

**PERQUIMANS COUNTY
BOARD OF EDUCATION
Hertford, North Carolina**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

List of Principal Officials June 30, 2016

BOARD OF EDUCATION

Susan Cox, Chair	Arlene Yates, Vice-Chair
Ralph L. Hollowell, Jr.	Amy Spaugh
Steven Magaro	Anne White

OFFICE OF THE SUPERINTENDENT

Matthew F. Cheeseman Superintendent	Candy Tilley Finance Officer
--	---------------------------------

INDIVIDUAL SCHOOLS

Principals

Bonita Jones Perquimans Central School	Jason Griffin Hertford Grammar School
Laura Moreland Perquimans County Middle School	Melissa Fields Perquimans County High School

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

Table of Contents June 30, 2016

	<u>Page</u>	<u>Exhibit</u>
FINANCIAL SECTION		
Independent Auditor's Report	1-2	
Management's Discussion and Analysis	3-10	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	11	1
Statement of Activities	12	2
Fund Financial Statements:		
Balance Sheet - Governmental Funds	13	3
Reconciliation of the Balance Sheet to the Statement of Net Position	13	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14	4
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Annually Budgeted Major Special Revenue Funds	16-18	6
Statement of Net Position - Proprietary Funds	19	7
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	20	8
Statement of Cash Flows - Proprietary Funds	21-22	9
Statement of Fiduciary Net Position	23	10
Statement of Changes in Fiduciary Net Position	24	11
Notes to the Financial Statements	25-45	
Required Supplementary Information		
Schedule of the Proportionate Share of the Net Pension Liability	46	
Schedule of Contributions	47	

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

Table of Contents June 30, 2016

	<u>Page</u>	<u>Exhibit</u>
Combining and Individual Fund Statements and Schedules:		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	48	
Other Specific Revenue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	49	
Capital Outlay Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	50	
Nonmajor Governmental Funds:		
Combining Balance Sheet	51	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	52	
Federal Grants Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	53	
Enterprise Fund:		
Food Service Fund:		
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	54	
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	A-1	
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	A-3	
Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act	A-5	
Schedule of Findings and Questioned Costs	A-7	
Corrective Action Plan	A-9	
Summary Schedule of Prior Audit Findings	A-10	
Schedule of Expenditures of Federal and State Awards	A-11	

FINANCIAL SECTION

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

Independent Auditor's Report

To the Board of Education
Perquimans County, North Carolina

Report on the Financial Statements

I 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 Perquimans County Board of Education, North Carolina, as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Perquimans County Board of Education'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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Perquimans County Board of Education, North Carolina as of June 30, 2016, and

The respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, and Other Specific Revenue Fund 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 10 and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 46 and 47, 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. I 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Perquimans County Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as 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 combining and individual non-major fund financial statements, budgetary schedules, other 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 or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual non-major fund financial statements, budgetary schedules, other 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*, I have also issued my report dated October 21, 2016 on my consideration of Perquimans County Board of Education's internal control over financial reporting and 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 the 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 the Perquimans County Board of Education's internal control over financial reporting and compliance.



Elizabeth City, North Carolina
October 21, 2016

Management's Discussion and Analysis

This section of the Perquimans 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, 2016. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board received increased funding in both the General Fund and the Capital Outlay Fund from the Perquimans County Board of Commissioners.
- The Board suffered a decrease in enrollment of approximately 30 students (2%) from the previous year.

Overview of the Financial Statements

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

- *Independent Auditor's Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents combining and budgetary statements for non-major 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 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 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, a 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 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 and inflows of resources, 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 – the difference between the total of the board's assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources– 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, one should 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 Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. 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, such as the Federal Grants Fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

Perquimans 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 – how cash and other assets can readily be converted to cash flow in and out and 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, a reconciliation following the governmental funds statements, 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, and the Federal Grants Fund.

The governmental fund statements are 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. Perquimans County Board of Education has one proprietary fund, an enterprise fund, the School Food Service Fund.

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

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Perquimans County Board of Education has one fiduciary fund – the NERESA Fund, which is an agency fund used to account for the receipts and disbursements of the Northeast Regional Education Service Alliance.

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

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,257,053 as of June 30, 2016. The largest component of net position is net investment in capital assets, of \$24,362,728.

Following is a summary of the Statement of Net Position:

Table 1						
Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 1,878,293	\$ 1,880,973	\$ 68,560	\$ 80,224	\$ 1,946,853	\$ 1,961,197
Capital assets	24,774,873	25,889,375	15,784	19,723	24,790,657	25,909,098
Total assets	26,653,166	27,770,348	84,344	99,947	26,737,510	27,870,295
Deferred outflows of resources	991,226	903,289	41,302	37,638	1,032,528	940,927
Current and other liabilities	4,378,667	2,454,754	144,854	64,910	4,523,521	2,519,664
Long-term liabilities	303,797	552,733	-	4,563	303,797	557,296
Total liabilities	4,682,464	3,007,487	144,854	69,473	4,827,318	3,076,960
Deferred inflows of resources	658,241	3,024,988	27,426	131,058	685,667	3,156,046
Net investment in capital assets	24,346,944	25,373,125	15,784	19,723	24,362,728	25,392,848
Restricted net position	623,165	596,152	-	-	623,165	596,152
Unrestricted net position	(2,666,422)	(3,328,115)	(62,418)	(82,669)	(2,728,840)	(3,410,784)
Total net position	\$ 22,303,687	\$ 22,641,162	\$ (46,634)	\$ (62,946)	\$ 22,257,053	\$ 22,578,216

Note that net position decreased slightly during the year by 1.42% and was largely because of the GASB 68 reporting requirement for pension liabilities and pension expenses. Also note that the Board carries capital assets for which Perquimans County carries the offsetting debt.

The following table shows the revenues and expenses for the Board for the current fiscal year.

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	Total Primary Government
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 310,920	\$ 257,894	\$ 233,678	\$ 228,673	\$ 544,598	\$ 486,567
Operating grants and contributions	13,174,356	13,162,298	700,332	689,541	13,874,688	13,851,839
General revenues:						
Other revenues	4,373,300	4,451,568	-	-	4,373,300	4,451,568
Total revenues	17,858,576	17,871,760	934,010	918,214	18,792,586	18,789,974
Expenses:						
Governmental activities:						
Instructional services	11,901,887	11,857,071	-	-	11,901,887	11,857,071
System-wide support services	4,896,778	4,853,771	-	-	4,896,778	4,853,771
Ancillary services	32,318	16,173	-	-	32,318	16,173
Non-programmed charges	27,403	(1,745)	-	-	27,403	(1,745)
Interest on long-term debt	2,346	3,046	-	-	2,346	3,046
Depreciation	1,285,729	1,214,859	-	-	1,285,729	1,214,859
Business-type activities:						
Food service	-	-	967,288	1,010,020	967,288	1,010,020
Total expenses	18,146,461	17,943,175	967,288	1,010,020	19,113,749	18,953,195
Transfers in (out)	(49,590)	(48,385)	49,590	48,385	-	-
Change in net position	(337,475)	(119,800)	16,312	(43,421)	(321,163)	(163,221)
Net position, beginning	22,641,162	22,760,962	(62,946)	(19,525)	22,578,216	22,741,437
Net position, ending	\$ 22,303,687	\$ 22,641,162	\$ (46,634)	\$ (62,946)	\$ 22,257,053	\$ 22,578,216

Total governmental activities generated revenues of \$17.9 million while expenses in this category totaled \$18.1 million for the year ended June 30, 2016. Comparatively, revenues and expenses were \$17.9 million for the year ended June 30, 2015. After transfers to the business-type activities, the decrease in net position stands at \$337,475 at June 30, 2016, compared to \$119,800 in 2015. Instructional services expenses comprised 65.59% of total governmental-type expenses while system-wide support services made up 26.98% of those expenses for 2016. County funding comprised 14.96% of total governmental revenue for 2016. In 2015, county funding was 14.26%. Much of the remaining 85.04% of total governmental revenue for 2016 consists of restricted State and federal money. This revenue represented 85.74% of total revenue in 2015. Business-type activities generated revenue of \$934,010 and expenses of \$967,288. Net position increased in the business-type activities by \$16,312, after transfers from the governmental activities of \$49,590.

