		
Investment earnings	\$ 23,510	\$ 26,476
Transfers	136,783	140,077
<b>Subtotal business-type activities</b>	<u>\$ 160,293</u>	<u>\$ 166,553</u>
<b>Total primary government</b>	<u>\$ 22,745,524</u>	<u>\$ 17,059,600</u>
<b>Change in Net Position:</b>		
Governmental activities	\$ 2,573,180	\$ (1,875,645)
Business-type activities	(275,352)	(183,870)
<b>Total primary government</b>	<u>\$ 2,297,828</u>	<u>\$ (2,059,515)</u>

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

A major change in the Chart of Accounts has made this noncomparable with years after 2007. A second chart has been started to reflect the new purposes.

# ROCKINGHAM COUNTY SCHOOLS

## FUND BALANCES, GOVERNMENTAL FUNDS

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund:</b>										
Reserved	\$ 615,836	\$ 689,363	\$ 1,060,246	\$ 557,545	\$ 367,302	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,755,650	5,243,500	5,464,076	4,469,922	4,086,971	-	-	-	-	-
Nonspendable	-	-	-	-	-	344,374	319,969	308,209	285,695	197,702
Restricted	-	-	-	-	-	526,667	83,965	24,586	342,466	1,412,004
Assigned	-	-	-	-	-	2,037,424	5,797,810	4,599,504	1,230,925	-
Unassigned	-	-	-	-	-	3,029,837	2,346,710	51,218	1,495,379	3,679,390
<b>Total general fund</b>	<b>\$ 4,371,486</b>	<b>\$ 5,932,863</b>	<b>\$ 6,524,322</b>	<b>\$ 5,027,467</b>	<b>\$ 4,454,273</b>	<b>\$ 5,938,302</b>	<b>\$ 8,548,454</b>	<b>\$ 4,983,517</b>	<b>\$ 3,354,465</b>	<b>\$ 5,289,096</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 622,123	\$ 99,000	\$ 350	\$ -	\$ 72,778	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,231,473	1,334,666	1,285,176	1,268,599	1,884,902	-	-	-	-	-
Capital Outlay Fund	(162,977)	158,133	441,255	501,362	578,169	-	-	-	-	-
Restricted										
Special revenue funds	-	-	-	-	-	3,638,879	4,344,183	2,043,986	2,017,494	5,383,653
Capital Outlay Fund	-	-	-	-	-	603,669	610,624	588,561	693,850	711,823
Assigned, reported in:										
Special revenue funds	-	-	-	-	-	-	-	3,550,727	3,358,257	134,152
<b>Total all other governmental funds</b>	<b>\$ 1,690,619</b>	<b>\$ 1,591,799</b>	<b>\$ 1,726,781</b>	<b>\$ 1,769,961</b>	<b>\$ 2,535,849</b>	<b>\$ 4,242,548</b>	<b>\$ 4,954,807</b>	<b>\$ 6,183,274</b>	<b>\$ 6,069,601</b>	<b>\$ 6,229,628</b>

Note: Source of information is from the financial records of Rockingham County Schools and is summarized in the annual financial reports. Years 2011-2015 reflect the implementation of GASB 54, which changes how fund balance is presented.

