

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

# **PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**

## **List of Principal Officials June 30, 2015**

### **BOARD OF EDUCATION**

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

### **OFFICE OF THE SUPERINTENDENT**

Dr. Dwayne K. Stallings Superintendent	Candy Tilley Finance Officer
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### **INDIVIDUAL SCHOOLS**

#### **Principals**

Melissa Fields Perquimans Central School	Jason Griffin Hertford Grammar School
Andrea Greene Perquimans County Middle School	Chante Jordan Perquimans County High School

# PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

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**DONNA H. WINBORNE, CPA, P.C.**

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DONNA H. WINBORNE, C.P.A.

**Independent Auditor's Report**

To the Members of the Board  
Perquimans County Board of Education  
Hertford, 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, 2015, 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 statements 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 my 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.

MEMBER OF:

THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

THE VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

THE NORTH CAROLINA  
ASSOCIATION OF CERTIFIED  
PUBLIC ACCOUNTANTS

## ***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, 2015, 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 4 through 11 and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 47 and 48, 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 my inquiries, the basic financial statements, and other knowledge I obtained during my 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 18, 2015 on my consideration of Perquimans County Board of Education's internal control over financial reporting

and my 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 my 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.



Susan H. Wilborne, CPA, P.C.

Elizabeth City, North Carolina  
October 18, 2015

## **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, 2015. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

- The Board suffered a decrease in enrollment of approximately 60 students (3%) from the previous year.
- The Board was awarded a Golden LEAF Foundation grant to implement 1:1 instruction with iPads for grades 3-12.

### ***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 funds, 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, 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 inflows and outflows 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 board's assets 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, the Other Specific Revenue 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 \$22,578,216 as of June 30, 2015. The largest component of net position is net investment in capital assets, of \$25,392,848.

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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 1,880,973	\$ 1,884,934	\$ 80,224	\$ 162,414	\$ 1,961,197	\$ 2,047,348
Capital assets	25,889,375	26,390,514	19,723	23,661	25,909,098	26,414,175
Total assets	27,770,348	28,275,448	99,947	186,075	27,870,295	28,461,523
Deferred outflows of resources	903,289	-	37,638	-	940,927	-
Current and other liabilities	2,454,754	1,412,450	64,910	23,098	2,519,664	1,435,548
Long-term liabilities	552,733	588,136	4,563	30,447	557,296	618,583
Total liabilities	3,007,487	2,000,586	69,473	53,545	3,076,960	2,054,131
Deferred inflows of resources	3,024,988	-	131,058	5,642	3,156,046	5,642
Net investment in capital assets	25,373,125	26,251,964	19,723	23,661	25,392,848	26,275,625
Restricted net position	596,152	745,190	-	-	596,152	745,190
Unrestricted net position	(3,328,115)	(722,292)	(82,669)	103,227	(3,410,784)	(619,065)
Total net position	\$ 22,641,162	\$ 26,274,862	\$ (62,946)	\$ 126,888	\$ 22,578,216	\$ 26,401,750

Note that net position decreased during the year by 14.48% and was largely because of the new GASB 68 reporting requirements 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
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 257,894	\$ 261,024	\$ 228,673	\$ 253,491	\$ 486,567	\$ 514,515
Operating grants and contributions	13,162,298	12,690,019	689,541	724,109	13,851,839	13,414,128
Capital grants and contributions	-	-	-	-	-	-
<b>General revenues:</b>						
Other revenues	4,451,568	4,659,356	-	-	4,451,568	4,659,356
<b>Total revenues</b>	<b>17,871,760</b>	<b>17,610,399</b>	<b>918,214</b>	<b>977,600</b>	<b>18,789,974</b>	<b>18,587,999</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional services	11,857,071	12,313,153	-	-	11,857,071	12,313,153
System-wide support services	4,853,771	4,892,792	-	-	4,853,771	4,892,792
Ancillary services	16,173	8,837	-	-	16,173	8,837
Non-programmed charges	(1,745)	-	-	-	(1,745)	-
Interest on long-term debt	3,046	1,819	-	-	3,046	1,819
Depreciation	1,214,859	1,050,708	-	-	1,214,859	1,050,708
<b>Business-type activities:</b>						
Food service	-	-	1,010,020	1,074,753	1,010,020	1,074,753
<b>Total expenses</b>	<b>17,943,175</b>	<b>18,267,309</b>	<b>1,010,020</b>	<b>1,074,753</b>	<b>18,953,195</b>	<b>19,342,062</b>
Transfers in (out)	(48,385)	(47,787)	48,385	47,787	-	-
<b>Change in net position</b>	<b>(119,800)</b>	<b>(704,697)</b>	<b>(43,421)</b>	<b>(49,366)</b>	<b>(163,221)</b>	<b>(754,063)</b>
Net position, beginning, previously reported	26,274,862	26,274,862	126,888	126,888	26,401,750	26,401,750
Restatement	(3,513,900)	-	(146,413)	-	(3,660,313)	-
Net position, beginning, restated	22,760,962	26,979,559	(19,525)	126,888	22,741,437	27,106,447
<b>Net position, ending</b>	<b>\$ 22,641,162</b>	<b>\$ 26,274,862</b>	<b>\$ (62,946)</b>	<b>\$ 77,522</b>	<b>\$ 22,578,216</b>	<b>\$ 26,352,384</b>