Financial Analysis of the Board's Funds

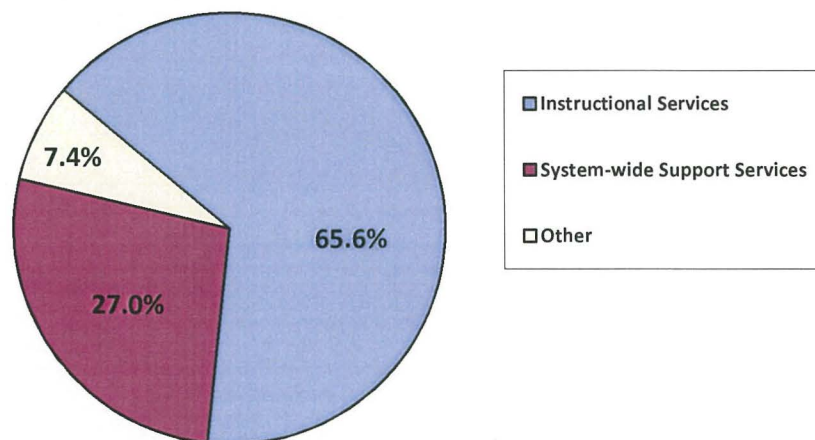
Governmental Funds: The focus of Perquimans County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and

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 \$1,085,585, a \$14,371 decrease over last year. The governmental funds experienced a \$67,740 decrease in revenues.

Proprietary Funds: The School Food Service Fund experienced an increase in revenues and a decrease in expenditures over last year. While the ending net position is still negative at the end of 2016, it is an approximately 25% improvement over the 2015 ending net position.

Categorization of Expenditures by Function



Expenditures presented on the modified accrual basis of accounting

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times and fund balance was reduced by \$133,715.

Capital Assets

Capital assets decreased by \$1,118,441 (4.32%) from the previous year. This was largely due to depreciation expense exceeding the addition of capital assets during the fiscal year. The only category of capital assets to increase in 2016 was Vehicles and that was due to the replacement of two yellow buses.

The following is a summary of the capital assets, net of depreciation at year-end.

Table 3						
Summary of Capital Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 290,948	\$ 290,948	\$ -	\$ -	\$ 290,948	\$ 290,948
Buildings	23,327,935	24,247,403	-	-	23,327,935	24,247,403
Furniture and equipment	464,426	712,734	-	-	464,426	712,734
Vehicles	691,564	638,290	-	-	691,564	638,290
Food service equipment	-	-	15,784	19,723	15,784	19,723
Total	\$ 24,774,873	\$ 25,889,375	\$ 15,784	\$ 19,723	\$ 24,790,657	\$ 25,909,098

Debt Outstanding

During the year the Board's outstanding debt decreased by \$166,186 due mainly to the second installment payment on the 1:1 initiative's capital lease for iPads. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

Economic Factors

Despite continuing decreases in enrollment, the Board anticipates a need for increased classroom space, teachers, and equipment due to a new state law reducing the classroom sizes for grades kindergarten through third grade. At the same time, the North Carolina Department of Public Instruction is advising school districts to plan for decreased State revenues. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the schools. The County is enjoying a low unemployment rate of 5.8% which is a decrease from 2015 but still 1% higher than the state average of 4.8%.

Requests for Information

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

Candy W. Tilley, Director of Finance
Perquimans County Board of Education
411 S. Edenton Road Street
PO Box 337
Hertford, NC 27944-0337

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Perquimans County Board of Education, North Carolina
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,170,369	\$ 90,697	\$ 1,261,066
Accounts receivable	42,054	-	42,054
Due from other governments	580,870	25,472	606,342
Internal balances	85,000	(85,000)	-
Inventories	-	37,391	37,391
Capital assets:			
Land and construction in progress	290,948	-	290,948
Other capital assets, net of depreciation	24,483,925	15,784	24,499,709
Total capital assets	<u>24,774,873</u>	<u>15,784</u>	<u>24,790,657</u>
Total assets	<u>26,653,166</u>	<u>84,344</u>	<u>26,737,510</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>991,226</u>	<u>41,302</u>	<u>1,032,528</u>
LIABILITIES			
Accounts payable and accrued expenses	268,196	-	268,196
Accrued salaries and wages payable	524,158	-	524,158
Unearned revenues	354	6,146	6,500
Long term liabilities			
Net pension liability	2,631,760	109,659	2,741,419
Due within one year	954,199	29,049	983,248
Due in more than one year	303,797	-	303,797
Total liabilities	<u>4,682,464</u>	<u>144,854</u>	<u>4,827,318</u>
DEFERRED INFLOWS OF RESOURCES	<u>658,241</u>	<u>27,426</u>	<u>685,667</u>
NET POSITION			
Net investment in capital assets	24,346,944	15,784	24,362,728
Restricted:			
Individual Schools	89,607	-	89,607
Stabilization by State Statute	157,743	-	157,743
School Capital Outlay	339,533	-	339,533
Regular Instructional - STOP Grant	7,971	-	7,971
Regular Instructional - Golden Leaf Grant	28,311	-	28,311
Unrestricted	(2,666,422)	(62,418)	(2,728,840)
Total net position	<u>\$ 22,303,687</u>	<u>\$ (46,634)</u>	<u>\$ 22,257,053</u>

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

Perquimans County Board of Education, North Carolina
Statement of Activities
For the Year Ended June 30, 2016