# ROCKINGHAM COUNTY SCHOOLS

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
State of North Carolina	\$ 73,986,154	\$ 79,103,713	\$ 83,195,641	\$ 85,976,534	\$ 77,274,059	\$ 76,931,010	\$ 78,289,504	\$ 77,810,833	\$ 75,311,872	\$ 77,352,006
Rockingham County	22,529,668	16,755,161	16,996,683	17,274,109	17,205,124	28,737,002	18,961,864	18,844,783	16,986,365	16,767,365
U.S. Government	8,115,941	8,009,103	8,667,641	8,968,159	14,935,543	14,566,686	12,753,558	8,264,758	10,218,128	9,333,685
Contributions & donations	198,378	460,303	363,410	469,836	507,637	838,835	1,795,461	804,808	804,323	1,401,506
Other	7,523,624	6,820,821	7,718,056	6,892,144	7,549,418	6,746,527	7,155,960	7,830,401	7,349,557	8,028,482
<b>Total revenues</b>	<b>\$ 112,353,765</b>	<b>\$ 111,149,101</b>	<b>\$ 116,941,431</b>	<b>\$ 119,580,782</b>	<b>\$ 117,471,781</b>	<b>\$ 127,820,060</b>	<b>\$ 118,956,347</b>	<b>\$ 113,555,583</b>	<b>\$ 110,670,245</b>	<b>\$ 112,883,044</b>
<b>Expenditures:</b>										
Instructional programs	\$ 77,324,341	\$ 79,831,607	\$ 93,012,441	\$ 95,768,662	\$ 91,712,024	\$ 89,776,172	\$ 89,952,892	\$ 88,913,475	\$ 87,897,782	\$ 85,953,766
Support services	25,453,976	26,653,898	20,487,685	21,793,550	21,800,619	20,536,697	21,152,850	23,867,332	23,489,911	22,735,735
Ancillary services	-	-	676,752	662,632	621,796	454,382	329,823	246,543	188,607	199,948
Non-programmed charges	159,381	227,701	273,048	326,966	599,319	494,808	504,834	443,180	481,381	599,091
Debt service										
Interest	-	-	-	-	-	-	-	-	-	29,648
Principal retirement	542,226	751,390	577,534	1,132,751	533,555	359,269	-	314,984	497,495	467,844
Capital outlay	8,279,213	3,627,428	1,237,492	2,943,438	1,992,248	13,050,665	3,216,120	2,748,265	810,477	714,361
<b>Total expenditures</b>	<b>\$ 111,759,137</b>	<b>\$ 111,092,024</b>	<b>\$ 116,264,952</b>	<b>\$ 122,627,999</b>	<b>\$ 117,259,561</b>	<b>\$ 124,671,993</b>	<b>\$ 115,156,519</b>	<b>\$ 116,533,779</b>	<b>\$ 113,365,653</b>	<b>\$ 110,700,393</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 594,628</b>	<b>\$ 57,077</b>	<b>\$ 676,479</b>	<b>\$ (3,047,217)</b>	<b>\$ 212,220</b>	<b>\$ 3,148,067</b>	<b>\$ 3,799,828</b>	<b>\$ (2,978,196)</b>	<b>\$ (2,695,408)</b>	<b>\$ 2,182,651</b>
<b>Other Financing Sources (Uses):</b>										
Installment purchase obligations issued	\$ -	\$ 1,590,921	\$ -	\$ 1,624,685	\$ -	\$ -	\$ -	\$ 629,966	\$ 975,197	\$ -
Transfers to other funds	(136,783)	(140,077)	-	(17,482)	-	-	(459,838)	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ (136,783)</b>	<b>\$ 1,450,844</b>	<b>\$ -</b>	<b>\$ 1,607,203</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (459,838)</b>	<b>\$ 629,966</b>	<b>\$ 975,197</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ 457,845</b>	<b>\$ 1,507,921</b>	<b>\$ 676,479</b>	<b>\$ (1,440,014)</b>	<b>\$ 212,220</b>	<b>\$ 3,148,067</b>	<b>\$ 3,339,990</b>	<b>\$ (2,348,230)</b>	<b>\$ (1,720,211)</b>	<b>\$ 2,182,651</b>
<b>Change in reserve for inventories</b>	<b>36,772</b>	<b>(45,364)</b>	<b>49,962</b>	<b>(13,663)</b>	<b>(19,526)</b>	<b>42,661</b>	<b>(24,405)</b>	<b>11,760</b>	<b>(22,514)</b>	<b>(87,993)</b>
<b>Increase (decrease) in fund balances for the year</b>	<b>\$ 494,617</b>	<b>\$ 1,462,557</b>	<b>\$ 726,441</b>	<b>\$ (1,453,677)</b>	<b>\$ 192,694</b>	<b>\$ 3,190,728</b>	<b>\$ 3,315,585</b>	<b>\$ (2,336,470)</b>	<b>\$ (1,742,725)</b>	<b>\$ 2,094,658</b>
<b>Debt service-as a percentage of non-capital expenditures</b>	<b>0.53%</b>	<b>0.70%</b>	<b>0.50%</b>	<b>0.96%</b>	<b>0.47%</b>	<b>0.32%</b>	<b>-</b>	<b>0.28%</b>	<b>0.44%</b>	<b>0.45%</b>

