

**ROANOKE RAPIDS GRADED  
SCHOOL DISTRICT  
Roanoke Rapids, North Carolina**

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

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# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Roanoke Rapids Graded School District  
Roanoke Rapids, 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 Roanoke Rapids Graded School District, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Roanoke Rapids Graded School District as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedule of Board Contributions on pages 50 through 55, 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 Roanoke Rapids Graded School District's basic financial statements. The individual nonmajor fund schedules, budgetary schedules and the accompanying schedule of expenditures of federal and State awards as required by the Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund schedules, budgetary schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, budgetary schedules and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019 on our consideration of the Roanoke Rapids Graded School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roanoke Rapids Graded School District's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

August 16, 2019  
West End, North Carolina  
(910) 603-0508

## **ROANOKE RAPIDS GRADED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the Roanoke Rapids Graded School District's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2019. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

For the fiscal year ended June 30, 2019, the Board's total government-wide net position increased by only \$1,000. Governmental activities net position increased by \$198,000, or 2.0%, and business-type activities net position decreased by \$197,000.

- The Board's average daily membership (ADM) for the fiscal year ended June 30, 2019 was 2,796 students, a decrease of 50 students from the 2018 ADM of 2,846.
- The Board's governmental funds reported a combined fund balance of \$3.2 million at June 30, 2019, an increase of \$462,000 from the amount reported at June 30, 2018.
- The Board's total government-wide unrestricted net position at June 30, 2019 increased by \$140,000 from the prior year. Governmental activities unrestricted net position increased by \$351,000 while business-type activities unrestricted net position decreased by \$211,000 from the prior year due to the operating losses recognized in the School Food Service fund.

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

The audited financial statements of the Roanoke Rapids Graded School District consist of five components. They are as follows:

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

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

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

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements

## **ROANOKE RAPIDS GRADED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 and City's property tax bases 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 and city funding along with 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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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Roanoke Rapids Graded School District has three types of funds:

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

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

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Roanoke Rapids Graded Schools has one fiduciary fund – Roanoke Rapids School Foundation, which is an endowment fund under the control of the Roanoke Rapids School Foundation Board and administered by The Board of Education. This is accounted for as a private purpose trust fund.

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

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

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows exceeded assets and deferred outflows by \$10.0 million as of June 30, 2019 as compared to liabilities and deferred inflows exceeding assets and deferred outflows by \$10.0 million as of June 30, 2018, an increase of only \$1,000. The largest component of net position is net investment in capital assets of \$31.6 million. Following is a summary of the Statement of Net Position at June 30, 2019 and 2018:



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Current assets	\$ 4,160,216	\$ 3,672,753	\$ 568,679	\$ 698,045	\$ 4,728,895	\$ 4,370,798
Capital assets	31,201,559	31,724,193	408,904	396,674	31,610,463	32,120,867
Total assets	35,361,775	35,396,946	977,583	1,094,719	36,339,358	36,491,665
Deferred outflows of resources	10,385,656	8,305,723	324,013	243,938	10,709,669	8,549,661
Current liabilities	1,959,171	1,869,442	36,587	32,557	1,995,758	1,901,999
Long-term liabilities	39,361,051	40,472,169	1,224,950	1,178,622	40,586,001	41,650,791
Total liabilities	41,320,222	42,341,611	1,261,537	1,211,179	42,581,759	43,552,790
Deferred inflows of resources	14,069,327	11,201,280	438,934	328,982	14,508,261	11,530,262
Net investment in capital assets	31,201,559	31,724,193	408,904	396,674	31,610,463	32,120,867
Restricted net position	1,196,624	826,601	4,161	3,198	1,200,785	829,799
Unrestricted net position (deficit)	(42,040,301)	(42,391,016)	(811,940)	(601,376)	(42,852,241)	(42,992,392)
Total net position (deficit)	\$ (9,642,118)	\$ (9,840,222)	\$ (398,875)	\$ (201,504)	\$ (10,040,993)	\$ (10,041,726)

The net position of the Board's governmental activities increased \$198,000 during the year, from \$(9.8) million at June 30, 2018 to \$(9.6) million at June 30, 2019. Restricted net position increased by \$370,000, primarily due to increased fund balance in the Individual Schools Fund and an increase in restricted fund balance in the Special Revenue Fund due to Medicaid carryover. Unrestricted net position increased \$351,000 compared to the prior year, due primarily to the increase in fund balance in the General Fund. Net investment in capital assets decreased \$523,000 due to an excess of depreciation over capital additions for the.

The net position of the Board's business-type activities decreased \$197,000 from \$(201,000) at June 30, 2018 to \$(399,000) at June 30, 2019. This decrease of \$197,000 is the combined net losses generated by our school food service and child care operations during the 2019 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Revenues:						
Program revenues:						
Charges for services	\$ 566,361	\$ 456,917	\$ 418,579	\$ 497,801	\$ 984,940	\$ 954,718
Operating grants and contributions	20,893,438	20,299,612	1,147,933	1,180,475	22,041,371	21,480,087
Capital grants and contributions	-	-	-	295,000	-	295,000
General revenues:						
County and City appropriations	5,068,224	21,477,172	-	-	5,068,224	21,477,172
State appropriations	1,502,211	1,447,192	-	-	1,502,211	1,447,192
Other revenues	235,148	202,668	2,334	(505)	237,482	202,163
Total revenues	<u>28,265,382</u>	<u>43,883,561</u>	<u>1,568,846</u>	<u>1,972,771</u>	<u>29,834,228</u>	<u>45,856,332</u>
Expenses:						
Governmental activities:						
Instructional services	22,067,912	23,417,652	-	-	22,067,912	23,417,652
System-wide support services	5,823,895	6,468,542	-	-	5,823,895	6,468,542
Ancillary services	6,439	18,648	-	-	6,439	18,648
Unallocated depreciation	122,849	41,932	-	-	122,849	41,932
Business-type activities:						
School food service	-	-	1,642,257	1,835,711	1,642,257	1,835,711
Child care	-	-	170,143	103,499	170,143	103,499
Total expenses	<u>28,021,095</u>	<u>29,946,774</u>	<u>1,812,400</u>	<u>1,939,210</u>	<u>29,833,495</u>	<u>31,885,984</u>
Transfers in (out)	<u>(46,183)</u>	<u>(61,333)</u>	<u>46,183</u>	<u>61,333</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	198,104	13,875,454	(197,371)	94,894	733	13,970,348
Beginning net position (deficit)	<u>(9,840,222)</u>	<u>(23,715,676)</u>	<u>(201,504)</u>	<u>(296,398)</u>	<u>(10,041,726)</u>	<u>(24,012,074)</u>
Ending net position (deficit)	<u>\$ (9,642,118)</u>	<u>\$ (9,840,222)</u>	<u>\$ (398,875)</u>	<u>\$ (201,504)</u>	<u>\$ (10,040,993)</u>	<u>\$ (10,041,726)</u>

For the year ended June 30, 2019, total governmental activities generated revenues of \$28.3 million, expenses of \$28.0 million and transfers out of \$46,000 resulting in an increase in net position of \$198,000. Comparatively, revenues were \$43.9 million, expenses totaled \$30.0 million and transfers out were \$61,000 for the year ended June 30, 2018, resulting in an increase in net position of \$13.8 million. The decrease in expenses is due to a decrease in instructional services, and more specifically as a result of a decrease in pension and OPEB related expenses of \$1.6 million. While expenses decreased \$1.9 million, revenues decreased \$15.6 million from the previous year, this decrease is due to the previous year capitalization of the new Elementary School paid for by the County.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Board’s primary sources of revenues were funding from the State of North Carolina, Halifax County, and the United States Government, which respectively comprised 71.2%, 8.6% and 6.6% of our total revenues. As would be expected, the major component of our expenditures was instructional services which accounted for 77.2% of our total expenditures during the most recent fiscal year. Of the remaining 22.8% of our total expenditures, 20.0% was attributable to system-wide support services.