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital Grants	Primary Government		
		Services	Grants and	and	Governmental	Business-type	Total
			Contributions	Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 6,618,651	\$ -	\$ 6,591,689	\$ -	\$ (26,962)	\$ -	\$ (26,962)
Special populations	1,744,841	-	1,788,914	-	44,073	-	44,073
Alternative programs	1,072,909	-	1,106,042	-	33,133	-	33,133
School leadership	728,291	-	468,394	-	(259,897)	-	(259,897)
Co-curricular	201,074	-	-	-	(201,074)	-	(201,074)
School-based support	1,536,121	306,510	944,033	-	(285,578)	-	(285,578)
System-wide support services:							
Support and development	176,148	-	183,243	-	7,095	-	7,095
Special populations support and development	129,607	-	138,960	-	9,353	-	9,353
Alternative programs and services support and development	107,213	-	104,756	-	(2,457)	-	(2,457)
Technology support	352,642	-	218,216	-	(134,426)	-	(134,426)
Operational support	2,840,010	4,410	873,735	-	(1,961,865)	-	(1,961,865)
Financial and human resources	533,352	-	278,285	-	(255,067)	-	(255,067)
Accountability	89,030	-	100,765	-	11,735	-	11,735
Policy, leadership, and public relations	668,776	-	232,624	-	(436,152)	-	(436,152)
Ancillary services	32,318	-	15,471	-	(16,847)	-	(16,847)
Non-programmed charges	27,403	-	129,229	-	101,826	-	101,826
Interest on long-term debt	2,346	-	-	-	(2,346)	-	(2,346)
Unallocated depreciation expense	1,285,729	-	-	-	(1,285,729)	-	(1,285,729)
Total governmental activities	18,146,461	310,920	13,174,356	-	(4,661,185)	-	(4,661,185)
Business-type activities:							
School food service	967,288	233,678	700,332	-	-	(33,278)	(33,278)
Total business-type activities	967,288	233,678	700,332	-	-	(33,278)	(33,278)
Total primary government	\$ 19,113,749	\$ 544,598	\$ 13,874,688	\$ -	(4,661,185)	(33,278)	(4,694,463)
General revenues:							
Unrestricted county appropriations - operating					2,375,000	-	2,375,000
Unrestricted county appropriations - capital					296,142	-	296,142
Unrestricted State appropriations - operating					1,586,278	-	1,586,278
Unrestricted State appropriations - capital					21,428	-	21,428
Investment earnings, unrestricted					1,203	-	1,203
Miscellaneous, unrestricted					93,249	-	93,249
Transfers					(49,590)	49,590	-
Total general revenues and transfers					4,323,710	49,590	4,373,300
Change in net position					(337,475)	16,312	(321,163)
Net position, beginning					22,641,162	(62,946)	22,578,216
Net position, ending					\$ 22,303,687	\$ (46,634)	\$ 22,257,053

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

FUND FINANCIAL STATEMENTS

Perquimans County Board of Education, North Carolina
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds				Non-major Funds	Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 558,249	\$ -	\$ 225,817	\$ 296,582	\$ 89,721	\$ 1,170,369
Accounts receivable	506	-	41,548	-	-	42,054
Due from other funds	85,114	-	-	-	-	85,114
Due from other governments	17,301	459,908	13,626	42,951	47,084	580,870
Total assets	<u>\$ 661,170</u>	<u>\$ 459,908</u>	<u>\$ 280,991</u>	<u>\$ 339,533</u>	<u>\$ 136,805</u>	<u>\$ 1,878,407</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Accounts payable and accrued expenses	\$ 266,129	\$ -	\$ 2,067	\$ -	\$ -	\$ 268,196
Accrued salaries and wages payable	-	459,908	17,166	-	47,084	524,158
Due to other funds	-	-	-	-	114	114
Unearned revenues	-	-	354	-	-	354
Total liabilities	<u>266,129</u>	<u>459,908</u>	<u>19,587</u>	<u>-</u>	<u>47,198</u>	<u>792,822</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted for:						
Individual Schools	-	-	-	-	89,607	89,607
Stabilization by State Statute	102,923	-	54,820	-	-	157,743
School Capital Outlay	-	-	-	339,533	-	339,533
STOP Grant	-	-	7,971	-	-	7,971
Golden Leaf Grant	-	-	158,170	-	-	158,170
Assigned:						
Subsequent years expenditures	-	-	40,443	-	-	40,443
Unassigned:	292,118	-	-	-	-	292,118
Total fund balances	<u>395,041</u>	<u>-</u>	<u>261,404</u>	<u>339,533</u>	<u>89,607</u>	<u>1,085,585</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 661,170</u>	<u>\$ 459,908</u>	<u>\$ 280,991</u>	<u>\$ 339,533</u>	<u>\$ 136,805</u>	

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

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	24,774,873
Deferred outflows of resources related to pensions	991,226
Some liabilities, including bonds payable and accrued interest, are not due in the current period and therefore are not reported in the funds (Note 5).	(1,257,996)
Net pension liability	(2,631,760)
Deferred inflows of resources related to pensions	(658,241)
Net position of governmental activities	<u>\$ 22,303,687</u>

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds				Non-major Funds	Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Other Governmental Funds	
REVENUES						
State of North Carolina	\$ -	\$ 12,366,520	\$ 326,681	\$ 21,428	\$ -	\$ 12,714,629
Perquimans County	2,375,000	-	-	296,142	-	2,671,142
U. S. Government	-	-	264,291	-	1,406,397	1,670,688
Contributions and donations	-	-	-	-	51,545	51,545
Other	85,932	-	435,812	3,460	306,510	831,714
Total revenues	2,460,932	12,366,520	1,026,784	321,030	1,764,452	17,939,718
EXPENDITURES						
Current:						
Instructional services						
Regular instructional	197,760	6,624,118	221,584	-	44,850	7,088,312
Special populations	2,954	1,154,987	141,915	-	533,516	1,833,372
Alternative programs	9,064	377,000	245,735	-	490,434	1,122,233
School leadership	48,320	713,606	3,267	-	-	765,193
Co-curricular	202,924	-	-	-	-	202,924
School-based support	31,672	1,099,367	96,907	-	363,267	1,591,213
System-wide support services						
Support and development	1,779	104,467	81,850	-	44	188,140
Special populations support and development	-	136,023	3,793	-	-	139,816
Alternative programs and services support and development	-	6,477	15,649	-	83,791	105,917
Technology support	2,363	294,616	-	-	62,285	359,264
Operational support	1,485,263	1,202,047	45,881	-	9,793	2,742,984
Financial and human resources	246,332	202,219	2,400	-	94,908	545,859
Accountability	4,745	102,536	-	-	-	107,281
Policy, leadership, and public relations	308,412	287,448	82,297	-	-	678,157
Ancillary services	24,153	12,019	-	-	3,452	39,624
Non-programmed charges	28,906	-	-	-	79,639	108,545
Capital outlay:						
Real property and buildings	-	-	-	132,339	-	132,339
Furniture and equipment	-	-	-	33,766	-	33,766
Vehicles	-	-	-	179,942	-	179,942
Debt service:						
Principal	-	-	-	117,214	-	117,214
Interest	-	-	-	2,346	-	2,346
Total expenditures	2,594,647	12,316,930	941,278	465,607	1,765,979	18,084,441
Excess (deficiency) of revenues over expenditures	(133,715)	49,590	85,506	(144,577)	(1,527)	(144,723)
OTHER FINANCING SOURCES (USES)						
Transfer to other funds	-	(49,590)	-	-	-	(49,590)
Installment purchase obligation issued	-	-	-	179,942	-	179,942
Total other financing sources (uses)	-	(49,590)	-	179,942	-	130,352
Net change in fund balances	(133,715)	-	85,506	35,365	(1,527)	(14,371)
Fund balances, beginning	528,756	-	175,898	304,168	91,134	1,099,956
Fund balances, ending	\$ 395,041	\$ -	\$ 261,404	\$ 339,533	\$ 89,607	\$ 1,085,585

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

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

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

Net changes in fund balances - total governmental funds	\$ (14,371)
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 a depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,114,502)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	890,696
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	88,321
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(258,794)
Compensated absences	71,175
Total changes in net position of governmental activities	<u>\$ (337,475)</u>

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Fund
For the Year Ended June 30, 2016