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

# ROCKINGHAM COUNTY SCHOOLS

## ANALYSIS OF GENERAL FUND BALANCE

For The Last Ten Fiscal Years

<u>Year Ended June 30:</u>	<u>Nonspendable for Inventories</u>	<u>Restricted Stabilization by State Statute</u>	<u>Assigned for Subsequent Years Expenditures</u>	<u>Unassigned</u>	<u>Total General Fund Balance</u>
2006	\$ 330,304	\$ 285,532	\$ 1,020,082	\$ 2,735,568	\$ 4,371,486
2007	284,940	404,423	926,086	4,317,414	5,932,863
2008	334,902	725,344	2,628,979	2,835,097	6,524,322
2009	321,239	236,306	3,116,283	1,353,639	5,027,467
2010	301,713	65,589	400,000	3,686,971	4,454,273
2011	344,374	526,667	2,037,424	3,029,837	5,938,302
2012	319,969	83,965	5,797,810	2,346,710	8,548,454
2013	308,209	24,586	4,599,504	51,218	4,983,517
2014	285,695	342,466	1,230,925	1,495,379	3,354,465
2015	197,702	1,412,004	-	3,679,390	5,289,096

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

This reflects the implementation of GASB 54.

# ROCKINGHAM COUNTY SCHOOLS

## OPERATIONAL AND CAPITAL EXPENDITURES IN TOTAL AND PER PUPIL

For The Last Ten Fiscal Years

Year Ended June 30:	Average Daily Membership	Instructional	Support	Ancillary Services	Other	Capital Outlay	Total
2006	14,326	\$ 77,324,341 5,397	\$ 25,453,976 1,777	\$ - -	\$ 159,381 11	\$ 8,279,213 578	\$ 111,216,911 7,763
2007	14,179	79,831,607 5,630	26,653,898 1,880	- -	227,701 16	3,627,428 256	110,340,634 7,782
2008	14,119	93,012,441 6,588	20,487,685 1,451	676,752 48	273,048 19	1,237,492 88	115,687,418 8,194
2009	13,860	95,768,662 6,910	21,793,550 1,572	662,632 48	326,966 24	2,943,438 212	121,495,248 8,766
2010	13,679	91,712,024 6,705	21,800,619 1,594	621,796 45	599,319 44	1,992,248 146	116,726,006 8,533
2011	13,527	89,776,172 6,637	20,536,697 1,518	454,382 34	494,808 37	13,050,665 965	124,312,724 9,190
2012	13,388	89,952,892 6,719	21,152,850 1,580	329,823 25	504,834 38	3,216,120 240	115,156,519 8,601
2013	13,179	88,913,475 6,747	23,867,332 1,811	246,543 19	443,180 34	2,748,265 209	116,218,795 8,818
2014	12,974	87,897,782 6,775	23,489,911 1,811	188,607 15	481,381 37	810,477 62	112,868,158 8,700
2015	12,807	85,953,766 6,711	22,735,735 1,775	199,948 16	599,091 47	714,361 56	110,202,901 8,605

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

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

# ROCKINGHAM COUNTY SCHOOLS

## PER PUPIL EXPENDITURES (EXCLUDES CAPITAL OUTLAY)

For The Last Ten Fiscal Years

<u>Year Ended June 30:</u>	<u>Average Daily Membership</u>	<u>State</u>	<u>Federal</u>	<u>Local</u>	<u>Total</u>
2006	14,326	\$ 5,110	\$ 806	\$ 1,558	\$ 7,474
2007	14,179	5,576	814	1,437	7,827
2008	14,119	5,842	866	1,629	8,337
2009	13,860	6,174	920	1,816	8,910
2010	13,679	5,552	1,378	1,697	8,627
2011	13,527	5,650	1,381	1,479	8,510
2012	13,388	5,881	1,261	1,492	8,634
2013	13,179	5,865	907	1,931	8,703
2014	12,974	5,757	958	2,082	8,797
2015	12,807	6,058	1,018	1,708	8,784

Source: North Carolina Public Schools Statistical Profile (2006-2015 Editions).