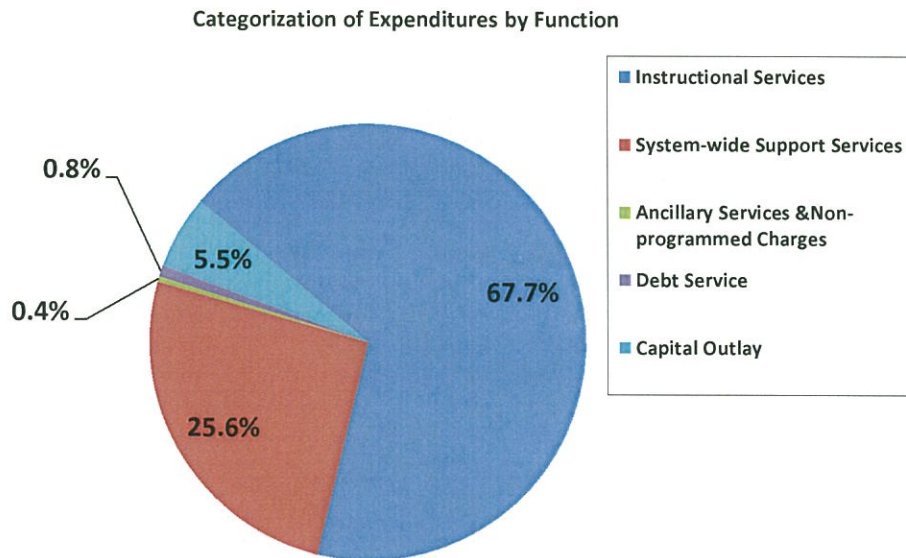
Total governmental activities generated revenues of \$17.9 million while expenses in this category totaled \$17.9 million for the year ended June 30, 2015. Comparatively, revenues were \$17.6 million and expenses totaled \$18.3 million for the year ended June 30, 2014. After transfers to the business-type activities, the decrease in net position stands at \$119,800 at June 30, 2015, compared to over \$700,000 in 2014. Instructional services expenses comprised 66.08% of total governmental-type expenses while system-wide support services made up 27.05% of those expenses for 2015. County funding comprised 14.26% of total governmental revenues for 2015. In 2014, county funding was 15.71%. Much of the remaining 85.74% of total governmental revenue for 2015 consists of restricted State and federal money. This revenue represented 84.29% of total revenue in 2014. Business-type activities generated revenue of approximately \$900,000 and expenses of approximately \$1 million. Net position decreased in the business-type activities by \$43,421, after transfers of \$48,385 from the governmental activities.

## ***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 \$1,099,956, a \$79,817 decrease over last year. All of the Board's governmental funds, except for the General Fund and Capital Outlay Fund, had revenues and other financing sources that exceeded expenditures and other uses. State funding, county funding and total expenditures all increased from 2014 to 2015.

**Proprietary Funds:** The School Food Service Fund showed a 6% decrease in both revenues and expenditures. The net position decreased as a result.



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 \$91,672

## ***Capital Assets***

Capital assets decreased by \$505,077 (1.91%) from the previous year. This was largely due to depreciation expense exceeding the addition of capital assets during the fiscal year. One category, Furniture and equipment, increased significantly as a result of the purchase of iPads through the Golden Leaf Foundation grant.

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	
	2015	2014	2015	2014	2015	2014
Land	\$ 290,948	\$ 290,948	\$ -	\$ -	\$ 290,948	\$ 290,948
Construction in progress	-	329,537	-	-	-	329,537
Buildings	24,247,403	24,761,901	-	-	24,247,403	24,761,901
Furniture and equipment	712,734	239,933	-	-	712,734	239,933
Vehicles and motorized equipment	638,290	768,195	-	-	638,290	768,195
Food service equipment	-	-	19,723	23,661	19,723	23,661
Total	\$ 25,889,375	\$ 26,390,514	\$ 19,723	\$ 23,661	\$ 25,909,098	\$ 26,414,175

### ***Debt Outstanding***

During the year the Board's outstanding debt increased by \$104,299 due mainly to the use of capital leases to pay for iPads for the 1:1 initiative supported by the Golden LEAF Foundation grant. 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***

The Board anticipates an increased enrollment over the next several years and will need continued increases in classroom space, teachers, and equipment. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. The following factors have positively affected the economic outlook of Perquimans County.

- The County's unemployment rate of 7.5% is a decrease from 2014 but is still higher than the state average of 6.1%.
- The Perquimans Marine Industrial Park has been built with the intent to attract businesses in the boatbuilding and marine trades thereby creating new jobs for our county.
- The County is in the midst of a tax revaluation process which will have an economic impact on the property tax base and rate. Our current tax rate is \$.44/\$100.

### ***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, Finance Officer  
Perquimans County Board of Education  
411 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, 2015**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,138,623	\$ 6,952	\$ 1,145,575
Accounts receivable	101,480	-	101,480
Due from other governments	640,870	33,202	674,072
Inventories	-	40,070	40,070
Capital assets:			
Land and construction in progress	290,948	-	290,948
Other capital assets, net of depreciation	25,598,427	19,723	25,618,150
Total capital assets	<u>25,889,375</u>	<u>19,723</u>	<u>25,909,098</u>
Total assets	<u>27,770,348</u>	<u>99,947</u>	<u>27,870,295</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>903,289</u>	<u>37,638</u>	<u>940,927</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	236,808	-	236,808
Accrued salaries and wages payable	543,599	-	543,599
Long term liabilities			
Net pension liability	809,588	33,734	843,322
Due within one year	864,759	31,176	895,935
Due in more than one year	552,733	4,563	557,296
Total liabilities	<u>3,007,487</u>	<u>69,473</u>	<u>3,076,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,024,988</u>	<u>131,058</u>	<u>3,156,046</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,373,125	19,723	25,392,848
Restricted:			
Individual Schools	91,134	-	91,134
Stabilization by State Statute	172,539	-	172,539
School Capital Outlay	304,168	-	304,168
Regular Instructional - Golden Leaf Grant	28,311	-	28,311
Unrestricted	(3,328,115)	(82,669)	(3,410,784)
Total net position	<u>\$ 22,641,162</u>	<u>\$ (62,946)</u>	<u>\$ 22,578,216</u>

