

**NORTHAMPTON COUNTY
BOARD OF EDUCATION
Jackson, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2018*

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northampton County Board of Education as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9 and the Schedules of the Board's Proportionate Share of the Net Pension Liability, OPEB Liability and OPEB Asset and the Schedules of Board Contributions on pages 48 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northampton County Board of Education's basic financial statements. The individual nonmajor fund schedule, budgetary schedules and the accompanying schedule of expenditures of federal and State awards as required by *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 schedule, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund schedule, 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 October 23, 2018 on our consideration of the Northampton County Board of Education'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 Northampton County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 23, 2018
Rockingham, North Carolina
(910) 997-1418

NORTHAMPTON COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

As discussed in Note 5 to the financial statements, the Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. As a result, net position as previously reported at June 30, 2017 for governmental and business-type activities decreased by \$28.1 million and \$822,000, respectively. For the fiscal year ended June 30, 2018, the Board's total government-wide net position (not including the decrease in net position due to the GASB 75 restatement) decreased by \$980,000. Governmental activities net position decreased by \$744,000 and business-type activities net position decreased by \$236,000.

- Total government-wide net investment in capital assets decreased by \$505,000, or 2.3%, from the prior year. Governmental activities net investment in capital assets decreased by \$492,000 and business-type activities investment in capital assets decreased by \$13,000.
- Total governmental activities restricted net position increased by \$90,000, over the prior year.
- The Board's total government-wide unrestricted net position at June 30, 2018 decreased by \$29.5 million from the prior year due largely to the \$28.9 million GASB 75 restatement.
- Financial reporting awards from the Association of School Business Officials International and the Government Finance Officers Association were received for the fiscal year ended June 30, 2017.

Overview of the Financial Statements

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

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

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

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

NORTHAMPTON COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

Northampton County Board of Education has three types of funds:

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

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

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 Individual Schools Fund, the Capital Outlay Fund, the Other Special Revenue Fund and the Federal Grants 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 Northampton County Board of Education has one proprietary fund - an enterprise fund – the School Food Service Fund. The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7.6 million at June 30, 2018 compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$22.3 million as of June 30, 2017, a decrease of \$29.9 million. As previously discussed, this decrease is primarily due to the implementation of GASB 75 during the year which had the effect of reducing beginning of year net position by \$28.9 million. Following is a summary of the Statement of Net Position at June 30, 2018 and 2017:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Current assets	\$ 4,635,171	\$ 4,020,936	\$ 481,800	\$ 607,978	\$ 5,116,971	\$ 4,628,914
Capital assets	22,275,838	22,595,946	35,338	48,719	22,311,176	22,644,665
Total assets	26,911,009	26,616,882	517,138	656,697	27,428,147	27,273,579
Deferred outflows of resources	4,162,970	4,770,426	133,917	139,860	4,296,887	4,910,286
Current liabilities	1,710,567	1,440,892	41,593	44,694	1,752,160	1,485,586
Long-term liabilities	28,449,830	7,534,056	926,036	248,505	29,375,866	7,782,561
Total liabilities	30,160,397	8,974,948	967,629	293,199	31,128,026	9,268,147
Deferred inflows of resources	7,933,106	566,000	255,196	16,594	8,188,302	582,594
Net investment in capital assets	21,917,539	22,409,165	35,338	48,719	21,952,877	22,457,884
Restricted net position	511,838	422,066	2,615	-	514,453	422,066
Unrestricted net position (deficit)	(29,448,901)	(984,871)	(609,723)	438,045	(30,058,624)	(546,826)
Total net position	\$ (7,019,524)	\$ 21,846,360	\$ (571,770)	\$ 486,764	\$ (7,591,294)	\$ 22,333,124

The net position of the Board's governmental activities decreased \$28.9 million during the year, from \$21.8 million at June 30, 2017 to \$(7.0) million at June 30, 2018, indicating a decline in the financial condition of the Board. The GASB 75 restatement accounted for the majority of this decrease, reducing beginning of year governmental activities net position by \$28.1 million. Restricted net position increased

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

by \$90,000 while unrestricted net position decreased \$28.5 million compared to the prior year, due primarily to implementation of GASB 75. Net investment in capital assets decreased \$492,000 due to an excess of depreciation expense over capital additions for the year. Deferred outflows and inflows of resources relate entirely to the pension and OPEB plans which the Board participates in. The Board is required to record its proportionate share of these items along with its proportionate share of the plan liabilities. See Note 3 of the financial statements for more details regarding these plans.