# ROCKINGHAM COUNTY SCHOOLS

## SCHOOL FOOD SERVICE REVENUES BY SOURCE

For The Last Ten Fiscal Years

<b>Year Ended June 30:</b>	<b>Food Sales</b>	<b>Federal Reimbursements</b>	<b>Federal Commodities</b>	<b>Interest Earned</b>	<b>Transfers From Other Funds</b>	<b>Indirect Costs Not Paid</b>	<b>Other</b>	<b>Total</b>
2006	\$ 2,901,624	\$ 3,317,255	\$ 349,863	\$ 23,510	\$ 136,783	\$ -	\$ 124,583	\$ 6,853,618
2007	2,852,099	3,506,156	348,937	26,476	140,077	-	84,114	6,957,859
2008	2,919,411	3,534,847	356,290	5,133	-	435,851	46,432	7,297,964
2009	2,652,444	3,776,377	371,829	586	17,482	419,972	39,827	7,278,517
2010	2,360,508	4,012,545	419,610	1,324	-	555,722	84,246	7,433,955
2011	2,244,708	4,132,302	434,749	2,118	-	-	67,933	6,881,810
2012	2,145,091	4,068,970	319,984	1,943	459,838	-	42,939	7,038,765
2013	1,566,499	4,023,078	341,997	345	-	379,041	35,328	6,346,288
2014	1,361,532	4,148,016	368,665	92	-	387,342	30,319	6,295,966
2015	542,305	4,403,514	360,728	167	-	473,309	4,973	5,784,996

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

# ROCKINGHAM COUNTY SCHOOLS

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## RATIO OF OUTSTANDING DEBT BY TYPE

For The Last Ten Fiscal Years

<u>Year Ended June 30:</u>	<u>Installment Purchases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2006	\$ 162,911	\$ 162,911	0.01%	\$ 2
2007	1,002,442	1,002,442	0.04%	11
2008	424,908	424,908	0.02%	5
2009	916,846	916,846	0.03%	10
2010	383,291	383,291	0.01%	4
2011	-	-	-	-
2012	-	-	-	-
2013	314,982	314,982	0.01%	3
2014	792,684	792,684	N/A	9
2015	324,840	324,840	N/A	4

N/A reflects figures which are currently not available.

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

## **ROCKINGHAM COUNTY SCHOOLS**

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### **STUDENT INFORMATION**

**For The Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenditures per Student</b>	<b>\$7,801</b>	<b>\$7,835</b>	<b>\$8,235</b>	<b>\$8,848</b>	<b>\$8,572</b>	<b>\$9,217</b>	<b>\$8,601</b>	<b>\$8,842</b>	<b>\$8,738</b>	<b>\$8,644</b>
<b>Students/Teacher Ratio</b>	<b>15.05</b>	<b>15.10</b>	<b>14.94</b>	<b>14.50</b>	<b>14.77</b>	<b>15.25</b>	<b>15.51</b>	<b>15.61</b>	<b>15.14</b>	<b>15.77</b>
<b>Percentage of Students on Free or Reduced Lunch</b>	<b>50.68%</b>	<b>51.39%</b>	<b>52.43%</b>	<b>54.84%</b>	<b>57.76%</b>	<b>58.32%</b>	<b>58.99%</b>	<b>58.97%</b>	<b>61.49%</b>	<b>100.00%</b>

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

North Carolina Public Schools Statistical Profile (2006-2015 Editions).

NC Department of Public Instruction Free & Reduced Meals Application Data Reports. Information for 2015 obtained from Rockingham County Schools Student Data.