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
Perquimans County	\$ 2,375,000	\$ 2,375,000	\$ 2,375,000	\$ -
Other	85,500	85,632	85,932	300
Total revenues	<u>2,460,500</u>	<u>2,460,632</u>	<u>2,460,932</u>	<u>300</u>
EXPENDITURES				
Current:				
Instructional services				
Regular instructional	167,750	197,760	197,760	-
Special populations	12,850	2,954	2,954	-
Alternative programs	1,940	9,064	9,064	-
School leadership	57,215	48,320	48,320	-
Co-curricular	143,225	205,256	202,924	2,332
School-based support	36,930	31,672	31,672	-
System-wide support services				
Support and development	1,065	1,779	1,779	-
Special populations support and development	1,650	-	-	-
Technology support	2,530	2,363	2,363	-
Operational support	1,580,950	1,478,521	1,485,263	(6,742)
Financial and human resources	247,380	245,128	246,332	(1,204)
Accountability	4,975	4,745	4,745	-
Policy, leadership, and public relations	249,720	345,011	308,412	36,599
Ancillary services	27,320	24,153	24,153	-
Non-programmed charges	25,000	28,906	28,906	0
Total expenditures	<u>2,560,500</u>	<u>2,625,632</u>	<u>2,594,647</u>	<u>30,985</u>
Revenues over (under) expenditures	<u>(100,000)</u>	<u>(165,000)</u>	<u>(133,715)</u>	<u>(31,285)</u>
Other financing sources				
Fund balance appropriated	100,000	165,000	-	165,000
Total other financing sources	<u>100,000</u>	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(133,715)</u>	<u>\$ (133,715)</u>
Fund balance, beginning			528,756	
Fund balance, ending			<u>\$ 395,041</u>	

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

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Fund
For the Year Ended June 30, 2016

	State Public School Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
State of North Carolina	\$ 12,320,472	\$ 12,683,748	\$ 12,366,520	\$ (317,228)
EXPENDITURES				
Current:				
Instructional services				
Regular instructional	6,710,588	6,818,779	6,624,118	194,661
Special populations	1,202,874	1,177,015	1,154,987	22,028
Alternative programs	355,783	430,932	377,000	53,932
School leadership	718,329	716,640	713,606	3,034
School-based support	1,142,318	1,121,203	1,099,367	21,836
System-wide support services				
Support and development	108,571	104,467	104,467	-
Special populations support and development	134,658	136,023	136,023	-
Alternative programs and service support and development	5,300	6,477	6,477	-
Technology support	263,441	305,828	294,616	11,212
Operational support	1,087,416	1,212,028	1,202,047	9,981
Financial and human resources	177,411	202,219	202,219	-
Accountability	83,838	102,536	102,536	-
Policy, leadership, and public relations	281,247	287,448	287,448	-
Ancillary services	-	15,566	12,019	3,547
Total expenditures	12,271,774	12,637,161	12,316,930	320,231
Revenues over expenditures	48,698	46,587	49,590	3,003
Other financing sources (uses)				
Transfers to other funds	(48,698)	(46,587)	(49,590)	(3,003)
Total other financing sources (uses)	(48,698)	(46,587)	(49,590)	(3,003)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund and Annually Budgeted Major Special Revenue Fund
For the Year Ended June 30, 2016

	Other Specific Revenue Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
State of North Carolina	\$ 289,420	\$ 354,403	\$ 326,681	\$ (27,722)
U. S. Government	119,566	221,860	264,291	42,431
Other	729,912	769,995	435,812	(334,183)
Total revenues	<u>1,138,898</u>	<u>1,346,258</u>	<u>1,026,784</u>	<u>(319,474)</u>
EXPENDITURES				
Current:				
Instructional services				
Regular instructional	669,276	666,796	221,584	445,212
Special populations	44,905	149,850	141,915	7,935
Alternative programs	186,131	262,127	245,735	16,392
School leadership	3,250	3,300	3,267	33
School-based support	190,280	142,429	96,907	45,522
System-wide support services				
Support and development	82,100	82,100	81,850	250
Special populations support and development	-	3,793	3,793	-
Alternative programs and service support and development	16,864	15,737	15,649	88
Operational support	5,247	47,436	45,881	1,555
Financial and human resources	-	2,400	2,400	-
Policy, leadership, and public relations	71,750	102,095	82,297	19,798
Total expenditures	<u>1,269,803</u>	<u>1,478,063</u>	<u>941,278</u>	<u>536,785</u>
Revenues over (under) expenditures	<u>(130,905)</u>	<u>(131,805)</u>	<u>85,506</u>	<u>217,311</u>
Other financing sources				
Fund balance appropriated	<u>130,905</u>	<u>131,805</u>	<u>-</u>	<u>(131,805)</u>
Total other financing sources	<u>130,905</u>	<u>131,805</u>	<u>-</u>	<u>(131,805)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>85,506</u>	<u>\$ 85,506</u>
Fund balance, beginning			<u>175,898</u>	
Fund balance, ending			<u>\$ 261,404</u>	

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

Perquimans County Board of Education, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2016

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 90,697
Due from other governments	25,472
Inventories	37,391
Total current assets	<u>153,560</u>
Noncurrent assets:	
Capital assets:	
Food service equipment, net	15,784
Total assets	<u>169,344</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>41,302</u>
LIABILITIES	
Current liabilities:	
Due to other funds	85,000
Unearned revenues	6,146
Compensated absences	29,049
Total current liabilities	<u>120,195</u>
Noncurrent liabilities:	
Net pension liability	109,659
Total noncurrent liabilities	<u>109,659</u>
Total liabilities	<u>229,854</u>
DEFERRED INFLOWS OF RESOURCES	<u>27,426</u>
NET POSITION	
Net investment in capital assets	15,784
Unrestricted	(62,418)
Total net position	<u>\$ (46,634)</u>

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

Exhibit 8

Perquimans County Board of Education, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
OPERATING REVENUES	
Food sales	\$ 233,678
OPERATING EXPENSES	
Food cost:	
Purchase of food	295,675
Donated commodities	63,537
Salaries and benefits	555,467
Materials and supplies	40,816
Depreciation	3,939
Contracted services	2,326
Utilities and telephone	4,047
Workshops	785
Other	696
Total operating expenses	<u>967,288</u>
Operating loss	<u>(733,610)</u>
NONOPERATING REVENUES	
Federal reimbursements	636,795
Federal commodities	63,537
Total nonoperating revenues	<u>700,332</u>
 Loss before contributions and transfers	 (33,278)
OTHER FINANCING SOURCES	
Transfer from other funds	49,590
Change in net position	16,312
Total net position, beginning	<u>(62,946)</u>
Total net position, ending	<u>\$ (46,634)</u>

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

Perquimans County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 239,824
Cash paid for goods and services	(341,666)
Cash paid to employees for services	(458,938)
Net cash used by operating activities	<u>(560,780)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	<u>644,525</u>
Net increase in cash and cash equivalents	83,745
Balance, beginning	6,952
Balance, ending	<u><u>\$ 90,697</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (733,610)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,939
Donated commodities consumed	63,537
Salaries paid by special revenue fund	49,590
Changes in assets, deferred outflows of resources, and liabilities:	
Decrease in inventory	2,679
Increase in net pension liability	75,925
Increase in deferred outflows	(3,664)
Decrease in deferred inflows	(103,632)
Decrease in compensated absences	(6,690)
Increase in due to other funds	85,000
Increase in unearned revenues	6,146
Total adjustments	<u>172,830</u>
Net cash used by operating activities	<u><u>\$ (560,780)</u></u>

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

**Perquimans County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016**

Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$49,590 to administrative personnel of the School Food Service Fund during the year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 8.

Indirect costs were not allowed to be paid by School Food Service Fund this fiscal year due to the operating cash balance at the end of the prior years.