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

Perquimans County Board of Education, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 6,601,978	\$ -	\$ 6,566,617	\$ -	\$ (35,361)	\$ -	\$ (35,361)
Special populations	1,860,954	-	1,949,253	-	88,299	-	88,299
Alternative programs	1,062,830	-	1,048,585	-	(14,245)	-	(14,245)
School leadership	699,182	-	451,352	-	(247,830)	-	(247,830)
Co-curricular	148,706	-	9,215	-	(139,491)	-	(139,491)
School-based support	1,483,421	256,579	887,632	-	(339,210)	-	(339,210)
System-wide support services:							
Support and development	152,688	-	159,538	-	6,850	-	6,850
Special populations support and development	119,491	-	121,461	-	1,970	-	1,970
Alternative programs and services support and development	90,607	-	100,164	-	9,557	-	9,557
Technology support	249,800	-	162,714	-	(87,086)	-	(87,086)
Operational support	3,005,551	1,315	936,897	-	(2,067,339)	-	(2,067,339)
Financial and human resources	541,965	-	357,515	-	(184,450)	-	(184,450)
Accountability	85,618	-	57,174	-	(28,444)	-	(28,444)
Policy, leadership, and public relations	608,051	-	247,982	-	(360,069)	-	(360,069)
Ancillary services	16,173	-	2,693	-	(13,480)	-	(13,480)
Non-programmed charges	(1,745)	-	103,506	-	105,251	-	105,251
Interest on long-term debt	3,046	-	-	-	(3,046)	-	(3,046)
Unallocated depreciation expense	1,214,859	-	-	-	(1,214,859)	-	(1,214,859)
Total governmental activities	17,943,175	257,894	13,162,298	-	(4,522,983)	-	(4,522,983)
Business-type activities:							
School food service	1,010,020	228,673	689,541	-	-	(91,806)	(91,806)
Total business-type activities	1,010,020	228,673	689,541	-	-	(91,806)	(91,806)
Total primary government	\$ 18,953,195	\$ 486,567	\$ 13,851,839	\$ -	(4,522,983)	(91,806)	(4,614,789)
General revenues:							
Unrestricted county appropriations - operating					2,300,000	-	2,300,000
Unrestricted county appropriations - capital					248,069	-	248,069
Unrestricted State appropriations - operating					1,748,130	-	1,748,130
Unrestricted State appropriations - capital					59,978	-	59,978
Unrestricted federal grants					-	-	-
Investment earnings, unrestricted					836	-	836
Miscellaneous, unrestricted					94,555	-	94,555
Transfers					(48,385)	48,385	-
Total general revenues and transfers					4,403,183	48,385	4,451,568
Change in net position					(119,800)	(43,421)	(163,221)
Net position, beginning					26,274,862	126,888	26,401,750
Restatement					(3,513,900)	(146,413)	(3,660,313)
Net position, beginning, restated					22,760,962	(19,525)	22,741,437
Net position, ending					\$ 22,641,162	\$ (62,946)	\$ 22,578,216

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

Perquimans County Board of Education, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2015