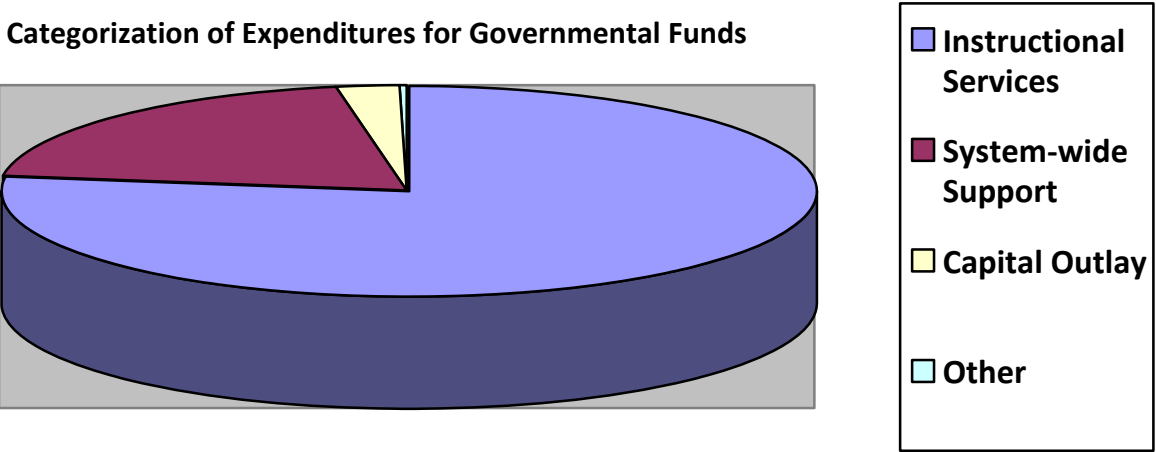
Our business-type activities generated revenues of \$1.6 million, while expenses in this category totaled \$1.0 million for the year ended June 30, 2019. For the year, net position decreased by \$197,000 (including transfers in of \$46,000). Comparatively, revenues and expenses were \$2.0 million and \$1.9 million respectively with transfers in of \$61,000 and contributed capital of \$295,000 for the year ended June 30, 2018, resulting in an increase in net position of \$95,000.

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

*Governmental Funds:* The focus of Roanoke Rapids Graded School District’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board’s financing requirements.

The Board’s governmental funds reported a combined fund balance of \$3.2 million at June 30, 2019, an increase of \$462,000 from the amount reported at June 30, 2018. The Board’s General, Other Special Revenue and Individual Schools fund reported revenues over expenditures for the year ended June 30, 2019 of \$272,000, 157,000 and \$110,000 respectively, while the Capital Outlay fund reported a decrease in fund balance of \$77,000. Overall, total governmental fund revenues decreased by \$15.7 million, or 35.6%, from the prior year, while total expenditures decreased by \$16.6 million, or 37.3%, the changes from the previous year is primarily due to the new Elementary school paid for by the County which was completed last year.

The following chart summarizes governmental fund expenditures:



Expenditures presented on modified accrual basis of accounting.

*Proprietary Funds:* The Board’s business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of \$197,000 for the fiscal year ended June 30, 2019 compared to an increase of \$95,000 for the same 2018 period. Net loss in the School Food Service Fund (including transfers in) was \$154,000 for the fiscal year ended June 30, 2019 compared to net income of \$72,000 for 2018, a decrease of \$226,000. The Child Care Fund reported a net loss of \$43,000 in 2019 compared to a net income of \$23,000 in 2018, a decline of \$66,000.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments.

**Capital Assets**

Total primary government capital assets were \$31.6 million at June 30, 2019 compared to \$32.1 million at June 30, 2018, a decrease of \$510,000 due to an excess of depreciation expense over capital additions for the year. More detailed information about the Board’s capital assets is contained in the notes to the financial statements. The following is a summary of the Board’s capital assets, net of depreciation, at June 30, 2019 and 2018.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Land	\$ 1,603,163	\$ 1,448,163	\$ -	\$ -	\$ 1,603,163	\$ 1,448,163
Construction in progress	825,807	983,897	-	-	825,807	983,897
Buildings and improvements	28,468,499	28,870,204	-	-	28,468,499	28,870,204
Equipment and furniture	204,667	287,773	408,904	396,674	613,571	684,447
Vehicles	99,423	134,156	-	-	99,423	134,156
<b>Total</b>	<b>\$ 31,201,559</b>	<b>\$ 31,724,193</b>	<b>\$ 408,904</b>	<b>\$ 396,674</b>	<b>\$ 31,610,463</b>	<b>\$ 32,120,867</b>

**Economic Factors**

County and City funding are a major source of income for the Board; therefore, the local area’s economic outlook directly affects that of the Board’s. Roanoke Rapids and Halifax County continue to feel the effects of the national recession. Our unemployment rate was 6.5% at June 30, 2019 while the State and national rates were 4.1% and 3.7%, respectively.

Our local school district’s supplemental tax provides approximately 34.8% of our funding for local budgets. These funds are critical for the effective operation of the school district. The Board has maintained a healthy fund balance over the years, but if State funding continues to decline and federal ARRA stimulus grant revenues are not replaced, the district will continue to face some challenging funding decisions in the future.

**Requests for Information**

This report is intended to provide a summary of the financial condition of Roanoke Rapids Graded School District. Questions or requests for additional information should be addressed to:

Andrea Midgette, Finance Officer  
Roanoke Rapids Graded School District  
536 Hamilton Street  
Roanoke Rapids, NC 27870

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 3,294,613	\$ 478,568	\$ 3,773,181
Due from other governments	835,088	33,020	868,108
Receivables	1,132	8,758	9,890
Net OPEB asset	29,383	917	30,300
Inventories	-	47,416	47,416
Capital assets:			
Land and construction in progress	2,428,970	-	2,428,970
Other capital assets, net of depreciation	28,772,589	408,904	29,181,493
Total capital assets	<u>31,201,559</u>	<u>408,904</u>	<u>31,610,463</u>
 Total assets	 <u>35,361,775</u>	 <u>977,583</u>	 <u>36,339,358</u>
 <b>Deferred Outflows of Resources</b>	 <u>10,385,656</u>	 <u>324,013</u>	 <u>10,709,669</u>
 <b>Liabilities</b>			
Accounts payable and accrued expenses	185,588	2,310	187,898
Accrued salaries and wages payable	668,416	-	668,416
Unearned revenue	917	7,890	8,807
Long-term liabilities:			
Due within one year	1,104,250	26,387	1,130,637
Due in more than one year	598,265	15,635	613,900
Net pension liability	10,939,941	341,302	11,281,243
Net OPEB liability	<u>27,822,845</u>	<u>868,013</u>	<u>28,690,858</u>
 Total liabilities	 <u>41,320,222</u>	 <u>1,261,537</u>	 <u>42,581,759</u>
 <b>Deferred Inflows of Resources</b>	 <u>14,069,327</u>	 <u>438,934</u>	 <u>14,508,261</u>
 <b>Net position</b>			
Net investment in capital assets	31,201,559	408,904	31,610,463
Restricted for:			
Stabilization by State statute	148,994	-	148,994
School capital outlay	360,806	-	360,806
Instructional services	290,378	-	290,378
Individual schools activities	263,084	-	263,084
DIPNC OPEB plan	133,362	4,161	137,523
Unrestricted (deficit)	<u>(42,040,301)</u>	<u>(811,940)</u>	<u>(42,852,241)</u>
 Total net position (deficit)	 <u>\$ (9,642,118)</u>	 <u>\$ (398,875)</u>	 <u>\$ (10,040,993)</u>