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

# ROCKINGHAM COUNTY SCHOOLS

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## NUMBER OF PERSONNEL

For The Last Ten Fiscal Years

Year Ended June 30:	Number of Schools	Teachers	Certified Support Personnel	Other Operating Personnel	Total
2006	25	952	181	635	1,768
2007	25	939	194	599	1,732
2008	25	945	201	594	1,740
2009	26	956	205	559	1,720
2010	26	926	211	561	1,698
2011	26	887	219	508	1,614
2012	26	863	218	495	1,576
2013	26	844	218	453	1,515
2014	25	857	236	432	1,525
2015	25	812	223	417	1,452

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

**Source:** North Carolina Public Schools Statistical Profile (2006-2015 Editions)

# ROCKINGHAM COUNTY SCHOOLS

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## CAPITAL ASSETS BY FUNCTION

For The Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Administration:</b>										
Number of Administrative Buildings	2	2	2	2	2	2	2	2	3	3
Number of Maintenance Facilities	1	1	1	1	1	1	1	1	1	1
Number of Garage Facilities	1	1	1	1	1	1	1	1	1	1
<b>Schools:</b>										
Number of High Schools	4	4	4	4	4	4	4	4	4	5
Number of Middle Schools	4	4	4	4	4	4	4	4	4	4
Number of Elementary Schools	16	16	16	16	16	16	16	16	15	15
Number of Alternative Schools	1	1	1	1	1	1	1	1	1	1
<b>Idle Buildings</b>	2	1	1	1	1	1	1	1	1	1
<b>Rented Buildings</b>	-	1	1	1	1	1	1	1	1	1

Note: Buildings range in age from 3 years to 80 years.

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

# ROCKINGHAM COUNTY, NORTH CAROLINA

## PRINCIPAL PROPERTY TAXPAYERS

For the Years Ended December 31, 2014 and December 31, 2005

Taxpayer	2014			2005		
	Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 616,938	1	8.80%	\$ 178,422	1	3.06%
Miller Brewing	194,780	2	3.09%	128,252	3	2.20%
Commonwealth Brands	105,273	3	1.10%	26,896	8	0.46%
Frontier Spinning	50,934	4	0.57%			
Unifi Manufacturing	46,554	5	0.69%	125,364	4	2.17%
Gildan Activewear	45,397	6	0.59%			
Walmart	37,966	7	0.57%	55,248	5	0.96%
Transcontinental Pipeline	28,491	8	0.39%	29,617	6	0.50%
Piedmont Natural Gas	23,747	9	0.36%	29,189	7	0.50%
Norfolk Southern	22,446	10	0.36%			
Rockingham Power				133,998	2	2.30%
Central Telephone				26,009	9	0.44%
Ball Metal Beverage Corporation				20,561	10	0.36%
Total	<u>\$ 1,172,526</u>		<u>16.52%</u>	<u>\$ 753,556</u>		<u>12.95%</u>

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

# ROCKINGHAM COUNTY, NORTH CAROLINA

## PROPERTY TAX LEVIES AND COLLECTIONS

For The Last Ten Fiscal Years

Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 37,430,833	\$ 36,213,191	96.7%	\$ 1,124,361	\$ 37,337,552	99.8%
2007	40,460,777	39,113,403	96.7%	1,253,455	40,366,858	99.8%
2008	42,228,158	40,667,236	96.3%	1,450,915	42,118,151	99.7%
2009	42,850,874	41,484,264	96.8%	1,256,278	42,740,542	99.7%
2010	43,675,396	42,390,080	97.1%	1,159,419	43,549,499	99.7%
2011	44,672,193	43,377,992	97.1%	1,140,825	44,518,817	99.7%
2012	46,593,254	45,244,371	97.1%	1,154,023	46,398,394	99.6%
2013	51,019,969	49,625,221	97.3%	1,123,553	50,748,774	99.5%
2014	49,767,521	48,443,329	97.3%	863,349	49,306,678	99.1%
2015	49,249,221	48,464,476	98.4%	-	48,464,476	98.4%