The School Food Service Fund received donated commodities with a value of \$63,537 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$63,537 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 8.

Perquimans County Board of Education, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2016

	<u>Agency Fund</u> <u>NERESA</u> <u>Funds</u>
Assets	
Cash and cash equivalents	\$ 87,409
Total assets	<u>\$ 87,409</u>
Net Position	
Assets held in trust for private purpose	\$ 87,409
Total net position	<u>\$ 87,409</u>

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

Exhibit 11

**Perquimans County Board of Education, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2016**

	<u>Agency Fund</u> <u>NERESA</u> <u>Funds</u>
Additions:	
Dues	\$ 80,000
Sales tax refund	7
Other	1,215
Total additions	<u>81,222</u>
Deductions:	
Contracted services	73,023
Workshops	11,106
Total deductions	<u>84,129</u>
Change in net position	(2,907)
Net position, beginning	90,316
Net position, ending	<u>\$ 87,409</u>

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

NOTES TO THE FINANCIAL STATEMENTS

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Perquimans County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Perquimans County, North Carolina. The Board receives State, local and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds, including its fiduciary funds. Separate statements for each fund category – *governmental 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 non-major funds. The fiduciary funds are presented separately.

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

The Board reports the following major governmental funds:

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

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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

Other Specific Revenue Fund. The Other Special Revenue Fund accounts for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal grants restricted as to use, federal appropriations made directly to the local school administrative units, funds received for prekindergarten programs, and special programs and appropriated fund balances.

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 is reported as a capital projects fund. It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Perquimans County appropriations, restricted sales tax monies, proceeds from Perquimans County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

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 and is reported as an enterprise fund.

The Board reports the following non-major governmental funds:

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

Individual School 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 fundraising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

The Board reports the following fiduciary fund:

Agency Fund - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Board holds on behalf of others. The Board maintains the following agency fund: *NERESA Funds*. The purpose of NERESA Funds is to account for the Northeast Regional Education Service Alliance receipts and disbursements.

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.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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 60 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 are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by 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 within a program without limitations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposit 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; and an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gain 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. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

3. Inventories

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

4. Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 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, 2000 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

	Years
Buildings	10-40
Equipment and furniture	3-10
Vehicles	10

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

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

5. Deferred outflows and inflows of resources

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

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. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2016 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences is based on the current amount used.

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 are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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. 159C-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 Individual Schools – revenue sources restricted for expenditures for various clubs and organizations, athletic events, and various fundraising activities for which they are collected.

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – portion of fund balance that Perquimans County Board of Education intends to use for specific purposes.

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

Perquimans County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. All appropriations shall be paid first from revenue restricted as to use, and second from general unrestricted revenues. The Superintendent and the Finance Officer have the authority to deviate from this policy if it is in the best interest of the Board of Education.

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes 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 \$21,218,102 consists of several elements as follows:

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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)	\$ 45,112,772
Less - Accumulated Depreciation	<u>(20,337,899)</u>
Net capital assets	24,774,873
Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	100,530
Contributions made to the pension plan in current fiscal year	890,696
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:	
Net pension liability	(2,631,760)
Capital leases	(269,415)
Installment purchases	(158,514)
Compensated absences	(830,067)
Deferred inflows of resources related to pensions	
Changes in proportion and differences between Board contributions and proportionate share of contributions	(73,880)
Differences between expected and actual experience	(299,232)
Difference between projected and actual earnings on plan investments	<u>(285,129)</u>
Total adjustment	<u>\$ 21,218,102</u>

2. 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 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 (\$323,104) as follows:

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 275,892
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.	(1,390,394)
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities - it affects only the government-wide statement of net position	(179,942)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	268,263
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	890,696
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	(258,794)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	71,175
	<u>\$ (323,104)</u>

10. Defined Benefit Pension Plans

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

II. Stewardship, Compliance, and Accountability

There are no items to report.

III. 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 of 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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. 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

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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, 2016, the Board had deposits with banks with a carrying amount of \$1,193,666. The bank balances with the financial institutions and the State Treasurer was \$1,248,895 and \$256,836, respectively. Of these balances, \$353,022 was covered by federal depository insurance, \$895,873 was covered by collateral held under the pooling method, and \$256,836 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, the Board had \$154,809 invested with the State Treasurer in the Short Term Investment Fund (STIF). The Department of State Treasurer Short Term Investment Fund (STIF) had a weighted average maturity of 1.5 years as of June 30, 2016.

Credit Risk. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies and money market instruments. The Board has no policy on credit risk.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2016, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 85,114	\$ 17,301	\$ 506	\$ 17,807
Other governmental activities	(85,114)	563,569	41,548	605,117
Total	<u>\$ -</u>	<u>\$ 580,870</u>	<u>\$ 42,054</u>	<u>\$ 622,924</u>
Business-type activities				
School Food Service Fund	<u>\$ -</u>	<u>\$ 25,472</u>	<u>\$ -</u>	<u>\$ 25,472</u>

Internal balances consist of cost due to the General Fund from the School Food Service Fund and the Individual Schools Fund.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 297	Coastal Studies Grant
General Fund	7,980	Fines and forfeitures from Perquimans County
General Fund	9,024	Reimbursement from Perquimans County
State Public School Fund	459,908	Operating funds from DPI
Federal Grants Fund	47,084	Operating funds from DPI
Capital Outlay Fund	42,951	Sales tax from Perquimans County
Other Special Revenue Fund	13,626	Governor's Crime Commission
	<u>\$ 580,870</u>	

Business-type activities:

School Food Service Fund	<u>\$ 25,472</u>	USDA reimbursement
--------------------------	------------------	--------------------

4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 290,948	\$ -	\$ -	\$ 290,948
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>290,948</u>	<u>-</u>	<u>-</u>	<u>290,948</u>
Capital assets being depreciated:				
Buildings	39,584,534	62,540	-	39,647,074
Equipment and furniture	2,119,705	33,410	-	2,153,115
Vehicles	2,857,730	179,942	16,037	3,021,635
Total capital assets being depreciated	<u>44,561,969</u>	<u>275,892</u>	<u>16,037</u>	<u>44,821,824</u>
Less accumulated depreciation for:				
Buildings	15,337,131	982,008	-	16,319,139
Equipment and furniture	1,406,971	281,718	-	1,688,689
Vehicles	2,219,440	126,668	16,037	2,330,071
Total accumulated depreciation	<u>18,963,542</u>	<u>\$ 1,390,394</u>	<u>\$ 16,037</u>	<u>20,337,899</u>
Total capital assets being depreciated, net	<u>25,598,427</u>			<u>24,483,925</u>
Governmental activity capital assets, net	<u>\$ 25,889,375</u>			<u>\$ 24,774,873</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,285,729
Operational support services	<u>104,665</u>
Total	<u>\$ 1,390,394</u>

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 203,274	\$ -	\$ -	\$ 203,274
Total capital assets being depreciated	203,274	-	-	203,274
Less accumulated depreciation for:				
Food service equipment	183,551	3,939	-	187,490
Total accumulated depreciation	183,551	3,939	-	187,490
Business-type activities capital assets, net	<u>\$ 19,723</u>			<u>\$ 15,784</u>

B. Liabilities

1. Pensions Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 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, 2016, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$927,809 for the year ended June 30, 2016.

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

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

At June 30, 2016, the Board reported a liability of \$2,741,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015 and at June 30, 2014, the Board's proportion was .074% and .072%, respectively.