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



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

**Exhibit 3**

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
<b>Assets</b>							
Cash and cash equivalents	\$ 1,496,664	\$ -	\$ -	\$ 1,123,822	\$ 411,043	\$ 263,084	\$ 3,294,613
Due from other governments	86,147	579,502	34,014	125,403	10,022	-	835,088
Accounts receivable	1,132	-	-	-	-	-	1,132
<b>Total assets</b>	<b>\$ 1,583,943</b>	<b>\$ 579,502</b>	<b>\$ 34,014</b>	<b>\$ 1,249,225</b>	<b>\$ 421,065</b>	<b>\$ 263,084</b>	<b>\$ 4,130,833</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 125,054	\$ -	\$ -	\$ 275	\$ 60,259	\$ -	\$ 185,588
Accrued salaries and wages payable	15,446	579,502	34,014	39,454	-	-	668,416
Unearned revenue	917	-	-	-	-	-	917
<b>Total liabilities</b>	<b>141,417</b>	<b>579,502</b>	<b>34,014</b>	<b>39,729</b>	<b>60,259</b>	<b>-</b>	<b>854,921</b>
Deferred inflows of resources	63,688	-	-	-	-	-	63,688
Fund balances:							
Restricted:							
Stabilization by State statute	23,591	-	-	125,403	-	-	148,994
School capital outlay	-	-	-	-	360,806	-	360,806
Instructional services	-	-	-	290,378	-	-	290,378
Individual schools	-	-	-	-	-	263,084	263,084
Assigned:							
Subsequent year's expenditures	149,280	-	-	-	-	-	149,280
Special revenues	-	-	-	793,715	-	-	793,715
Unassigned	1,205,967	-	-	-	-	-	1,205,967
<b>Total fund balances</b>	<b>1,378,838</b>	<b>-</b>	<b>-</b>	<b>1,209,496</b>	<b>360,806</b>	<b>263,084</b>	<b>3,212,224</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,583,943</b>	<b>\$ 579,502</b>	<b>\$ 34,014</b>	<b>\$ 1,249,225</b>	<b>\$ 421,065</b>	<b>\$ 263,084</b>	

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

**Exhibit 3 (continued)**

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

Total fund balance (All Governmental Funds)	\$ 3,212,224
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,201,559
Net OPEB asset	29,383
Deferred outflows of resources related to pensions	6,386,662
Deferred outflows of resources related to OPEB	3,998,994
Other long-term assets (taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	63,688
Some liabilities, including those for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(1,702,515)
Net pension liability	(10,939,941)
Net OPEB liability	(27,822,845)
Deferred inflows of resources related to pensions	(109,790)
Deferred inflows of resources related to OPEB	<u>(13,959,537)</u>
Net position (deficit) of governmental activities	<u>\$ (9,642,118)</u>



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 4**

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 19,614,678	\$ -	\$ 477,552	\$ 155,000	\$ -	\$ 20,247,230
Halifax County	2,139,822	-	-	-	301,466	-	2,441,288
U.S. Government	-	-	1,728,838	159,077	-	-	1,887,915
Other	2,215,721	-	-	900,164	163,537	563,661	3,843,083
Total revenues	<u>4,355,543</u>	<u>19,614,678</u>	<u>1,728,838</u>	<u>1,536,793</u>	<u>620,003</u>	<u>563,661</u>	<u>28,419,516</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	749,826	11,158,322	137,519	120,274	-	-	12,165,941
Special populations	44,988	2,693,571	586,631	138,997	-	-	3,464,187
Alternative programs	91,569	411,524	835,253	570,767	-	-	1,909,113
School leadership	114,884	1,549,123	-	3,157	-	-	1,667,164
Co-curricular	-	-	-	184,574	-	454,013	638,587
School-based support	191,992	1,256,126	23,280	234,304	-	-	1,705,702
System-wide support services:							
Support and development	28,967	205,954	-	82,936	-	-	317,857
Special population support and development	21,025	124,663	997	3,127	-	-	149,812
Alternative programs and services support and development	121,943	67,796	48,710	-	-	-	238,449
Technology support	185,231	213,861	-	22,993	-	-	422,085
Operational support	1,905,619	1,079,174	15,817	15,197	-	-	3,015,807
Financial and human resource services	369,479	338,551	-	-	-	-	708,030
System-wide pupil support	-	82,463	-	-	-	-	82,463
Policy, leadership and public relations	255,339	387,367	-	-	-	-	642,706
Ancillary services	2,943	-	-	3,496	-	-	6,439
Non-programmed charges	-	-	80,631	-	-	-	80,631
Capital outlay	-	-	-	-	696,725	-	696,725
Total expenditures	<u>4,083,805</u>	<u>19,568,495</u>	<u>1,728,838</u>	<u>1,379,822</u>	<u>696,725</u>	<u>454,013</u>	<u>27,911,698</u>
Revenues over (under) expenditures	271,738	46,183	-	156,971	(76,722)	109,648	507,818
Other financing sources (uses):							
Transfers from (to) other funds	-	(46,183)	-	-	-	-	(46,183)
Net change in fund balance	271,738	-	-	156,971	(76,722)	109,648	461,635
Fund balances:							
Beginning of year	<u>1,107,100</u>	<u>-</u>	<u>-</u>	<u>1,052,525</u>	<u>437,528</u>	<u>153,436</u>	<u>2,750,589</u>
End of year	<u>\$ 1,378,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,209,496</u>	<u>\$ 360,806</u>	<u>\$ 263,084</u>	<u>\$ 3,212,224</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 461,635
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.	(522,634)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,044,981
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,069,914
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Supplemental taxes	1,497
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.	
Net OPEB expense	(239,665)
Pension expense	(2,636,098)
Compensated absences	<u>18,474</u>
Total changes in net position of governmental activities	<u>\$ 198,104</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ·**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 6**

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Halifax County	2,139,822	2,139,822	2,139,822	-
U.S. Government	-	-	-	-
Other	2,156,947	2,158,642	2,215,721	57,079
Total revenues	<u>4,296,769</u>	<u>4,298,464</u>	<u>4,355,543</u>	<u>57,079</u>
Expenditures:				
Current:				
Instructional services	1,242,027	1,331,265	1,193,259	138,006
System-wide support services	3,053,582	3,022,601	2,887,603	134,998
Ancillary services	1,160	4,160	2,943	1,217
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>4,296,769</u>	<u>4,358,026</u>	<u>4,083,805</u>	<u>274,221</u>
Revenues over (under) expenditures	-	(59,562)	271,738	331,300
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	59,562	-	(59,562)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	271,738	<u>\$ 271,738</u>
Fund balances:				
Beginning of year			<u>1,107,100</u>	
End of year			<u>\$ 1,378,838</u>	

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT** **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, 2019**

	State Public School Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 19,263,931	\$ 20,049,223	\$ 19,614,678	\$ (434,545)
Halifax County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>19,263,931</u>	<u>20,049,223</u>	<u>19,614,678</u>	<u>(434,545)</u>
Expenditures:				
Current:				
Instructional services	16,639,053	17,348,646	17,068,666	279,980
System-wide support services	2,557,863	2,633,562	2,499,829	133,733
Ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>19,196,916</u>	<u>19,982,208</u>	<u>19,568,495</u>	<u>413,713</u>
Revenues over (under) expenditures	67,015	67,015	46,183	(20,832)
Other financing uses:				
Transfers to other funds	(67,015)	(67,015)	(46,183)	20,832
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT** **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, 2019**