	Major Funds				Non-major Funds	Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 719,192	\$ -	\$ 64,547	\$ 263,750	\$ 91,134	\$ 1,138,623
Accounts receivable	13,225	-	88,255	-	-	101,480
Due from other governments	30,577	487,672	40,482	40,418	41,721	640,870
Total assets	<u>\$ 762,994</u>	<u>\$ 487,672</u>	<u>\$ 193,284</u>	<u>\$ 304,168</u>	<u>\$ 132,855</u>	<u>\$ 1,880,973</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 233,628	\$ -	\$ 3,180	\$ -	\$ -	\$ 236,808
Accrued salaries and wages payable	-	487,672	14,206	-	41,721	543,599
Total liabilities	<u>233,628</u>	<u>487,672</u>	<u>17,386</u>	<u>-</u>	<u>41,721</u>	<u>780,407</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610</u>
<b>Fund balances</b>						
Restricted for:						
Individual Schools	-	-	-	-	91,134	91,134
Stabilization by State Statute	43,802	-	128,737	-	-	172,539
School Capital Outlay	-	-	-	304,168	-	304,168
Golden Leaf Grant			28,311			28,311
North Carolina Pre-Kindergarten			14,042			14,042
Assigned:						
Subsequent years expenditures	100,000	-	4,808	-	-	104,808
Unassigned:	384,954	-	-	-	-	384,954
Total fund balances	<u>528,756</u>	<u>-</u>	<u>175,898</u>	<u>304,168</u>	<u>91,134</u>	<u>1,099,956</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 762,994</u>	<u>\$ 487,672</u>	<u>\$ 193,284</u>	<u>\$ 304,168</u>	<u>\$ 132,855</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.	25,889,375
Deferred outflows of resources related to pensions	903,289
Some liabilities, including bonds payable and accrued interest, are not due in the current period and therefore are not reported in the funds (Note 4).	(1,417,492)
Net pension liability	(809,588)
Deferred inflows of resources related to pensions	(3,024,378)
Net position of governmental activities	<u>\$ 22,641,162</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Major Funds				Non-major Funds	Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay	Other Governmental Funds	
<b>REVENUES</b>						
State of North Carolina	\$ -	\$ 12,502,425	\$ 300,889	\$ 59,978	\$ -	\$ 12,863,292
Perquimans County	2,300,000	-	-	326,901	-	2,626,901
U. S. Government	-	-	338,106	-	1,466,029	1,804,135
Contributions and donations	-	-	-	-	48,731	48,731
Other	161,532	-	240,549	5,739	256,579	664,399
Total revenues	2,461,532	12,502,425	879,544	392,618	1,771,339	18,007,458
<b>EXPENDITURES</b>						
<b>Current:</b>						
Instructional services						
Regular instructional	132,729	6,677,466	292,713	-	51,118	7,154,026
Special populations	14,550	1,303,465	33,829	-	597,705	1,949,549
Alternative programs	2,498	420,954	213,529	-	483,836	1,120,817
School leadership	48,207	707,991	181	-	-	756,379
Co-curricular	149,499	-	5,282	-	-	154,781
School-based support	35,105	1,073,381	112,526	-	316,877	1,537,889
System-wide support services						
Support and development	1,030	80,277	80,336	-	476	162,119
Special populations support and development	1,604	114,385	465	-	6,265	122,719
Alternative programs and services support and development	-	3,984	20,008	-	76,171	100,163
Technology support	2,462	234,798	-	-	24,609	261,869
Operational support	1,618,542	1,232,338	5,633	-	16,057	2,872,570
Financial and human resources	198,738	224,104	23	-	138,980	561,845
Accountability	32,631	59,627	-	-	-	92,258
Policy, leadership, and public relations	301,065	321,476	6,304	-	-	628,845
Ancillary services	14,544	-	-	-	2,693	17,237
Non-programmed charges	-	(206)	-	-	55,327	55,121
<b>Capital outlay:</b>						
Real property and buildings	-	-	-	323,379	-	323,379
Furniture and equipment	-	-	-	700,594	-	700,594
Vehicles	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	153,694	-	153,694
Interest	-	-	-	3,046	-	3,046
Total expenditures	2,553,204	12,454,040	770,829	1,180,713	1,770,114	18,728,900
Excess (deficiency) of revenues over expenditures	(91,672)	48,385	108,715	(788,095)	1,225	(721,442)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer to other funds	-	(48,385)	-	-	-	(48,385)
Installment purchase obligation issued	-	-	-	690,010	-	690,010
Total other financing sources (uses)	-	(48,385)	-	690,010	-	641,625
Net change in fund balances	(91,672)	-	108,715	(98,085)	1,225	(79,817)
Fund balances, beginning	620,428	-	67,183	402,253	89,909	1,179,773
Fund balances, ending	\$ 528,756	\$ -	\$ 175,898	\$ 304,168	\$ 91,134	\$ 1,099,956

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

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

Net changes in fund balances - total governmental funds	\$ (79,817)
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.	(501,139)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	903,289
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.	(377,700)
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	(320,065)
Compensated absences	255,632
Total changes in net position of governmental activities	<u>\$ (119,800)</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 Fiscal Year Ended June 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Perquimans County	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ -
Other	138,500	156,935	161,532	4,597
Total revenues	<u>2,438,500</u>	<u>2,456,935</u>	<u>2,461,532</u>	<u>4,597</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	141,600	132,729	132,729	-
Special populations	16,125	14,550	14,550	-
Alternative programs	2,045	3,212	2,498	714
School leadership	56,805	48,207	48,207	-
Co-curricular	150,780	149,275	149,499	(224)
School-based support	36,820	35,105	35,105	-
System-wide support services				
Support and development	1,040	1,030	1,030	-
Special populations support and development	1,495	1,604	1,604	-
Technology support	2,485	2,812	2,462	350
Operational support	1,536,285	1,614,393	1,618,542	(4,149)
Financial and human resources	181,190	202,387	198,738	3,649
Accountability	40,335	32,631	32,631	-
Policy, leadership, and public relations	262,265	303,716	301,065	2,651
Ancillary services	9,230	15,284	14,544	740
Non-programmed charges	-	-	-	-
Total expenditures	<u>2,438,500</u>	<u>2,556,935</u>	<u>2,553,204</u>	<u>3,731</u>
Revenues over (under) expenditures	<u>-</u>	<u>(100,000)</u>	<u>(91,672)</u>	<u>(8,328)</u>
Other financing sources (uses)				
Fund balance appropriated	-	100,000	-	100,000
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(91,672)</u>	<u>\$ (91,672)</u>
Fund balance - beginning			620,428	
Fund balance - ending			<u>\$ 528,756</u>	

The notes to the financial statements are an integral part of the 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 Fiscal Year Ended June 30, 2015**

	State Public School Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
State of North Carolina	\$ 12,530,694	\$ 12,725,750	\$ 12,502,425	\$ (223,325)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	6,764,638	6,779,862	6,677,466	102,396
Special populations	1,154,251	1,305,495	1,303,465	2,030
Alternative programs	580,868	511,786	420,954	90,832
School leadership	743,052	721,249	707,991	13,258
School-based support	1,082,837	1,076,910	1,073,381	3,529
System-wide support services				
Support and development	78,055	80,682	80,277	405
Special populations support and development	145,262	116,139	114,385	1,754
Alternative programs and service support and development	1,500	3,984	3,984	-
Technology support	211,836	243,236	234,798	8,438
Operational support	1,160,755	1,232,338	1,232,338	-
Financial and human resources	224,223	224,104	224,104	-
Accountability	50,850	59,691	59,627	64
Policy, leadership, and public relations	283,659	322,018	321,476	542
Non-programmed charges	-	(206)	(206)	-
Total expenditures	12,481,786	12,677,288	12,454,040	223,248
Revenues over (under) expenditures	48,908	48,462	48,385	(77)
Other financing sources (uses)				
Transfers to other funds	(48,908)	(48,462)	(48,385)	77
Total other financing sources (uses)	(48,908)	(48,462)	(48,385)	77
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - beginning			-	
Fund balance - ending			\$ -	