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

## ROCKINGHAM COUNTY, NORTH CAROLINA

### ASSESSED VALUE OF TAXABLE PROPERTY

For The Last Ten Fiscal Years (in thousands)

Year Ended December 31:	Real Property		Personal Property		Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Motor Vehicles	Other			
2005	\$ 3,500,993	\$ 755,138	\$ 673,527	\$ 1,070,420	\$ (218,974)	\$ 5,781,104	6.35
2006	3,578,985	800,067	693,292	1,071,046	(221,218)	5,922,172	6.85
2007	3,663,326	796,671	689,562	1,032,744	(218,419)	5,963,884	7.05
2008	3,735,764	812,610	674,915	1,025,907	(224,058)	6,025,138	7.05
2009	3,780,387	823,117	625,425	1,101,483	(228,955)	6,101,457	7.15
2010	3,804,459	821,194	580,557	1,088,871	(233,043)	6,062,038	7.15
2011	4,233,767	880,787	604,852	1,239,276	(321,871)	6,636,811	6.98
2012	4,257,049	884,133	634,782	1,368,058	(327,541)	6,816,481	6.96
2013	4,277,566	888,480	369,751	1,412,525	(334,928)	6,613,394	6.96
2014	4,300,032	892,311	675,540	1,070,420	(218,974)	6,719,329	6.35

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

# ROCKINGHAM COUNTY, NORTH CAROLINA

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

For The Last Ten Fiscal Years

Name of Unit	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rockingham County	0.635	0.635	0.685	0.705	0.705	0.715	0.698	0.696	0.696	0.696
City of Reidsville	0.67	0.67	0.73	0.73	0.73	0.71	0.71	0.71	0.74	0.74
City of Eden	0.57	0.57	0.57	0.62	0.62	0.609	0.609	0.609	0.609	0.609
Town of Madison	0.73	0.73	0.73	0.73	0.73	0.73	0.75	0.73	0.73	0.73
Town of Mayodan	0.53	0.53	0.53	0.58	0.58	0.58	0.58	0.58	0.63	0.63
Town of Stoneville	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67
<b>Fire Districts:</b>										
Wentworth	0.10	0.10	0.10	0.095	0.090	0.09	0.09	0.09	0.09	0.09
Stokesdale	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.10	0.10
Bethany	0.08	0.08	0.08	0.08	0.11	0.11	0.11	0.11	0.11	0.11
Northwest	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115	0.115
Huntsville	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.055	0.085	0.085
Oregon Hill	0.05	0.05	0.05	0.05	0.05	0.07	0.07	0.07	0.07	0.07
Shiloh	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Monroeton	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Williamsburg	0.088	0.0875	0.0875	0.0875	0.11	0.11	0.11	0.11	0.11	0.11
Summerfield	0.088	0.088	0.088	0.088	0.088	0.0915	0.0915	0.0915	0.0915	0.0915
Yanceyville	0.05	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Stoneyview	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
Casville	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.07	0.07
Jacobs Creek	0.07	0.07	0.07	0.07	0.0875	0.0832	0.0832	0.0832	0.0950	0.0950
Madison/Mayodan	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
Stokes/Rockingham	0.06	0.06	0.06	0.06	0.08	0.0804	0.0804	0.0804	0.0804	0.0804
Ruffin	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Draper Rural	0.03	0.03	0.035	0.035	0.05	0.05	0.05	0.05	0.05	0.05
Leaksville Rural	0.08	0.08	0.08	0.08	0.10	0.10	0.10	0.10	0.10	0.10
Spray-Draper	0.03	0.03	0.035	0.035	0.05	0.05	0.05	0.05	-	-
Spray-Leaksville	0.08	0.08	0.08	0.08	0.10	0.10	0.10	0.10	-	-