	Federal Grants Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Halifax County	-	-	-	-
U.S. Government	1,975,563	2,081,790	1,728,838	(352,952)
Other	-	-	-	-
Total revenues	<u>1,975,563</u>	<u>2,081,790</u>	<u>1,728,838</u>	<u>(352,952)</u>
Expenditures:				
Current:				
Instructional services	1,699,216	1,793,446	1,582,683	210,763
System-wide support services	74,788	75,198	65,524	9,674
Ancillary services	-	-	-	-
Nonprogrammed charges	<u>201,559</u>	<u>213,146</u>	<u>80,631</u>	<u>132,515</u>
Total expenditures	<u>1,975,563</u>	<u>2,081,790</u>	<u>1,728,838</u>	<u>352,952</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			-	
End of year			<u>\$ -</u>	

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT** **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, 2019**

	Other Special Revenue Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 427,805	\$ 427,805	\$ 477,552	\$ 49,747
Halifax County	-	-	-	-
U.S. Government	154,400	155,095	159,077	3,982
Other	<u>806,992</u>	<u>816,992</u>	<u>900,164</u>	<u>83,172</u>
Total revenues	<u>1,389,197</u>	<u>1,399,892</u>	<u>1,536,793</u>	<u>136,901</u>
Expenditures:				
Current:				
Instructional services	1,264,141	1,254,766	1,252,073	2,693
System-wide support services	119,056	139,126	124,253	14,873
Ancillary services	6,000	6,000	3,496	2,504
Nonprogrammed charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,389,197</u>	<u>1,399,892</u>	<u>1,379,822</u>	<u>20,070</u>
Revenues over (under) expenditures	-	-	156,971	156,971
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	156,971	<u>\$ 156,971</u>
Fund balances:				
Beginning of year			<u>1,052,525</u>	
End of year			<u>\$ 1,209,496</u>	

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPES**  
**June 30, 2019**

**Exhibit 7**

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Child Care	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 369,008	\$ 109,560	\$ 478,568
Due from other governments	33,020	-	33,020
Receivables	8,181	577	8,758
Net OPEB asset	831	86	917
Inventories	47,416	-	47,416
Total current assets	<u>458,456</u>	<u>110,223</u>	<u>568,679</u>
Noncurrent assets:			
Capital assets:			
Furniture, equipment and vehicles, net	408,904	-	408,904
Total assets	<u>867,360</u>	<u>110,223</u>	<u>977,583</u>
<b>Deferred Outflows of Resources</b>	<u>293,576</u>	<u>30,437</u>	<u>324,013</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,941	369	2,310
Compensated absences	22,141	4,246	26,387
Unearned revenue	7,890	-	7,890
Total current liabilities	<u>31,972</u>	<u>4,615</u>	<u>36,587</u>
Noncurrent liabilities:			
Net pension liability	309,241	32,061	341,302
Net OPEB liability	786,474	81,539	868,013
Compensated absences	8,039	7,596	15,635
Total noncurrent liabilities	<u>1,103,754</u>	<u>121,196</u>	<u>1,224,950</u>
Total liabilities	<u>1,135,726</u>	<u>125,811</u>	<u>1,261,537</u>
<b>Deferred Inflows of Resources</b>	<u>397,701</u>	<u>41,233</u>	<u>438,934</u>
<b>Net position</b>			
Net investment in capital assets	408,904	-	408,904
Restricted for DIPNC OPEB plan	3,771	390	4,161
Unrestricted (deficit)	<u>(785,166)</u>	<u>(26,774)</u>	<u>(811,940)</u>
Total net position (deficit)	<u>\$ (372,491)</u>	<u>\$ (26,384)</u>	<u>\$ (398,875)</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 8**

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Child Care	
Operating revenues:			
Food sales	\$ 291,598	\$ -	\$ 291,598
Child care fees	-	126,981	126,981
Total operating revenues	<u>291,598</u>	<u>126,981</u>	<u>418,579</u>
Operating expenses:			
Food cost:			
Purchase of food	561,237	-	561,237
Donated commodities	90,853	-	90,853
Salaries and benefits	848,620	165,170	1,013,790
Indirect costs	75,000	-	75,000
Materials and supplies	5,554	3,621	9,175
Repairs and maintenance	1,635	-	1,635
Depreciation	39,999	-	39,999
Non-capitalized equipment	4,850	-	4,850
Contracted services	11,594	-	11,594
Other	2,915	1,352	4,267
Total operating expenses	<u>1,642,257</u>	<u>170,143</u>	<u>1,812,400</u>
Operating income (loss)	<u>(1,350,659)</u>	<u>(43,162)</u>	<u>(1,393,821)</u>
Nonoperating revenues:			
Federal reimbursements	1,053,494	-	1,053,494
Federal commodities	90,853	-	90,853
State reimbursements	3,586	-	3,586
Interest earned	996	267	1,263
Other	1,071	-	1,071
Total nonoperating revenues	<u>1,150,000</u>	<u>267</u>	<u>1,150,267</u>
Income (loss) before transfers and contributions	(200,659)	(42,895)	(243,554)
Transfers from other funds	<u>46,183</u>	<u>-</u>	<u>46,183</u>
Change in net position	(154,476)	(42,895)	(197,371)
Net position (deficit), beginning of year	<u>(218,015)</u>	<u>16,511</u>	<u>(201,504)</u>
Net position (deficit), end of year	<u>\$ (372,491)</u>	<u>\$ (26,384)</u>	<u>\$ (398,875)</u>

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



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 9**

	Enterprise		Totals
	Major Fund School Food Service	Non-major Fund Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 311,854	\$ 127,888	\$ 439,742
Cash paid for goods and services	(661,916)	(4,604)	(666,520)
Cash paid to employees for services	(771,131)	(116,246)	(887,377)
Net cash provided (used) by operating activities	(1,121,193)	7,038	(1,114,155)
Cash flows from noncapital financing activities:			
Federal and State reimbursements	1,067,840	-	1,067,840
Other	1,071	-	1,071
Net cash provided by noncapital activities	1,068,911	-	1,068,911
Cash flows from capital and related financing activities:			
Purchase of capital assets	(52,229)	-	(52,229)
Cash flows from investing activities:			
Interest earned on investments	996	267	1,263
Net increase in cash and cash equivalents	(103,515)	7,305	(96,210)
Cash and cash equivalents, beginning of year	472,523	102,255	574,778
Cash and cash equivalents, end of year	\$ 369,008	\$ 109,560	\$ 478,568
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (1,350,659)	\$ (43,162)	\$ (1,393,821)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	39,999	-	39,999
Donated commodities	90,853	-	90,853
Salaries paid by special revenue fund	46,183	-	46,183
Changes in assets and liabilities:			
Decrease in accounts receivable	19,564	907	20,471
Decrease in OPEB asset	718	20	738
Decrease in inventories	1,187	-	1,187
Increase (decrease) in accounts payable and accrued liabilities	(318)	369	51

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 9 (continued)**

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Reconciliation of operating loss to net cash used by operating activities (continued):			
Increase in unearned revenue	692	-	692
Increase in pension liability	78,731	16,309	95,040
Increase (decrease) in OPEB liability	(77,640)	22,490	(55,150)
Increase in deferred outflow	(65,240)	(14,835)	(80,075)
Increase in deferred inflow	89,762	20,190	109,952
Increase in compensated absences payable	4,975	4,750	9,725
Total adjustments	<u>229,466</u>	<u>50,200</u>	<u>279,666</u>
Net cash used by operating activities	<u>\$ (1,121,193)</u>	<u>\$ 7,038</u>	<u>\$ (1,114,155)</u>

**NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$90,853 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$46,183 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2019**

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**Exhibit 10**

	<u>Private Purpose Trust Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$          900
Investments	<u>          104,657</u>
Total current assets	<u>          105,557</u>
<b>Net position</b>	
Assets held in trust for private purpose	<u>\$          105,557</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Fiscal Year Ended June 30, 2019**

**Exhibit 11**

	Private Purpose Trust Fund
Additions:	
Contributions	\$ 111,352
Investment income	3,127
	<u>114,479</u>
Deductions:	
Awards	3,210
Legal fees	4,770
Investment fees	942
	<u>8,922</u>
Change in net position	105,557
Beginning net position	<u>-</u>
Ending net position	<u>\$ 105,557</u>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

The accounting policies of Roanoke Rapids Graded School District 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 Roanoke Rapids Graded School District (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 Roanoke Rapids, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

B. Basis of Presentation

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

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

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

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.