For the year ended June 30, 2016, the Board recognized pension expense of \$268,548. At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 311,700
Net difference between projected and actual earnings on pension plan investments	-	297,009
Changes in proportion and differences between Board contributions and proportionate share of contributions	104,719	76,958
Board contributions subsequent to the measurement date	927,809	-
Total	<u>\$ 1,032,528</u>	<u>\$ 685,667</u>

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

\$927,809 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (355,526)
2018	(355,526)
2019	(338,469)
2020	468,572
2021	-
Thereafter	-
	<u>\$ (580,949)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

Sensitivity of the 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 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 8,250,914	\$ 2,741,419	\$ (1,934,023)

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 Post-Employment Benefits

1. Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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

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

Funding Policy: The Comprehensive Major Medical Plan is administered by the Executive Administrator and the Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2016, 2015, and 2014, the School Board paid all annual required contribution to the Plan for postemployment healthcare benefits of \$567,839, \$564,556, and \$532,548, respectively. These contributions represented 5.60%, 5.49%, and 5.40%, of covered payroll, respectively.

2. Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit for DIPNC after the conclusion of the short term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employees and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

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

Funding Policy. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contribution membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments of or permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service at any age.

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135 Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separate from the number of members currently eligible to receive

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2016, 2015, and 2014, the Board paid all annual required contributions to the DIPNC for disability benefits of \$41,574, \$42,162, and \$43,393, respectively. These contributions represented 0.41%, 0.41%, and 0.44%, of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2016 is as follows:

	Vendors	Salaries and Benefits
Governmental activities:		
General fund	\$ 266,129	\$ -
Other governmental activities	2,067	524,158
Total	<u>\$ 268,196</u>	<u>\$ 524,158</u>
Business-type activities:		
School Food Service	<u>\$ -</u>	<u>\$ -</u>

3. Deferred Inflows of Resources

The balance in deferred 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	\$ -	\$ 311,700
Net difference between projected and actual earnings on pension plan investments	-	297,009
Changes in proportion and differences between Board contributions and proportionate share of contributions	104,719	76,958
Board contributions subsequent to the measurement date	927,809	-
Total	<u>\$ 1,032,528</u>	<u>\$ 685,667</u>

4. Risk Management

The Board is exposed to various risks of losses 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 annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omission claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). Coverage is provided to the extent employees are paid from Federal or 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 administered by the North Carolina Department of Public Instruction. This insures the tangible property assets of the

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees who have access to funds are bonded under a blanket bond for \$100,000.

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.

5. Long-Term Obligations

a. Capital Leases

As authorized in State law [G.S. 115C-528(a)], the Board entered into a lease agreement to lease 1600 iPads. The leasing arrangements were made for three years, and, at the conclusion of the lease, ownership is transferred to the Board. The lease agreement qualifies as a capital lease for accounting purposes; therefore, the obligation has been recorded at the present value of the future minimum lease payments as of the date of inception.

At June 30, 2016, assets recorded under the capital lease were as follows:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 690,010	\$ 383,339	\$ 306,671

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2016:

Year ending June 30	Governmental activities
2017	\$ 231,892
Total minimum lease payments	231,892
Less: amount representing interest	1,818
Present value of the minimum lease payments	<u>\$ 230,074</u>

b. Installment Purchase

The Board is authorized by State law [G.S. 115C-47(24)] to enter into installment purchase contracts to finance activity buses. In February 2014, the Board entered into such a contract. The financing contract requires principal payments for five years beginning in the fiscal year 2014 with interest at 3.92%.

The future minimum payments of the installment purchase as of June 30, 2016, including \$2,327 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 19,292	\$ 1,542
2018	20,049	785
Total	<u>\$ 39,341</u>	<u>\$ 2,327</u>

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The state has accepted a bid to purchase replacement school buses through a special third party financing arrangement by Banc of America Public Capital Corporation (BAPCC) at total payments less than the purchase price. In March 2016, the Board entered into an installment purchase contract to finance the purchase of two school buses for \$179,942. Payments totaling \$21,428 were made in fiscal year 2016. The financing contract requires only principal payments of \$44,985.

The future minimum payments of installment purchases as of June 30, 2016, including \$1,850 of implied interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 68,543	\$ 800
2018	44,986	525
2019	44,985	525
Total	<u>\$ 158,514</u>	<u>\$ 1,850</u>

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

c. 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, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
<i>Governmental activities:</i>					
Capital leases	\$ 516,250	\$ -	\$ 246,835	\$ 269,415	\$ 249,366
Installment purchases	-	179,942	21,428	158,514	68,543
Compensated absences	901,242	565,115	636,290	830,067	636,290
Total	<u>\$ 1,417,492</u>	<u>\$ 745,057</u>	<u>\$ 904,553</u>	<u>\$ 1,257,996</u>	<u>\$ 954,199</u>
<i>Business-type activities:</i>					
Compensated absences	<u>\$ 35,739</u>	<u>\$ 24,366</u>	<u>\$ 31,056</u>	<u>\$ 29,049</u>	<u>\$ 29,049</u>

Compensated absences for governmental activities are typically liquidated by the general and other governmental funds.

d. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2016, consist of the following:

	Amount
From the State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 49,590</u>

e. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund and Other Specific Revenue Fund balances that are available for appropriation.

Total fund balance - General Fund	\$ 395,041
Less:	
Stabilization by State Statute	102,923
Remaining Fund Balance	<u>\$ 292,118</u>
Total fund balance - Other Specific Revenue Fund	\$ 261,404
Less:	
Stabilization by State Statute	54,820
Restricted for STOP Grant	7,971
Restricted for Golden Leaf Grant	158,170
Subsequent years expenditures	40,443
Remaining Fund Balance	<u>\$ -</u>

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the year ended June 30, 2016

IV. 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.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of the Proportionate Share of Net Pension Liability for Teachers' and State Employees' Retirement System
- Schedule of Contributions to Teachers' and State Employees' Retirement System

Perquimans County Board of Education, North Carolina
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.074%	0.072%	0.074%
Board's proportionate share of the net pension liability (asset)	\$ 2,741,419	\$ 843,322	\$ 4,516,838
Board's covered-employee payroll	\$ 10,329,028	\$ 10,332,351	\$ 9,963,829
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.541%	8.162%	45.332%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

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

Perquimans County Board of Education, North Carolina
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 927,809	\$ 940,927	\$ 856,525
Contributions in relation to the contractually required contribution	<u>927,809</u>	<u>940,927</u>	<u>856,525</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 10,329,028	\$ 10,332,351	\$ 9,963,829
Contributions as a percentage of covered-employee payroll	8.98%	9.11%	8.60%