The notes to the financial statements are an integral part of the 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 Fiscal Year Ended June 30, 2015**

	Other Specific Revenue Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
State of North Carolina	\$ 304,846	\$ 304,846	\$ 300,889	\$ (3,957)
U. S. Government	165,239	366,356	338,106	(28,250)
Other	864,000	872,650	240,549	(632,101)
Total revenues	<u>1,334,085</u>	<u>1,543,852</u>	<u>879,544</u>	<u>(664,308)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	900,733	968,131	292,713	675,418
Special populations	10,400	73,864	33,829	40,035
Alternative programs	199,711	234,856	213,529	21,327
School leadership	181	181	181	-
Co-curricular	5,000	7,000	5,282	1,718
School-based support	103,405	133,349	112,526	20,823
System-wide support services				
Support and development	90,000	90,023	80,336	9,687
Special populations support and development	-	425	465	(40)
Alternative programs and service support and development	20,300	20,016	20,008	8
Technology support	-	-	-	-
Operational support	4,355	13,884	5,633	8,251
Financial and human resources	-	23	23	-
Policy, leadership, and public relations	-	10,000	6,304	3,696
Total expenditures	<u>1,334,085</u>	<u>1,551,752</u>	<u>770,829</u>	<u>780,923</u>
Revenues over (under) expenditures	<u>-</u>	<u>(7,900)</u>	<u>108,715</u>	<u>116,615</u>
Other financing sources (uses)				
Fund balance appropriated	-	7,900	-	(7,900)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,900</u>	<u>-</u>	<u>(7,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>108,715</u>	<u>\$ 108,715</u>
Fund balance - beginning			67,183	
Fund balance - ending			<u>\$ 175,898</u>	

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

Perquimans County Board of Education, North Carolina  
Statement of Net Position  
Proprietary Fund  
June 30, 2015

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 6,952
Due from other governments	33,202
Inventories	40,070
Total current assets	<u>80,224</u>
<b>Noncurrent assets:</b>	
Capital assets:	
Food service equipment, net	<u>19,723</u>
Total assets	<u>99,947</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>37,638</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Compensated absences	<u>31,176</u>
Total current liabilities	<u>31,176</u>
<b>Noncurrent liabilities:</b>	
Net pension liability	33,734
Compensated absences	<u>4,563</u>
Total noncurrent liabilities	<u>38,297</u>
Total liabilities	<u>69,473</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>131,058</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,723
Unrestricted	<u>(82,669)</u>
Total net position	<u>\$ (62,946)</u>

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

Exhibit 8

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
<b>OPERATING REVENUES</b>	
Food sales	\$ 228,673
<b>OPERATING EXPENSES</b>	
Food cost:	
Purchase of food	275,987
Donated commodities	64,719
Salaries and benefits	605,947
Indirect costs	-
Materials and supplies	47,741
Depreciation	3,939
Contracted services	4,250
Utilities and telephone	4,514
Workshops	1,748
Other	1,175
Total operating expenses	<u>1,010,020</u>
Operating loss	<u>(781,347)</u>
<b>NONOPERATING REVENUES</b>	
Federal reimbursements	624,822
Federal commodities	64,719
Interest earned	-
Indirect cost not paid	-
Total nonoperating revenues	<u>689,541</u>
Loss before contributions and transfers	(91,806)
<b>OTHER FINANCING SOURCES</b>	
Transfer from other funds	48,385
Change in net position	<u>(43,421)</u>
Total net position, beginning	126,888
Restatement	<u>(146,413)</u>
Total net position, beginning, restated	<u>(19,525)</u>
Total net position, ending	<u>\$ (62,946)</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u><b>Enterprise Fund</b></u> <u><b>Major Fund</b></u> <u><b>School Food</b></u> <u><b>Service</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 233,715
Cash paid for goods and services	(335,507)
Cash paid to employees for services	(599,630)
Net cash (used) from operating activities	<u>(701,422)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal reimbursements	<u>625,181</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	-
Net (decrease) in cash	(76,241)
Balance - beginning	83,193
Balance - ending	<u>\$ 6,952</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (781,347)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	3,938
Pension expense	13,337
Donated commodities consumed	64,719
Salaries paid by special revenue fund	48,385
Indirect cost not paid	-
Changes in assets and liabilities:	
Decrease in accounts receivable	5,642
(Increase) in inventory	(52)
(Increase) in deferred outflows of resources for pension plan contributions in current fiscal year	(37,638)
(Decrease) in accounts payable	(39)
(Decrease) in compensated absences	(17,767)
(Decrease) in deferred inflow of resources	(600)
Total adjustments	<u>79,925</u>
Net cash (used) by operating activities	<u>\$ (701,422)</u>

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

Exhibit 9 (continued)

**Perquimans County Board of Education, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2015**

**Noncash investing, capital, and financing activities:**

The State Public School Fund paid salaries and benefits of \$48,385 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 \$64,719 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$64,719 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, 2015**

	<u>Agency Fund</u> <u>NERESA</u> <u>Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 90,316
Total assets	<u>\$ 90,316</u>
<b>Net Position</b>	
Assets held in trust for private purpose	\$ 90,316
Total net position	<u>\$ 90,316</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Agency Fund</u>
	<u>NERESA</u>
	<u>Funds</u>
<b>Additions:</b>	
Race to the Top	\$ 222,194
ECU Grant	14,541
Dues	80,858
Total additions	<u>317,593</u>
<b>Deductions:</b>	
Contracted services	78,391
Workshops	148,886
Total deductions	<u>227,277</u>
Change in net position	90,316
Net position, beginning	-
Net position, ending	<u><u>\$ 90,316</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**



**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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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 nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from 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 fund. This fund is the "Local Current Expense Fund," which is mandated by State law [G.S. 115C-426].