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

*Capital Outlay Fund.* The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Halifax 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 Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

*Roanoke Rapids School Foundation Fund.* The Roanoke Rapids School Foundation Fund is used to account for endowment money under the control of the Foundation's Board for the benefit of students in the district.

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

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

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Halifax County levies, on behalf of the Roanoke Rapids Graded School District, a special property tax (the school supplemental tax). The tax levy on real and personal property is twenty-one cents per \$100 of property valuation. Collections of the tax are made by Halifax County and remitted to the City of Roanoke Rapids. The City then immediately remits the tax to the Board of Education.

Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Halifax County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2018 through February 2019 apply to the fiscal year ended June 30, 2019. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements. Those taxes for vehicles registered from March 1, 2019 through June 30, 2019 apply to the 2020 fiscal year end and are not shown as receivables at June 30, 2019. For motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year and the uncollected taxes are reported as a receivable on the financial statements offset by deferred inflows of resources because the due date and the date upon which the interest begins to accrue passed prior to June 30.

**D. Budgetary Data**

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$1,000) 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 \$1,000. 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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The Board's investments are reported at amortized cost or at fair value as determined by quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventories

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

4. Capital Assets

Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1990 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

For capital assets utilized in governmental activities, it is the policy of the Board to capitalize those assets costing more than \$5,000 with an estimated useful life of two or more years, while for capital assets utilized in business-type activities, it is the policy of the Board to capitalize those assets costing more than \$1,500 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Halifax 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.



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	3 - 12
Vehicles	6

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

5. Deferred outflows and inflows of resources

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

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, 2019 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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Fund Balances

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

The governmental fund types classify fund balances as follows:

*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.

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.

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

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

*Unassigned fund balance* – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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 \$(12,854,342) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 50,214,932
Less Accumulated Depreciation	<u>(19,013,373)</u>
Net capital assets	31,201,559
Net OPEB Asset	29,383
Pension related deferred outflows of resources	6,386,662
OPEB related deferred outflows of resources	3,998,994
Liabilities for revenue unavailable but earned and therefore recorded in the fund statements but not the government-wide	63,688
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:	
Compensated absences	(1,702,515)
Net pension liability	(10,939,941)
Net OPEB liability	(27,822,845)
Deferred inflows of resources related to pensions	(109,790)
Deferred inflows of resources related to OPEB	<u>(13,959,537)</u>
Total adjustment	<u>\$ (12,854,342)</u>

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the 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 \$(263,531) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 394,297
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	(916,931)
Supplemental taxes in the statement of activities that do not provide current financial resources in the funds	1,497
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,044,981
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities	1,069,914
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	(2,636,098)
OPEB expense	(239,665)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	<u>18,474</u>
Total adjustment	<u>\$ (263,531)</u>

10. Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS, RHBF, and DIPNC. Investments are reported at fair value.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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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, 2019, the Board had deposits with banks and savings and loans with a carrying amount of \$2,994,583 and with the State Treasurer of \$-0-. Cash on hand was \$500 at June 30, 2019. The bank balances with the financial institutions and the State Treasurer were \$3,053,492 and \$54,197, respectively. Of these balances, \$514,261 was covered by federal depository insurance and \$2,593,428 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2019, the Board had \$778,998 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2019. The Board has no investment balances in the NCCMT as of June 30, 2019. The Board has no policy for managing interest rate risk or credit risk. All investments are measured using the market approach. The STIF is classified in Level 2 of the fair value hierarchy and valued using prices that are either directly or indirectly observable for an asset or liability.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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3. Accounts Receivable

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ 86,147	\$ 1,132	\$ 87,279
Other governmental activities	<u>748,941</u>	<u>-</u>	<u>748,941</u>
Total governmental activities	<u>\$ 835,088</u>	<u>\$ 1,132</u>	<u>\$ 836,220</u>
Business-type activities:			
School Food Service Fund	\$ 33,020	\$ 8,181	\$ 41,201
Child Care Fund	<u>-</u>	<u>577</u>	<u>577</u>
Total business-type activities	<u>\$ 33,020</u>	<u>\$ 8,758</u>	<u>\$ 41,778</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 86,147	Amounts due from County and City
State Public School Fund	579,502	Operating funds from DPI
Federal Grants Fund	34,014	Federal grant funds
Other Special Revenue Fund	125,403	Amounts due from County and federal grants
Capital Outlay Fund	<u>10,022</u>	Amounts due from County
Total	<u>\$ 835,088</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 33,020</u>	Federal funds

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,448,163	\$ 155,000	\$ -	\$ 1,603,163
Construction in progress	983,897	87,187	245,277	825,807
Total capital assets not being depreciated	<u>2,432,060</u>	<u>242,187</u>	<u>245,277</u>	<u>2,428,970</u>
Capital assets being depreciated:				
Buildings and improvements	45,456,366	335,540	-	45,791,906
Equipment and furniture	1,084,704	39,743	164,489	959,958
Vehicles	1,028,294	22,104	16,300	1,034,098
Total capital assets being depreciated	<u>47,569,364</u>	<u>397,387</u>	<u>180,789</u>	<u>47,785,962</u>
Less accumulated depreciation for:				
Buildings and improvements	16,586,162	737,245	-	17,323,407
Equipment and furniture	796,931	122,849	164,489	755,291
Vehicles	894,138	56,837	16,300	934,675
Total accumulated depreciation	<u>18,277,231</u>	<u>916,931</u>	<u>180,789</u>	<u>19,013,373</u>
Total capital assets being depreciated, net	<u>29,292,133</u>			<u>28,772,589</u>
Governmental activity capital assets, net	<u>\$ 31,724,193</u>			<u>\$ 31,201,559</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 618,333	\$ 52,229	\$ 27,664	\$ 642,898
Vehicles	24,626	-	-	24,626
Total capital assets being depreciated	<u>642,959</u>	<u>52,229</u>	<u>27,664</u>	<u>667,524</u>
Less accumulated depreciation for:				
Equipment and furniture	221,659	39,999	27,664	233,994
Vehicles	24,626	-	-	24,626
Total accumulated depreciation	<u>246,285</u>	<u>39,999</u>	<u>27,664</u>	<u>258,620</u>
School Food Service capital assets, net	<u>\$ 396,674</u>			<u>\$ 408,904</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 737,245
System-wide support services	56,837
Unallocated depreciation	<u>122,849</u>
Total	<u>\$ 916,931</u>

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2019, was 12.29% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$2,106,532 for the year ended June 30, 2019.