**COMBINING AND INDIVIDUAL
STATEMENTS AND SCHEDULES**

Perquimans County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2016

	2016		
	Budget	Actual	Positive (Negative) Variance
Revenues			
Perquimans County	\$ 2,375,000	\$ 2,375,000	\$ -
Other:			
Fines and forfeitures	85,000	84,597	(403)
Interest earned on investments	500	1,203	703
Miscellaneous revenue	132	132	-
Total other	85,632	85,932	300
Total revenues	<u>2,460,632</u>	<u>2,460,932</u>	<u>300</u>
Expenditures:			
Instructional services			
Regular instructional	197,760	197,760	-
Special populations	2,954	2,954	-
Alternative programs	9,064	9,064	-
School leadership	48,320	48,320	-
Co-curricular	205,256	202,924	2,332
School-based support	31,672	31,672	-
Total	<u>495,026</u>	<u>492,694</u>	<u>2,332</u>
System-wide support services			
Support and development	1,779	1,779	-
Technology support	2,363	2,363	-
Operational support	1,478,521	1,485,263	(6,742)
Financial and human resources	245,128	246,332	(1,204)
Accountability	4,745	4,745	-
Policy, leadership, and public relations	345,011	308,412	36,599
Total	<u>2,077,547</u>	<u>2,048,894</u>	<u>28,653</u>
Ancillary services	<u>24,153</u>	<u>24,153</u>	<u>-</u>
Non-programmed charges	<u>28,906</u>	<u>28,906</u>	<u>0</u>
Total expenditures	<u>2,625,632</u>	<u>2,594,647</u>	<u>30,985</u>
Excess of revenues over expenditures	<u>(165,000)</u>	<u>(133,715)</u>	<u>(31,285)</u>
Other financing sources (uses)			
Fund balance appropriated	165,000	-	165,000
Total	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net change in fund balance	<u>\$ -</u>	<u>(133,715)</u>	<u>\$ (133,715)</u>
Fund balance, beginning		528,756	
Fund balance, ending		<u>\$ 395,041</u>	

Perquimans County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Other Specific Revenue Fund
For the Year Ended June 30, 2016

	2016		
	Budget	Actual	Positive (Negative) Variance
Revenues			
U. S. Government	\$ 221,860	\$ 264,291	\$ 42,431
State of North Carolina	354,403	326,681	(27,722)
Other:			
Indirect cost allocation	81,142	81,142	-
Miscellaneous revenue	5,698	6,828	1,130
Rental of school property	4,410	4,410	-
Sales tax	15,000	(5,983)	(20,983)
Golden Leaf Foundation Grant	659,912	345,582	(314,330)
Other Grants	3,833	3,833	-
Total other	769,995	435,812	(334,183)
Total revenues	1,346,258	1,026,784	(319,474)
Expenditures:			
Instructional services			
Regular instructional	666,796	221,584	445,212
Special populations	149,850	141,915	7,935
Alternative programs	262,127	245,735	16,392
School leadership	3,300	3,267	33
School-based support	142,429	96,907	45,522
Total	1,224,502	709,408	515,094
System-wide support services			
Support and development	82,100	81,850	250
Special populations support and development	3,793	3,793	-
Alternative programs and service support and development	15,737	15,649	88
Operational support	47,436	45,881	1,555
Financial and human resources	2,400	2,400	-
Policy, leadership, and public relations	102,095	82,297	19,798
Total	253,561	231,870	21,691
Total expenditures	1,478,063	941,278	536,785
Excess of revenues over (under) expenditures	(131,805)	85,506	(217,311)
Other financing sources			
Fund balance appropriated	131,805	-	131,805
Total	131,805	-	131,805
Net change in fund balance	\$ -	85,506	\$ 85,506
Fund balance, beginning		175,898	
Fund balance, ending		<u>\$ 261,404</u>	

Perquimans County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Capital Outlay Fund
For the Year Ended June 30, 2016

	2016		
	Budget	Actual	Positive (Negative) Variance
Revenues			
Perquimans County:			
Appropriation from county	\$ 50,000	\$ 50,000	\$ -
Restricted portion of sales taxes	214,500	246,142	31,642
Total Perquimans County	264,500	296,142	31,642
State of North Carolina:			
State appropriation-buses	45,511	21,428	(24,083)
Other:			
Sales tax refund	-	1,768	1,768
Miscellaneous revenue	-	1,692	1,692
Total other	-	3,460	3,460
Total revenues	310,011	321,030	11,019
Expenditures:			
Capital Outlay:			
Land and buildings	209,899	132,339	77,560
Furniture and equipment	33,766	33,766	-
Vehicles	179,942	179,942	-
Debt service:			
Principal	141,298	117,214	24,084
Interest	2,346	2,346	-
Total expenditures	567,251	465,607	101,644
Excess of revenues (under) over expenditures	(257,240)	(144,577)	(112,663)
Other financing sources			
Installment purchase obligation	179,942	179,942	-
Fund balance appropriated	77,298	-	77,298
Total	257,240	179,942	77,298
Net change in fund balance	\$ -	35,365	\$ 35,365
Fund balance, beginning		304,168	
Fund balance, ending		\$ 339,533	

Perquimans County Board of Education, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2016

	<u>Federal Grants</u>	<u>Individual School</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 89,721	\$ 89,721
Due from other governments	47,084	-	47,084
Total current assets	<u>\$ 47,084</u>	<u>\$ 89,721</u>	<u>\$ 136,805</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ -	\$ 114	\$ 114
Accrued salaries and wages payable	47,084	-	47,084
Total liabilities	<u>47,084</u>	<u>114</u>	<u>47,198</u>
Fund balances:			
Restricted:			
Individual Schools	-	89,607	89,607
Total fund balances	-	89,607	89,607
Total liabilities and fund balances	<u>\$ 47,084</u>	<u>\$ 89,721</u>	<u>\$ 136,805</u>

Perquimans County Board of Education, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2016

	Federal Grants	Individual School	Total Non-major Governmental Funds
Revenues			
U. S. Government	\$ 1,406,397	\$ -	\$ 1,406,397
Other:			
Contributions and donations	-	51,545	51,545
Clubs and organizations	-	36,910	36,910
Fundraisers	-	79,437	79,437
Athletics	-	190,163	190,163
Total other	-	358,055	358,055
Total revenues	1,406,397	358,055	1,764,452
Expenditures:			
Instructional services			
Regular instructional	44,850	-	44,850
Special populations	533,516	-	533,516
Alternative programs	490,434	-	490,434
School-based support	3,685	359,582	363,267
Total	1,072,485	359,582	1,432,067
System-wide support services			
Support and development	44	-	44
Alternative programs and services			
support and development	83,791	-	83,791
Technology support	62,285	-	62,285
Operational support	9,793	-	9,793
Financial and human resources	94,908	-	94,908
Total	250,821	-	250,821
Ancillary services	3,452	-	3,452
Non-programmed charges	79,639	-	79,639
Total expenditures	1,406,397	359,582	1,765,979
Net change in fund balances	-	(1,527)	(1,527)
Fund balances, beginning	-	91,134	91,134
Fund balances, ending	\$ -	\$ 89,607	\$ 89,607

Perquimans County Board of Education, North Carolina
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Year Ended June 30, 2016

	2016		Positive (Negative) Variance
	Budget	Actual	
Revenues			
U. S. Government	\$ 1,815,669	\$ 1,406,397	\$ (409,272)
Expenditures:			
Instructional services			
Regular instructional	50,153	44,850	5,303
Special populations	611,120	533,516	77,604
Alternative programs	581,715	490,434	91,281
School-based support	6,015	3,685	2,330
Total	<u>1,249,003</u>	<u>1,072,485</u>	<u>176,518</u>
System-wide support services			
Support and development	100	44	56
Alternative programs and services			
support and development	92,191	83,791	8,400
Technology support	62,285	62,285	-
Operational support	12,832	9,793	3,039
Financial and human resources	98,688	94,908	3,780
Total	<u>266,096</u>	<u>250,821</u>	<u>15,275</u>
Ancillary services	<u>3,452</u>	<u>3,452</u>	<u>-</u>
Non-programmed charges	<u>297,118</u>	<u>79,639</u>	<u>217,479</u>
Total expenditures	<u>1,815,669</u>	<u>1,406,397</u>	<u>409,272</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