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

# ROCKINGHAM COUNTY, NORTH CAROLINA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(in thousands)

As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Share of Overlapping Debt
Rockingham County	<u>\$ 75,552,257</u>	100.00%	<u>\$ 75,552,257</u>
Direct Debt Total	<u>75,552,257</u>		<u>75,552,257</u>
City of Eden	15,350,964	100.00%	15,350,964
City of Madison	<u>116,201</u>	100.00%	<u>116,201</u>
Overlapping Debt Total	<u>15,467,165</u>		<u>15,467,165</u>
Total Direct and Overlapping Debt	<u><u>\$ 91,019,422</u></u>		<u><u>\$ 91,019,422</u></u>

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

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

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

# ROCKINGHAM COUNTY, NORTH CAROLINA

## COMPUTATION OF LEGAL DEBT LIMIT

For The Last Ten Fiscal Years

Year Ended June 30	Debt Limit	Total net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	\$ 466,658,846	\$ 28,570,001	\$ 438,088,845	6.52%
2007	471,713,224	27,335,000	444,378,224	5.80%
2008	451,216,631	26,050,000	425,166,631	5.77%
2009	480,393,413	75,405,754	404,987,659	15.70%
2010	485,749,634	74,159,695	411,589,939	15.27%
2011	486,358,345	70,584,827	415,773,518	14.51%
2012	532,504,922	91,365,989	441,138,933	17.16%
2013	545,705,638	86,511,920	459,193,718	15.85%
2014	573,387,685	80,740,731	492,646,954	14.08%
2015	564,561,729	80,165,138	484,396,591	14.20%

### Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 7,057,021,611
Add back: exempt real property	-
<b>Total assessed value</b>	<b>\$ 7,057,021,611</b>
Debt Limit (8% of total assessed value)	\$ 564,561,729
Debt applicable to limit:	
General obligation debt	80,165,138
Less: Amount set aside for repayment of general obligation debt	-
<b>Legal debt margin</b>	<b>\$ 484,396,591</b>

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

# ROCKINGHAM COUNTY, NORTH CAROLINA

## DEMOGRAPHIC STATISTICS

For The Last Ten Fiscal Years

Year Ended June 30	Population	Personal Income (in thousands)	Per Capita Income	Avg. Annual Labor Force	Public School Enrollment	Unemployment Rate
2006	92,614	2,461,225	26,706	46,747	14,637	6.7%
2007	93,063	2,539,928	27,550	45,396	14,637	6.0%
2008	92,421	2,749,592	29,850	44,838	14,438	6.0%
2009	92,282	2,807,733	30,435	43,331	14,361	7.7%
2010	92,252	2,801,270	29,920	43,359	14,194	12.9%
2011	93,643	2,880,841	30,868	42,825	14,194	11.5%
2012	93,558	2,995,548	32,307	44,327	13,799	12.2%
2013	92,720	3,012,455	32,788	43,721	14,582	10.3%
2014	93,217	N/A	N/A	41,863	13,179	7.1%
2015	91,696	N/A	N/A	41,171	13,013	7.8%

N/A reflects figures which are currently not available.

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015

# ROCKINGHAM COUNTY, NORTH CAROLINA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Rockingham County School System	1,921	1	4.67%	2,040	1	4.37%
Unifi, Inc.	896	2	2.18%	712	4	1.52%
Wal-Mart Associates, Inc.	807	3	1.96%			
Rockingham County	738	4	1.79%	912	2	1.95%
Morehead Memorial Hospital	675	5	1.64%	840	3	1.80%
Moses H. Cone Memorial Hospital	577	6	1.40%			
MillerCoors	560	7	1.36%	700	5	1.50%
Frontier Spinning Mills	515	8	1.25%	575	7	1.23%
Keystone Foods	424	9	1.03%			
Rockingham Community College	420	10	1.02%	432	10	0.90%
Karastan				535	8	1.14%
National Textiles				600	6	1.28%
Annie Penn Hospital				515	9	1.10%
<b>Total</b>	<b>7,533</b>		<b>18.30%</b>	<b>7,861</b>		<b>16.79%</b>

Source: Rockingham County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.



## **Vision Statement**

Rockingham County Schools will empower all students to compete globally.

## **Mission Statement**

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

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**Contents and Composition by  
The Finance Department**

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