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

At June 30, 2019, the Board reported a liability of \$11,281,244 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .11331% and .10878%, respectively.

For the year ended June 30, 2019, the Board recognized pension expense of \$2,725,779. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 823,313	\$ 113,215
Changes of assumptions	2,263,856	-
Net difference between projected and actual earnings on pension plan investments	1,075,105	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	314,859	-
Board contributions subsequent to the measurement date	2,108,780	-
Total	<u>\$ 6,585,913</u>	<u>\$ 113,215</u>

\$2,108,780 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 2,513,721
2021	1,613,249
2022	256,688
2023	(19,740)
2024	-
Thereafter	-
Total	<u>\$ 4,363,918</u>

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*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

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

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*Discount rate.* The discount rate used to measure the total pension liability was 7.00%, a decrease of .20% from the previous discount rate of 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Board’s proportionate share of the net pension liability (asset)	\$ 21,515,245	\$ 11,281,244	\$ 2,693,904

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

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

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*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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

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

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

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.27% of covered payroll which amounted to \$1,075,839.

At June 30, 2019, Board reported a liability of \$28,690,858 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .10071% and .09868%, respectively.

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\$1,075,838 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (2,640,381)
2021	(2,640,381)
2022	(2,640,381)
2023	(2,637,313)
2024	(895,895)
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ (11,454,351)</u></b>

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

Inflation	2.75%
	3.50-8.10%, include 3.5% inflation and productivity factor
Salary increases	
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-7.25%
Healthcare cost trend rate -Medicare advantage	5.00%
Healthcare cost trend rate - administrative	3.00%

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.87%, an increase of .29% from the previous discount rate of 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.87%)</b>	<b>(3.87%)</b>	<b>(4.87%)</b>
Net OPEB liability	\$ 33,898,539	\$ 28,690,858	\$ 24,516,344

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*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (Medical- 4.00-5.50%, Pharmacy- 4.00-6.25%, Medicare Advantage - 4.00%, Administrative - 2.00%)</b>	<b>Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 5.00%, Administrative - 3.00%)</b>	<b>1% Increase (Medical- 6.00-7.50%, Pharmacy- 6.00-8.25%, Medicare Advantage - 6.00%, Administrative - 4.00%)</b>
Net OPEB liability	\$ 23,669,211	\$ 28,690,858	\$ 35,283,297

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

**2. Disability Benefits**

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

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

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

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

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*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2019, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$27,454 for the year ended June 30, 2019.

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

At June 30, 2019, Board reported an OPEB asset of \$30,300 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. The total OPEB asset was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2018 and at June 30, 2017, the Board's proportion was .09975% and .09492%, respectively.

\$27,454 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 20,177
2021	20,173
2022	14,056
2023	10,719
2024	7,324
Thereafter	<u>7,320</u>
<b>Total</b>	<b><u>\$ 79,769</u></b>

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

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

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

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
Net OPEB asset	\$ 23,217	\$ 30,300	\$ 37,095

*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

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

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

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



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Following is information related to OPEB expense, proportionate share, assets, liabilities, deferred outflows of resources and deferred inflows of resources reported by the Board as of and for the year ended June 30, 2019:

	RHBF	DIPNC	Total
OPEB Expense	\$ 315,639	\$ 2,029	\$ 317,668
OPEB Liability (Asset)	28,690,858	(30,300)	28,660,558
Proportionate share of the net OPEB liability (asset)	0.10071%	0.09975%	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	-	52,856	52,856
Changes of assumptions	-	5,722	5,722
Net difference between projected and actual earnings on plan investments	3,086	23,598	26,684
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,934,111	1,089	2,935,200
Board contributions subsequent to the measurement date	1,075,838	27,454	1,103,292
<b>Deferred of Inflows of Resources</b>			
Differences between Expected and actual experience	1,962,007	-	1,962,007
Changes of assumptions	12,429,542	-	12,429,542
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	3,497	3,497

2. Accounts Payable

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

	<u>Vendors</u>
<b>Governmental activities:</b>	
General Fund	\$ 125,054
Other governmental activities	60,534
Total governmental activities	<u>\$ 185,588</u>
<b>Business-type activities:</b>	
School Food Service Fund	\$ 1,941
Child Care Fund	369
Total business-type activities	<u>\$ 2,310</u>

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3. Unavailable Revenues

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

Governmental activities:		
Other miscellaneous (General Fund)	\$	<u>917</u>
Business-type activities:		
Prepayments of meals (School Food Service Fund)	\$	<u>7,890</u>

4. Deferred Outflows and Inflows of Resources

In the General fund the Board reported \$63,688 of deferred inflows of resources for supplemental taxes receivable at June 30, 2019.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 876,169	\$ 2,075,222
Changes of assumptions	2,269,578	12,429,542
Net difference between projected and actual earnings on pension and OPEB plan investments	1,101,789	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,250,059	3,497
Board contributions subsequent to the measurement date	<u>3,212,074</u>	<u>-</u>
Total	<u>\$ 10,709,669</u>	<u>\$ 14,508,261</u>

5. Risk Management

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. The Board pays 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 \$10,000.

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**

Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2019:

	July 1, 2018	Increases	Decreases	June 30, 2019	Current Portion
<b>Governmental activities:</b>					
Net pension liability	\$ 8,384,823	\$ 2,555,118	\$ -	\$ 10,939,941	\$ -
Net OPEB liability	31,432,186	-	3,609,341	27,822,845	-
Compensated absences	1,720,989	1,097,758	1,116,232	1,702,515	1,104,250
<b>Total</b>	<b>\$ 41,537,998</b>	<b>\$ 3,652,876</b>	<b>\$ 4,725,573</b>	<b>\$ 40,465,301</b>	<b>\$ 1,104,250</b>
<b>Business-type activities:</b>					
Net pension liability	\$ 246,262	\$ 95,040	\$ -	\$ 341,302	\$ -
Net OPEB liability	923,163	-	55,150	868,013	-
Compensated absences	32,297	40,759	30,034	43,022	26,387
<b>Total</b>	<b>\$ 1,201,722</b>	<b>\$ 135,799</b>	<b>\$ 85,184</b>	<b>\$ 1,252,337</b>	<b>\$ 26,387</b>

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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C. Interfund Balances and Activity

1. Transfers to/from other Funds

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

From the State Public School Fund to the School Food Service Fund for administrative costs	\$ <u>46,183</u>
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D. Fund Balance

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

Total fund balance - General Fund	\$ 1,378,838
Less:	
Stabilization by State statute	(23,591)
Appropriated Fund Balance in the 2019-2020 budget	<u>(149,280)</u>
Remaining fund balance	<u>\$ 1,205,967</u>

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

Other revenues for the fiscal year ended June 30, 2019 in the Other Special Revenue Fund consists of the following:

Local sales tax	\$ 454,262
Medicaid reimbursement program	250,504
Other reimbursements and refunds	20,430
Indirect costs allocated	155,631
Rental of school property	2,700
Insurance proceeds	4,568
Interest	2,069
Private grants and programs	<u>10,000</u>
Total other revenues	<u>\$ 900,164</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.