The net position of the Board's business-type activities decreased \$236,000 during the year. This decrease is the net loss generated by our school food service operations during the 2018 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Revenues:						
Program revenues:						
Charges for services	\$ 275,613	\$ 259,275	\$ 85,388	\$ 147,842	\$ 361,001	\$ 407,117
Operating grants and contributions	17,125,411	17,343,000	1,286,784	1,402,492	18,412,195	18,745,492
Capital grants and contributions	168,003	123,698	-	-	168,003	123,698
General revenues:						
County appropriations	4,256,830	4,357,321	-	-	4,256,830	4,357,321
State appropriations	2,187,806	2,428,884	-	-	2,187,806	2,428,884
Other revenues	290,040	227,413	-	-	290,040	227,413
Total revenues	24,303,703	24,739,591	1,372,172	1,550,334	25,675,875	26,289,925
Expenses:						
Governmental activities:						
Instructional services	17,550,889	17,564,919	-	-	17,550,889	17,564,919
System-wide support services	6,750,134	6,947,245	-	-	6,750,134	6,947,245
Ancillary services	33,057	20,816	-	-	33,057	20,816
Payments to other governments	632,370	648,001	-	-	632,370	648,001
Unallocated depreciation	16,456	15,012	-	-	16,456	15,012
Business-type activities:						
School food service	-	-	1,673,001	1,789,384	1,673,001	1,789,384
Total expenses	24,982,906	25,195,993	1,673,001	1,789,384	26,655,907	26,985,377
Excess (deficiency) before transfers	(679,203)	(456,402)	(300,829)	(239,050)	(980,032)	(695,452)
Transfers in (out)	(64,653)	(49,369)	64,653	49,369	-	-
Increase (decrease) in net position	(743,856)	(505,771)	(236,176)	(189,681)	(980,032)	(695,452)
Beginning net position, as previously reported	21,846,360	22,352,131	486,764	676,445	22,333,124	23,028,576
Restatement	(28,122,028)	-	(822,358)	-	(28,944,386)	-
Beginning net position (deficit), restated	(6,275,668)	22,352,131	(335,594)	676,445	(6,611,262)	23,028,576
Ending net position (deficit)	\$ (7,019,524)	\$ 21,846,360	\$ (571,770)	\$ 486,764	\$ (7,591,294)	\$ 22,333,124

Total governmental activities generated revenues of \$24.3 million while expenses in this category totaled \$25.0 million for the year ended June 30, 2018, resulting in the aforementioned decrease in net position of \$744,000 (including transfers out to business-type activities of \$65,000). Comparatively, revenues

NORTHAMPTON COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

were \$24.7 million, expenses totaled \$25.2 million and transfers out were \$49,000 for the year ended June 30, 2017, resulting in a decrease in net position of \$506,000. Overall, revenues and expenses were comparable when comparing the two years with no significant fluctuations.

The Board's primary sources of revenues were funding from the State of North Carolina, Northampton County, and the United States Government, which respectively comprised 67.5%, 17.4% and 11.0% of our total revenues. As would be expected, the major component of our expenses was instructional services which accounted for 70.3% of our total expenses during the most recent fiscal year. Of the remaining 29.7% of our total expenses, 27.0% was attributable to system-wide support services.

Our business-type activities generated revenues of \$1.4 million, while expenses totaled \$1.7 million for the year ended June 30, 2018. For the year, net position decreased by \$236,000 (including transfers in of \$65,000). Comparatively, revenues were \$1.6 million, expenses were \$1.8 million and transfers in were \$49,000 for the year ended June 30, 2017, resulting in a decrease in net position of \$190,000. In comparing the two years, salaries and benefits increased by \$72,000 due largely to the implementation of GASB 75 which resulted in a year-over-year increase of \$100,000 in retirement expense.