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*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.

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*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 account 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.

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The STIF securities are reported at costs and maintain a constant \$1 per share value. 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. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Inventories**

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

**4. Capital Assets**

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1950 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. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. 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	40
Equipment and furniture	5-10
Vehicles	10

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

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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 several items that meet this criterion – pension related deferrals.

6. Long-Term Obligations

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

7. Compensated Absences

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

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

8. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements 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.

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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 \$21,541,206 consists of several elements as follows:

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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)	\$ 44,852,917
Less - Accumulated Depreciation	<u>(18,963,542)</u>
Net capital assets	25,889,375
 Pension related deferred outflows of resources	
Contributions made to the pension plan in current fiscal year	903,289
 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	(809,588)
Capital leases	(516,250)
Compensated absences	(901,242)
Deferred inflows of resources related to pensions	
Changes in proportion and differences between Board contributions and proportionate share of contributions	(100,360)
Differences between expected and actual experience	(188,711)
Difference between projected and actual earnings on plan investments	<u>(2,735,307)</u>
Total adjustment	<u>\$ 21,541,206</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 (\$39,983) as follows:

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Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 819,161
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.	(1,320,300)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets	(690,010)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	312,310
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	903,289
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	(320,065)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	255,632
	<u>\$ (39,983)</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**

**A. Excess of Expenditures over Appropriations**

During the fiscal year ended June 30, 2015, the Board reported expenditures within State Public School Fund and Capital Outlay Fund that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance as follows:

**General Fund:**

Instructional services - Co-Curricular	\$ 224
System-wide support services - operational support	\$ 4,149

**Other Specific Revenue Fund:**

System-wide support services - special populations support and development	\$ 40
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*Corrective Action Plan:* Management will improve its budgeting procedures so that all anticipated expenditures are budgeted in the original budget resolution.

**B. Noncompliance with North Carolina General Statutes**

North Carolina General Statute 115C-445 states all moneys collected in excess of \$250, shall be deposited daily. Moneys collected at athletic events for Perquimans County High School and Perquimans County Middle School were kept in the school's safe or locked file cabinet until the next business day instead of being taken to the night depository.

*Corrective Action Plan:* Management will establish procedures for ensuring that all receipts from events occurring after normal operating hours will be deposited in the night depository.

**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 to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Board had deposits with banks with a carrying amount of \$1,082,182. The bank balances with the financial institutions and the State Treasurer was \$1,124,302 and \$362,430, respectively. Of these balances, \$352,945 was covered by federal depository insurance \$771,356 was covered by collateral held under the pooling method, and \$362,430 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, 2015, the Board had \$153,709 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, 2015.

*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

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intermediate treasuries and agencies and month market instruments. The Board has no policy on credit risk.

3. Accounts Receivable

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ 30,577	\$ 13,225	\$ 43,802
Other governmental activities	610,293	88,255	698,548
Total	<u>\$ 640,870</u>	<u>\$ 101,480</u>	<u>\$ 742,350</u>
Business-type activities			
School Food Service Fund	<u>\$ 33,202</u>	<u>\$ -</u>	<u>\$ 33,202</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 23,563	Sales tax refund
General Fund	6,572	Fines and forfeitures from Perquimans County
General Fund	442	Reimbursement from Perquimans County
State Public School Fund	487,672	Operating funds from DPI
Federal Grants Fund	41,721	Operating funds from DPI
Capital Outlay Fund	40,418	Sales tax from Perquimans County
Other Special Revenue Fund	12,546	School Nurse Initiative
Other Special Revenue Fund	27,936	Gear Up Grant
	<u>\$ 640,870</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 33,202</u>	USDA reimbursement

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**4. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 290,948	\$ -	\$ -	\$ 290,948
Construction in Progress	329,537	-	329,537	-
Total capital assets not being depreciated	620,485	-	329,537	290,948
<b>Capital assets being depreciated:</b>				
Buildings	39,125,846	458,688	-	39,584,534
Equipment and furniture	1,429,695	690,010	-	2,119,705
Vehicles	2,857,730	-	-	2,857,730
Total capital assets being depreciated	43,413,271	1,148,698	-	44,561,969
<b>Less accumulated depreciation for:</b>				
Buildings	14,363,945	973,186	-	15,337,131
Equipment and furniture	1,189,762	217,209	-	1,406,971
Vehicles	2,089,535	129,905	-	2,219,440
Total accumulated depreciation	17,643,242	\$ 1,320,300	\$ -	18,963,542
Total capital assets being depreciated, net	25,770,029			25,598,427
<b>Governmental activity capital assets, net</b>	<b>\$ 26,390,514</b>			<b>\$ 25,889,375</b>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,214,859
Operational support services	105,441
Total	<u>\$ 1,320,300</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets being depreciated:</b>				
Furniture and office equipment	\$ 203,274	\$ -	\$ -	\$ 203,274
Total capital assets being depreciated	203,274	-	-	203,274
<b>Less accumulated depreciation for:</b>				
Food service equipment	179,612	3,939	-	183,551
Total accumulated depreciation	179,612	3,939	-	183,551
<b>Business-type activities capital assets, net</b>	<b>\$ 23,662</b>			<b>\$ 19,723</b>

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**B. Liabilities**

**1. Pensions Plan and Other Postemployment Obligations**

**a. Teachers' and State Employees' Retirement System**

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

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

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

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**Contributions.** Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2015, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$940,927 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Board reported a liability of \$843,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2014 and at June 30, 2013, the Board's proportion was .07%.