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS\***

	<u>2019</u>
Board's proportion of the net pension liability (asset)	0.11331%
Board's proportionate share of the net pension liability (asset)	\$ 11,281,244
Board's covered payroll	\$ 17,017,951
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.29%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.10878%	0.10677%	0.10639%	0.10799%	0.10970%
Board's proportionate share of the net pension liability (asset)	\$ 8,631,085	\$ 9,813,266	\$ 3,920,683	\$ 1,266,097	\$ 6,659,908
Board's covered payroll	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472	\$ 15,404,064	\$ 15,383,763
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.96%	62.66%	24.58%	8.22%	43.29%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,108,780	\$ 1,834,535	\$ 1,626,553	\$ 1,433,081	\$ 1,459,651
Contributions in relation to the contractually required contribution	<u>2,108,780</u>	<u>1,834,535</u>	<u>1,626,553</u>	<u>1,433,081</u>	<u>1,459,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,158,499	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472
Contributions as a percentage of covered payroll	12.29%	10.78%	9.98%	9.15%	9.15%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 1,338,613	\$ 1,281,536	\$ 1,103,760	\$ 780,173	\$ 565,829
Contributions in relation to the contractually required contribution	<u>1,338,613</u>	<u>1,281,536</u>	<u>1,103,760</u>	<u>780,173</u>	<u>565,829</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 15,404,064	\$ 15,384,586	\$ 14,835,484	\$ 15,825,010	\$ 15,849,552
Contributions as a percentage of covered payroll	8.69%	8.33%	7.44%	4.93%	3.57%

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
RETIREE HEALTH BENEFIT FUND  
LAST THREE FISCAL YEARS\***

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB liability	0.10071%	0.09868%	0.09114%
Board's proportionate share of the net OPEB liability	\$ 28,690,858	\$ 32,355,349	\$ 39,649,767
Board's covered payroll	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	168.59%	198.52%	253.16%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
RETIREE HEALTH BENEFIT FUND  
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,075,838	\$ 1,029,586	\$ 941,743	\$ 875,069	\$ 874,105
Contributions in relation to the contractually required contribution	<u>1,075,838</u>	<u>1,029,586</u>	<u>941,743</u>	<u>875,069</u>	<u>874,105</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,158,499	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472
Contributions as a percentage of covered payroll	6.27%	6.05%	5.81%	5.60%	5.49%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 825,339	\$ 815,383	\$ 741,774	\$ 775,426	\$ 713,230
Contributions in relation to the contractually required contribution	<u>825,339</u>	<u>815,383</u>	<u>741,774</u>	<u>775,426</u>	<u>713,230</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 15,404,064	\$ 15,384,586	\$ 14,835,484	\$ 15,825,010	\$ 15,849,552
Contributions as a percentage of covered payroll	5.40%	5.30%	5.00%	4.90%	4.50%



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET  
DISABILITY INCOME PLAN OF NORTH CAROLINA  
LAST THREE FISCAL YEARS\***

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
Board's proportion of the net OPEB asset	0.09975%	0.09492%	0.09353%
Board's proportionate share of the net OPEB asset	\$ 30,300	\$ 58,015	\$ 58,052
Board's covered payroll	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.18%	0.36%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	108.47%	116.23%	116.06%

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD CONTRIBUTIONS  
DISABILITY INCOME PLAN OF NORTH CAROLINA  
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 27,454	\$ 23,825	\$ 61,594	\$ 64,068	\$ 65,279
Contributions in relation to the contractually required contribution	<u>27,454</u>	<u>23,825</u>	<u>61,594</u>	<u>64,068</u>	<u>65,279</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 17,017,951	\$ 17,017,951	\$ 16,298,126	\$ 15,662,082	\$ 15,952,472
Contributions as a percentage of covered payroll	0.14%	0.14%	0.38%	0.41%	0.41%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 67,250	\$ 67,692	\$ 77,145	\$ 82,290	\$ 82,418
Contributions in relation to the contractually required contribution	<u>67,250</u>	<u>67,692</u>	<u>77,145</u>	<u>82,290</u>	<u>82,418</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 15,404,064	\$ 15,384,586	\$ 14,835,484	\$ 15,825,010	\$ 15,849,552
Contributions as a percentage of covered payroll	0.44%	0.44%	0.52%	0.52%	0.52%

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Halifax County:			
County appropriation	\$ 2,139,822	\$ 2,139,822	\$ -
Other:			
Fines and forfeitures	59,970	71,605	11,635
Supplemental school taxes	2,019,375	2,049,865	30,490
Interest earned on investment	14,320	19,749	5,429
ABC revenues	33,983	37,489	3,506
Miscellaneous	30,994	37,013	6,019
Total other	<u>2,158,642</u>	<u>2,215,721</u>	<u>57,079</u>
Total revenues	<u>4,298,464</u>	<u>4,355,543</u>	<u>57,079</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	-	749,826	-
Special populations	-	44,988	-
Alternative programs	-	91,569	-
School leadership	-	114,884	-
School-based support	-	191,992	-
Total instructional services	<u>1,331,265</u>	<u>1,193,259</u>	<u>138,006</u>
System-wide support services:			
Support and development	-	28,967	-
Special population support and development	-	21,025	-
Alternative programs and services			
support and development	-	121,943	-
Technology support	-	185,231	-
Operational support	-	1,905,619	-
Financial and human resource services	-	369,479	-
Policy, leadership and public relations	-	255,339	-
Total system-wide support services	<u>3,022,601</u>	<u>2,887,603</u>	<u>134,998</u>
Ancillary services:			
Nutrition	4,160	2,943	-
Total expenditures	<u>4,358,026</u>	<u>4,083,805</u>	<u>274,221</u>
Revenues over (under) expenditures	(59,562)	271,738	331,300
Fund balance appropriated	59,562	-	(59,562)
Net change in fund balance	<u>\$ -</u>	<u>271,738</u>	<u>\$ 271,738</u>
Fund balance:			
Beginning of year		<u>1,107,100</u>	
End of year		<u>\$ 1,378,838</u>	

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**INDIVIDUAL SCHOOLS FUND**  
**For the Fiscal Year Ended June 30, 2019**

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	<u>Revenues</u>	<u>Expenditures</u>	<u>Net change in fund balance</u>	<u>Fund balances June 30, 2018</u>	<u>Fund balances June 30, 2019</u>
Clara Hearne Early Childhood	\$ 8,082	\$ 8,182	\$ (100)	\$ 7,235	\$ 7,135
Belmont Elementary	56,782	50,651	6,131	26,542	32,673
Manning Elementary	70,368	67,046	3,322	32,490	35,812
Chaloner Middle	55,250	52,113	3,137	16,700	19,837
Roanoke Rapids Early College	8,613	7,787	826	-	826
Roanoke Rapids High School	<u>364,566</u>	<u>268,234</u>	<u>96,332</u>	<u>70,469</u>	<u>166,801</u>
Totals	<u>\$ 563,661</u>	<u>\$ 454,013</u>	<u>\$ 109,648</u>	<u>\$ 153,436</u>	<u>\$ 263,084</u>

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL OUTLAY FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 155,000	\$ 155,000	\$ -
Halifax County:			
County appropriations	100,466	301,466	201,000
Other:			
Local sales tax	105,000	121,312	16,312
Interest earned on investments	-	554	554
Contributions	35,000	40,000	5,000
Insurance proceeds	795	795	-
Miscellaneous	1,000	876	(124)
Total other	141,795	163,537	21,742
Total revenues	397,261	620,003	222,742
Expenditures:			
Capital outlay:			
Real property and buildings:			
Roanoke Rapids High	-	186,008	-
Manning Land	-	155,000	-
Patterson Athletic Complex	-	8,112	-
Early College	-	18,816	-
Other real property and buildings	-	306,918	-
Total real property and buildings	744,615	674,854	69,761
Furnishings and equipment	32,857	21,871	10,986
Total capital outlay	777,472	696,725	80,747
Revenues over (under) expenditures	(380,211)	(76,722)	303,489
Fund balance appropriated	380,211	-	(380,211)
Net change in fund balance	\$ -	(76,722)	\$ (76,722)
Fund balance:			
Beginning of year		437,528	
End of year		\$ 360,806	