Perquimans County Board of Education, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
School Food Service Fund
For the Year Ended June 30, 2016

	2016		Positive (Negative) Variance
	Budget	Actual	
Operating revenues, food sales	\$ 278,600	\$ 233,678	\$ (44,922)
Operating expenditures:			
Business support services:			
Purchase of food	-	292,996	-
Donated commodities	-	63,537	-
Salaries and benefits	-	588,486	-
Materials and supplies	-	40,816	-
Contracted services	-	2,326	-
Workshops	-	785	-
Utilities and telephone	-	4,047	-
Other	-	696	-
Total business support services	1,045,600	993,689	51,911
Operating loss	(767,000)	(760,011)	6,989
Nonoperating revenues:			
Federal reimbursements	656,000	636,795	(19,205)
Federal commodities	66,000	63,537	(2,463)
Total nonoperating revenues	722,000	700,332	(21,668)
Excess of revenues under expenditures before other financing sources	(45,000)	(59,679)	(14,679)
Other financing sources:			
Transfer from other funds	45,000	49,590	4,590
Total other financing sources	45,000	49,590	4,590
Excess of revenues and other sources under expenditures	\$ -	(10,089)	\$ (10,089)
Reconciling of modified accrual to full accrual:			
Reconciling items:			
Depreciation		(3,939)	
Net pension liability		(75,925)	
Deferred outflows - pension		3,664	
Deferred inflows - pension		98,590	
Decrease in inventory		(2,679)	
Decrease in vacation pay		6,690	
Change in net position (full accrual)		\$ 16,312	

COMPLIANCE SECTION

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

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 Auditor's Report

To the Board of Education
Perquimans County, North Carolina

I 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 Perquimans County Board of Education, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Perquimans County Board of Education's basic financial statements, and have issued my report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, I considered Perquimans County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perquimans County Board of Education's internal control. Accordingly, I 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.

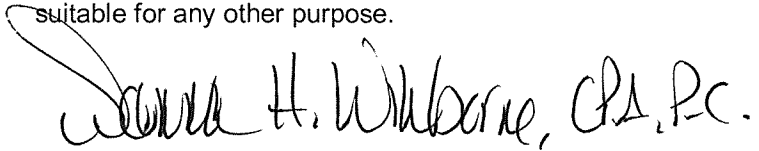
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit I did not identify any deficiencies in internal control that I 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 Perquimans County Board of Education's financial statements are free from material misstatement, I 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 my audit, and accordingly, I 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.

A handwritten signature in black ink, reading "Sandra H. Wilborne, CPA, PC." The signature is written in a cursive, flowing style.

Elizabeth City, North Carolina
October 21, 2016

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Education
Perquimans County, North Carolina

Report on Compliance for Each Major Federal Program

I have audited Perquimans County Board of Education, North Carolina, 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 Perquimans County Board of Education's major federal programs for the year ended June 30, 2016. Perquimans County Board of Education's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perquimans County Board of Education's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted the 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 I 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 Perquimans County Board of Education's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, the audit does not provide a legal determination of Perquimans County Board of Education's compliance.

Opinion on Each Major Federal Program

In my opinion, Perquimans County Board of Education complied, in all material respects, with the types of 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, 2016.

Report on Internal Control Over Compliance

Management of Perquimans County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of compliance, I considered Perquimans County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to

determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program 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, I do not express an opinion on the effectiveness of the Board'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



Elizabeth City, North Carolina
October 21, 2016

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Education
Perquimans County, North Carolina

Report on Compliance for Each Major State Program

I have audited Perquimans County Board of Education, North Carolina, 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 each of Perquimans County Board of Education's major state programs for the year ended June 30, 2016. Perquimans County Board of Education's major state programs are identified in the summary of auditor's 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 state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perquimans County Board of Education's major state programs based on my audit of the types of compliance requirements referred to above. I conducted the 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 I 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 Perquimans County Board of Education's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, the audit does not provide a legal determination of Perquimans County Board of Education's compliance.

Opinion on Each Major State Program

In my opinion, Perquimans County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

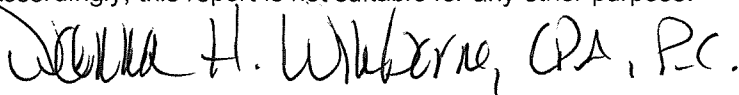
Management of Perquimans County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of compliance, I considered Perquimans County Board of Education's 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 my opinion on compliance for each major state program 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, I do not express an opinion on the effectiveness of the Board'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 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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



Elizabeth City, North Carolina
October 21, 2016

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(ies) identified ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(ies) identified ☐ yes ☒ no

Type of auditor's 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)? ☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027, 84.173, 84.323	Special Education Cluster

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2016

Section I. Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(ies) identified ☐ yes ☒ none reported

Type of auditor's 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?

☐ yes ☒ no

Identification of major State programs:

Program Name
State Public School Fund

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
CORRECTIVE ACTION PLAN

For the year ended June 30, 2016

No items to report.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2016

No items to report.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	63,537
Non-Cash Assistance			63,537
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	\$ 164,878
National School Lunch Program	10.555	PRC 035	466,646
Total Cash Assistance			631,524
Total Child Nutrition Cluster:			695,061
Total School Nutrition Program (Note 3)			695,061
Total U. S. Department of Agriculture			695,061
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
Title I, Part A Cluster			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	PRC 050	590,622
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth	84.196	PRC 026	18,841
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	476,493
Special Education - Grants to States (IDEA, Part B) - Children with Disabilities - Risk Pool	84.027	PRC 114	46,121
Special Education - Grants to States (IDEA, Part B) - Special Needs Targeted Assistance	84.027	PRC 118	13,720
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	22,965
Special Education - Preschool Grants (IDEA Preschool) - Targeted Assistance	84.173	PRC 119	372
Total Special Education Cluster:			559,671
Special Education - State Personnel Development	84.323	PRC 082	7,091
Career and Technical Education - Capacity Building Grant	84.048	PRC 017	31,440
Total Career and Technical Education - Basic Grants			31,440

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants (continued):			
GEAR UP Grant	84.334	PRC 311	117,141
Rural Education	84.358	PRC 109	31,097
Improving Teacher Quality State Grants	84.367	PRC 103	105,350
ARRA - Race to the Top Wireless Infrastructure	84.395	PRC 160	62,285
Total U. S. Department of Education			1,523,538
<u>U.S. Department of Justice</u>			
Passed-through the N.C. Department of Public Safety, Governor's Crime Commission			
Edward Byrne Memorial Justice Assistance Grant	16.738		13,626
Total federal assistance			2,232,225
State Grants:			
Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
State Public School Fund			11,510,522
Driver Training - SPSF		PRC 012	21,683
School Technology Fund - SPSF		PRC 015	21,599
Vocational Education			
- State Months of Employment		PRC 013	717,216
- Program Support Funds		PRC 014	95,500
State Breakfast			1,986
<u>N. C. Department of Health and Human Services:</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			189,332
School Nurse Grant		#536262	100,000
<u>Department of Juvenile Justice:</u>			
Passed-through Perquimans County:			
Juvenile Justice Crime Prevention			35,181

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants (continued):			
Non-Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
School Buses Appropriation			179,942
Total State Assistance			12,872,961
Total federal and State Assistance			<u>\$ 15,105,186</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Perquimans County Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. 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 Perquimans County Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perquimans County Schools.

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.

Perquimans County Schools has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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