For the year ended June 30, 2015, the Board recognized pension expense of \$333,402. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 196,574
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,849,278
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	104,542
Board contributions subsequent to the measurement date	940,927	-
Total	<u>\$ 940,927</u>	<u>\$ 3,150,394</u>

\$940,927 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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<b>Year ended June 30:</b>	
2016	\$ (791,770)
2017	(791,770)
2018	(791,770)
2019	(775,085)
2020	-
Thereafter	-
	<u>\$ (3,150,395)</u>

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

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

*Sensitivity of the 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)	\$ 6,053,950	\$ 843,322	\$ (3,556,294)

*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.

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
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b. Other Post-Employment Benefits

1. Healthcare Benefits

*Plan Description.* The post retirement 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 Director and the 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, 2015, 2014, and 2013, the School Board paid all annual required contribution to the Plan for postemployment healthcare benefits of \$564,556, 532,548, and \$528,622, respectively. These contributions represented 5.49%, 5.40%, and 5.30%, 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



**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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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.

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.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, 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

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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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 disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$42,162, \$43,393, and \$43,885, respectively. These contributions represented 0.41%, 0.44%, and 0.44%, of covered payroll, respectively.

2. Accounts Payable

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

	Vendors	Salaries and Benefits
Governmental activities:		
General fund	\$ 233,628	\$ -
Other governmental activities	3,180	543,599
Total	<u>\$ 236,808</u>	<u>\$ 543,599</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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 196,574
Net difference between projected and actual earnings on pension plan investments	-	2,849,278
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	104,542
Board contributions subsequent to the measurement date	940,927	-
Rental fees not yet earned (General Fund)	-	610
Prepaid meal sales (School Food Service Fund)	-	5,042
Total	<u>\$ 940,927</u>	<u>\$ 3,156,046</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

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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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 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, 2015, assets recorded under the capital lease were as follows:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 690,010	\$ 153,335	\$ 536,675

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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, 2015:

Year ending June 30	Governmental activities
2016	\$ 231,892
2017	231,895
Total minimum lease payments	463,787
Less: amount representing interest	5,442
Present value of the minimum lease payments	<u>\$ 458,345</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 2014 with interest at 3.92%.

The future minimum payments of the installment purchase as of June 30, 2015, including \$4,597 of interest, are as follows:

Year Ending June 30	Governmental Funds	
	Principal	Interest
2016	\$ 18,564	\$ 2,270
2017	19,292	1,542
2018	20,049	785
Thereafter	-	-
Total	<u>\$ 57,905</u>	<u>\$ 4,597</u>

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, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
<i>Governmental activities:</i>					
Capital leases	\$ 78,571	\$ 690,010	\$ 252,331	\$ 516,250	\$ 246,835
Installment purchases	59,979	-	59,979	-	-
Compensated absences	1,156,875	362,291	617,924	901,242	617,924
Total	<u>\$ 1,295,425</u>	<u>\$ 1,052,301</u>	<u>\$ 930,234</u>	<u>\$ 1,417,492</u>	<u>\$ 864,759</u>
<i>Business-type activities:</i>					
Compensated absences	<u>\$ 53,506</u>	<u>\$ 13,409</u>	<u>\$ 31,176</u>	<u>\$ 35,739</u>	<u>\$ 31,176</u>

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

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the fiscal year ended June 30, 2015**

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d. Interfund Balances and Activity

Transfers to/from other funds for administrative costs at June 30, 2015, consist of the following:

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 48,385</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	\$ 528,756
Less:	
Stabilization by State Statute	43,802
Appropriated Fund Balance in 2016 Budget	100,000
Remaining Fund Balance	<u>\$ 384,954</u>
Total fund balance - Other Specific Revenue Fund	\$ 175,898
Less:	
Stabilization by State Statute	128,737
Restricted for Golden Leaf Grant	28,311
Remaining Fund Balance	<u>\$ 18,850</u>

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.

V. Significant Effects of Subsequent Events

The Board authorized a transfer of \$85,000 from the General Fund to the Child Nutrition Fund to cover operations.

VI. Change in Accounting Principles/Restatement

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Commission during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$3,513,900 and \$143,413, respectively.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

- Schedule of 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**  
**For the Fiscal Year Ended June 30, 2015**

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

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

**Perquimans County Board of Education, North Carolina**  
**Schedules of Required Supplementary Information**  
**Schedule of Board Contributions**  
**Teachers' and State Employees' Retirement System**  
**Last 2 Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 940,927	\$ 856,525
Contributions in relation to the contractually required contribution	<u>940,927</u>	<u>856,525</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 10,283,355	\$ 9,862,036
Contributions as a percentage of covered-employee payroll	9.15%	8.69%