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**SCHOOL FOOD SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 324,425	\$ 291,598	\$ (32,827)
Operating expenditures:			
Business support services:			
Purchase of food	-	560,050	-
Donated commodities	-	90,853	-
Salaries and benefits	-	817,314	-
Indirect costs	-	75,000	-
Materials and supplies	-	5,554	-
Repairs and maintenance	-	1,635	-
Non-capitalized equipment	-	4,850	-
Contracted services	-	11,594	-
Other	-	2,915	-
Capital outlay	-	52,229	-
Total operating expenditures	<u>1,685,072</u>	<u>1,621,994</u>	<u>63,078</u>
Operating loss	<u>(1,360,647)</u>	<u>(1,330,396)</u>	<u>30,251</u>
Nonoperating revenues:			
Federal reimbursements	1,019,000	1,053,494	34,494
Federal commodities	25,000	90,853	65,853
State reimbursements	4,970	3,586	(1,384)
Interest earned	1,180	996	(184)
Other	<u>2,200</u>	<u>1,071</u>	<u>(1,129)</u>
Total nonoperating revenues	<u>1,052,350</u>	<u>1,150,000</u>	<u>97,650</u>
Revenues over (under) expenditures before other financing sources	(308,297)	(180,396)	127,901
Other financing sources:			
Transfers from other funds	-	46,183	46,183
Fund balance appropriated	<u>308,297</u>	<u>-</u>	<u>(308,297)</u>
Total other financing sources	<u>308,297</u>	<u>46,183</u>	<u>(262,114)</u>
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>(134,213)</u>	<u>\$ (134,213)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(39,999)	
Net OPEB asset		(718)	
Net pension liability		(78,731)	
Net OPEB liability		77,640	
Deferred outflows		65,240	
Deferred inflows		(89,762)	
Equipment purchases		52,229	
Increase in compensated absences payable		(4,975)	
Decrease in inventories		<u>(1,187)</u>	
Change in net position (full accrual)		<u>\$ (154,476)</u>	

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**CHILD CARE FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 140,050	\$ 126,981	\$ (13,069)
Operating expenditures:			
Regular community services:			
Salaries and benefits	-	116,246	-
Materials and supplies	-	3,621	-
Other	-	1,352	-
Total operating expenditures	140,235	121,219	19,016
Operating income (loss)	(185)	5,762	5,947
Nonoperating revenues:			
Interest earned	185	267	82
Expenditures over revenues	\$ -	6,029	\$ 6,029
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Net OPEB asset		(20)	
Net pension liability		(16,309)	
Net OPEB liability		(22,490)	
Deferred outflows		14,835	
Deferred inflows		(20,190)	
Increase in compensated absences payable		(4,750)	
Change in net position (full accrual)		\$ (42,895)	



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

## **INDEPENDENT AUDITORS' REPORT**

To the Roanoke Rapids Graded School District  
Roanoke Rapids, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Roanoke Rapids Graded School District, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Roanoke Rapids Graded School District, North Carolina's basic financial statements and have issued our report thereon dated August 16, 2019.

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

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

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

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



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

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

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

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

*Anderson Smith & Wike PLLC*

*August 16, 2019  
West End, North Carolina*



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

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

## **INDEPENDENT AUDITORS' REPORT**

To the Roanoke Rapids Graded School District  
Roanoke Rapids, North Carolina

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

We have audited Roanoke Rapids Graded School District, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2019. The Roanoke Rapids Graded School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Roanoke Rapids Graded School District's compliance.

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

In our opinion, the Roanoke Rapids Graded School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

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

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

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

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

*Anderson Smith & Wike PLLC*

*August 16, 2019  
West End, North Carolina*



# ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

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

## **INDEPENDENT AUDITORS' REPORT**

To the Roanoke Rapids Graded School District  
Roanoke Rapids, North Carolina

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

We have audited Roanoke Rapids Graded School District, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Board's major State program for the year ended June 30, 2019. The Roanoke Rapids Graded School District's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its State programs.

### **Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the Roanoke Rapids Graded School District's compliance.

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

In our opinion, the Roanoke Rapids Graded School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2019.

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

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

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

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

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

*Anderson Smith & Wike PLLC*

*August 16, 2019  
West End, North Carolina*

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2019**

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

***Financial Statements***

Type of auditors' report issued on whether the financial statements  
Audited were prepared in accordance to GAAP: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted *No*

***Federal Awards***

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

**CFDA Numbers    Names of Federal Programs or Clusters**

84.010    Title I - Educationally Deprived Children

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

Auditee qualified as low-risk auditee? *Yes*

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2019**

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**Section I - Summary of Auditors' Results (Continued)**

**State Awards**

Internal control over major State programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? *No*

Identification of major State program:

Program Name

State Public School Fund

**Section II - Financial Statement Findings**

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

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

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

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

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

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2019**

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There were no audit findings reported in the prior year.



**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>Federal Grants:</b>			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555		\$ <u>90,853</u>
Cash Assistance:			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553		239,625
National School Lunch Program	10.555		728,994
After School Snack Program	10.555		11,039
Seamless Summer Program	10.555		<u>73,836</u>
Cash Assistance Subtotal			<u>1,053,494</u>
Total Child Nutrition Cluster			<u>1,144,347</u>
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies	84.010	PRC 050	856,424
Supporting Effective Instruction	84.367	PRC 103	85,835
Language Acquisition Grant	84.365	PRC 104	31,314
Student Support and Academic Enrichment	84.424	PRC 108	58,254
Rural and Low Income Schools	84.358	PRC 109	68,792
Special Education Cluster:			
Grants to States - IDEA, Part B (611)	84.027	PRC 060	516,853
Coordinated Early Intervening Services	84.027	PRC 070	24,569
Special Needs Targeted Assistance	84.027	PRC 118	4,731
Risk Pool	84.027	PRC 114	19,801
Preschool Grants - IDEA, Part B (619)	84.173	PRC 049	13,516
Preschool Targeted Assistance	84.173	PRC 119	<u>1,296</u>
Total Special Education Cluster			<u>580,766</u>

**ROANOKE RAPIDS GRADED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Career and Technical Education - Basic Grants to States Program Development	84.048	PRC 017	47,453
Total U.S. Department of Education			<u>1,728,838</u>
<u>U.S. Department of Defense</u>			
Direct Program: ROTC	None		<u>56,382</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u> Direct Program: Head Start	93.600		<u>102,695</u>
<b>Total Federal Assistance</b>			<b><u>3,032,262</u></b>
<b>State Grants:</b>			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance:			
State Public School Fund			18,162,009
Career and Technical Education:			
State Months of Employment		PRC 013	1,254,957
Program Support Funds		PRC 014	59,082
Driver Training		PRC 012	55,527
School Technology Fund		PRC 015	83,103
Passed-through Halifax County: Public School Capital Fund - Lottery			<u>155,000</u>
Total N.C. Department of Public Instruction			<u>19,769,678</u>
<u>N.C. Department of Agriculture</u>			
State Reduced Breakfast Program			<u>3,586</u>
<u>N.C. Department of Health and Human Services</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			327,552
State School Nurse Initiative			<u>150,000</u>
Total NC Department of Health and Human Services			<u>477,552</u>
<b>Total State Assistance</b>			<b><u>20,250,816</u></b>
<b>Total Federal and State Assistance</b>			<b><u>\$ 23,283,078</u></b>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Roanoke Rapids Graded School District under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Roanoke Rapids Graded School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Roanoke Rapids Graded School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Roanoke Rapids Graded School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Cluster of Programs

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