Financial Analysis of the Board's Funds

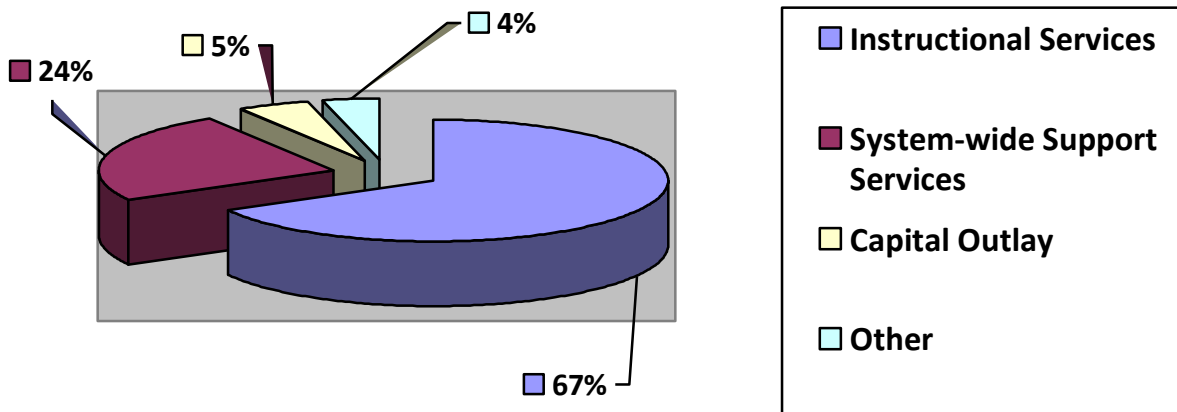
Governmental Funds: The focus of Northampton County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$3.8 million at June 30, 2018, an increase of \$356,000 over the \$3.4 million reported at June 30, 2017. The Board's General Fund reported an increase in fund balance for the year ended June 30, 2018 of \$74,000 (including the increase in reserve for inventories), compared to a decrease of \$104,000 in 2017. Decreased operational support costs accounted for the majority of the change when comparing the two years.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received. Revenues (and expenditures) in the State Public School Fund decreased \$429,000 for the fiscal year ended June 30, 2018 while the Federal Grants Fund reported a decrease of \$274,000. Allocations to the district declined due primarily to a drop in the district's ADM.

The Capital Outlay Fund reported an increase in fund balance for the 2018 year of \$24,000 compared to a decrease of \$8,000 for the 2017 year. Ending fund balance at June 30, 2018 totaled \$365,000 in the Capital Outlay Fund.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

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

Proprietary Fund: The Board's business-type fund, the School Food Service Fund, reported a decrease in net position of \$236,000 for the fiscal year ended June 30, 2018 compared to a decrease of \$190,000 for the same 2017 period. See the discussion above under "Financial Analysis of the Board as a Whole" for further details regarding the year-over-year change in operating results for the School Food Service Fund.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are often necessary throughout the year to recognize these adjustments. None of the budget adjustments made during the current year were significant in nature. The Board added \$74,000 to fund balance during year (including the increase in reserve for inventories) which was positive variance compared to the budgeted use of \$125,000 of fund balance. The timing of some revenues and expenditures is less predictable which leads to differences between the budgeted and actual amounts. Variances between actual expenditures and final budget amounts relate to conservative budgeting practices and cost containment strategies.

Capital Assets

Total primary government capital assets were \$22.3 million at June 30, 2018 compared to \$22.6 million at June 30, 2017, a decline of 1.5%. The decrease is primarily attributable to an excess of depreciation expense over capital additions for the year. The following is a summary of the Board's capital assets, net of depreciation, at June 30, 2018 and 2017. More detailed information about the Board's capital assets is contained in Note 3 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
Land	\$ 822,357	\$ 822,357	\$ -	\$ -	\$ 822,357	\$ 822,357
Buildings and improvements	20,257,671	20,783,613	-	-	20,257,671	20,783,613
Equipment and furniture	150,398	117,500	35,338	48,719	185,736	166,219
Vehicles	1,045,412	872,476	-	-	1,045,412	872,476
Total	<u>\$ 22,275,838</u>	<u>\$ 22,595,946</u>	<u>\$ 35,338</u>	<u>\$ 48,719</u>	<u>\$ 22,311,176</u>	<u>\$ 22,644,665</u>

Debt Outstanding

During the current year, the Board's long-term debt increased by \$172,000. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. More detailed information about the Board's outstanding debt is contained in Note 3 to the financial statements.

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

Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects the school district. The following factors have affected the economic outlook of Northampton County:

- The unemployment rate in Northampton County at June 30, 2018 was 5.5% compared to 5.8% at June 30, 2017. The County's unemployment rate continues to exceed the N.C. statewide and national unemployment rates which were both 4.2% at June 30, 2018.
- County commissioners and members of the Board of Education, along with concerned citizens of the county are working diligently to explore ways to increase economic development and improve the education, health and human service standards of the children and citizens in Northampton County.

Requests for Information

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

Cathy Gillus, Finance Officer
Northampton County Board of Education
701 N. Church Street
Jackson, NC 27845

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

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 3,819,492	\$ 391,840	\$ 4,211,332
Due from other governments	714,246	58,320	772,566
Net OPEB asset	40,710	1,310	42,020
Inventories	60,723	30,330	91,053
Capital assets:			
Land	822,357	-	822,357
Other capital assets, net of depreciation	21,453,481	35,338	21,488,819
Total capital assets	22,275,838	35,338	22,311,176
Total assets	26,911,009	517,138	27,428,147
Deferred Outflows of Resources	4,162,970	133,917	4,296,887
Liabilities			
Accounts payable and accrued expenses	356,654	700	357,354
Accrued salaries and wages payable	412,575	-	412,575
Due to other governments	22,702	-	22,702
Unearned revenue	-	746	746
Long-term liabilities:			
Due within one year	918,636	40,147	958,783
Due in more than one year	28,449,830	926,036	29,375,866
Total liabilities	30,160,397	967,629	31,128,026
Deferred Inflows of Resources	7,933,106	255,196	8,188,302
Net position			
Net investment in capital assets	21,917,539	35,338	21,952,877
Restricted for:			
Stabilization by State statute	3,744	-	3,744
School capital outlay	365,279	-	365,279
Individual schools activities	61,535	-	61,535
DIPNC OPEB plan	81,280	2,615	83,895
Unrestricted (deficit)	(29,448,901)	(609,723)	(30,058,624)
Total net position (deficit)	\$ (7,019,524)	\$ (571,770)	\$ (7,591,294)

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 9,300,192	\$ -	\$ 7,618,851	\$ -	\$ (1,681,341)	\$ -	\$ (1,681,341)
Special populations	2,397,639	-	2,299,613	-	(98,026)	-	(98,026)
Alternative programs	2,364,535	-	2,295,721	-	(68,814)	-	(68,814)
School leadership	1,739,087	-	979,532	-	(759,555)	-	(759,555)
Co-curricular	468,025	274,542	11,793	-	(181,690)	-	(181,690)
School-based support	1,281,411	-	1,068,050	-	(213,361)	-	(213,361)
System-wide support services:							
Support and development	411,613	-	213,327	-	(198,286)	-	(198,286)
Special population support and development	197,104	-	168,655	-	(28,449)	-	(28,449)
Alternative programs and services							
support and development	82,427	-	73,462	-	(8,965)	-	(8,965)
Technology support	370,623	-	177,089	-	(193,534)	-	(193,534)
Operational support	4,269,907	1,071	1,736,677	168,003	(2,364,156)	-	(2,364,156)
Financial and human resource services	535,530	-	70,953	-	(464,577)	-	(464,577)
Accountability	9,585	-	-	-	(9,585)	-	(9,585)
Policy, leadership and public relations	873,345	-	271,669	-	(601,676)	-	(601,676)
Ancillary services	33,057	-	19,913	-	(13,144)	-	(13,144)
Payments to other governments	632,370	-	120,106	-	(512,264)	-	(512,264)
Unallocated depreciation expense**	16,456	-	-	-	(16,456)	-	(16,456)
Total governmental activities	<u>24,982,906</u>	<u>275,613</u>	<u>17,125,411</u>	<u>168,003</u>	<u>(7,413,879)</u>	<u>-</u>	<u>(7,413,879)</u>
Business-type activities:							
School food service	<u>1,673,001</u>	<u>85,388</u>	<u>1,286,784</u>	<u>-</u>	<u>-</u>	<u>(300,829)</u>	<u>(300,829)</u>
Total primary government	<u>\$ 26,655,907</u>	<u>\$ 361,001</u>	<u>\$ 18,412,195</u>	<u>\$ 168,003</u>	<u>(7,413,879)</u>	<u>(300,829)</u>	<u>(7,714,708)</u>
General revenues:							
					3,500,000	-	3,500,000
					756,830	-	756,830
					2,045,806	-	2,045,806
					142,000	-	142,000
					7,448	-	7,448
					282,592	-	282,592
					(64,653)	64,653	-
					<u>6,670,023</u>	<u>64,653</u>	<u>6,734,676</u>
					<u>(743,856)</u>	<u>(236,176)</u>	<u>(980,032)</u>
					21,846,360	486,764	22,333,124
					<u>(28,122,028)</u>	<u>(822,358)</u>	<u>(28,944,386)</u>
					<u>(6,275,668)</u>	<u>(335,594)</u>	<u>(6,611,262)</u>
					<u>\$ (7,019,524)</u>	<u>\$ (571,770)</u>	<u>\$ (7,591,294)</u>

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

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

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

Exhibit 3 (Continued)

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

Total fund balances of governmental funds	\$ 3,802,530
Net OPEB asset	40,710
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,275,838
Deferred outflows of resources related to pensions	3,206,057
Deferred outflows of resources related to OPEB	956,913
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	(1,466,288)
Net pension liability	(6,033,649)
Net OPEB liability	(21,868,529)
Deferred inflows of resources related to pensions	(334,471)
Deferred inflows of resources related to OPEB	<u>(7,598,635)</u>
Net position (deficit) of governmental activities	<u>\$ (7,019,524)</u>