**COMBINING AND INDIVIDUAL  
STATEMENTS AND SCHEDULES**

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	2015		
	Budget	Actual	Positive (Negative) Variance
<b>Revenues</b>			
Perquimans County	\$ 2,300,000	\$ 2,300,000	\$ -
Other:			
Fines and forfeitures	85,000	81,488	(3,512)
Interest earned on investments	500	836	336
Indirect cost allocated	49,000	56,866	7,866
Miscellaneous revenue	6,120	3,966	(2,154)
Rental of school property	1,315	1,315	-
Other revenue	15,000	17,061	2,061
Total other	156,935	161,532	4,597
<b>Total revenues</b>	<b>2,456,935</b>	<b>2,461,532</b>	<b>4,597</b>
<b>Expenditures:</b>			
Instructional services			
Regular instructional	132,729	132,729	-
Special populations	14,550	14,550	-
Alternative programs	3,212	2,498	714
School leadership	48,207	48,207	-
Co-curricular	149,275	149,499	(224)
School-based support	35,105	35,105	-
Total	383,078	382,588	490
System-wide support services			
Support and development	1,030	1,030	-
Special populations support and development	1,604	1,604	-
Technology support	2,812	2,462	350
Operational support	1,614,393	1,618,542	(4,149)
Financial and human resources	202,387	198,738	3,649
Accountability	32,631	32,631	-
Policy, leadership, and public relations	303,716	301,065	2,651
Total	2,158,573	2,156,072	2,501
Ancillary services	15,284	14,544	740
Non-programmed charges	-	-	-
<b>Total expenditures</b>	<b>2,556,935</b>	<b>2,553,204</b>	<b>3,731</b>
Excess of revenues over expenditures	(100,000)	(91,672)	(8,328)
<b>Other financing sources (uses)</b>			
Fund balance appropriated	100,000	-	100,000
Total	100,000	-	100,000
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(91,672)</b>	<b>\$ (91,672)</b>
Fund balance, beginning		620,428	
Fund balance, ending		<u>\$ 528,756</u>	

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Other Specific Revenue Fund**  
**For the Fiscal Year Ended June 30, 2015**

	2015		
	Budget	Actual	Positive (Negative) Variance
<b>Revenues</b>			
U. S. Government	\$ 366,356	\$ 338,106	\$ (28,250)
State of North Carolina	304,846	300,889	(3,957)
Other:			
Miscellaneous revenue	5,450	5,349	(101)
Golden Leaf Foundation Grant	864,000	232,000	(632,000)
Other Grants	3,200	3,200	-
Total other	872,650	240,549	(632,101)
<b>Total revenues</b>	<b>1,543,852</b>	<b>879,544</b>	<b>(664,308)</b>
<b>Expenditures:</b>			
Instructional services			
Regular instructional	968,131	292,713	675,418
Special populations	73,864	33,829	40,035
Alternative programs	234,856	213,529	21,327
School leadership	181	181	-
Co-curricular	7,000	5,282	1,718
School-based support	133,349	112,526	20,823
Total	1,417,381	658,060	759,321
System-wide support services			
Support and development	90,023	80,336	9,687
Special populations support and development	425	465	(40)
Alternative programs and service support and development	20,016	20,008	8
Operational support	13,884	5,633	8,251
Financial and human resources	23	23	-
Policy, leadership, and public relations	10,000	6,304	3,696
Total	134,371	112,769	21,602
<b>Total expenditures</b>	<b>1,551,752</b>	<b>770,829</b>	<b>780,923</b>
Excess of revenues over expenditures	(7,900)	108,715	(116,615)
<b>Other financing sources (uses)</b>			
Fund balance appropriated	7,900	-	7,900
Total	7,900	-	7,900
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>108,715</b>	<b>\$ 108,715</b>
Fund balance, beginning		67,183	
Fund balance, ending		<u>\$ 175,898</u>	

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2015**

	2015		
	Budget	Actual	Positive (Negative) Variance
<b>Revenues</b>			
Perquimans County:			
Appropriation from county	\$ 12,500	\$ 12,500	\$ -
Restricted portion of sales taxes	202,500	235,569	33,069
Total Perquimans County	<u>215,000</u>	<u>248,069</u>	<u>33,069</u>
State of North Carolina:			
State appropriation-buses	<u>59,978</u>	<u>59,978</u>	<u>-</u>
Other:			
Sales tax refund	-	1,987	1,987
Miscellaneous revenue	<u>3,718</u>	<u>3,752</u>	<u>34</u>
Total other	<u>3,718</u>	<u>5,739</u>	<u>2,021</u>
<b>Total revenues</b>	<u>278,696</u>	<u>313,786</u>	<u>35,090</u>
<b>Expenditures:</b>			
Capital Outlay:			
Land and buildings	208,863	244,547	(35,684)
Furniture and equipment	700,594	700,594	-
Debt service:			
Principal	240,842	153,694	87,148
Interest	<u>12,970</u>	<u>3,046</u>	<u>9,924</u>
Total expenditures	<u>1,163,269</u>	<u>1,101,881</u>	<u>61,388</u>
Excess of revenues over expenditures	<u>(884,573)</u>	<u>(788,095)</u>	<u>(96,478)</u>
<b>Other financing sources (uses)</b>			
Installment purchase obligation	690,010	690,010	-
Fund balance appropriated	<u>194,563</u>	<u>-</u>	<u>194,563</u>
Total	<u>884,573</u>	<u>690,010</u>	<u>194,563</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(98,085)</u>	<u>\$ (98,085)</u>
<b>Non-budgeted reconciling items:</b>			
Lottery Proceeds			
County Capital Outlay Allocation		78,832	
County Capital Outlay Expenditures		(78,832)	
Fund balance, beginning		<u>402,253</u>	
Fund balance, ending		<u>\$ 304,168</u>	

Perquimans County Board of Education, North Carolina  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2015

	Federal Grants	Individual School	Total Non-major Governmental Funds
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ -	\$ 91,134	\$ 91,134
Due from other governments	41,721	-	41,721
Total current assets	<u>\$ 41,721</u>	<u>\$ 91,134</u>	<u>\$ 132,855</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accrued salaries and wages payable	\$ 41,721	\$ -	\$ 41,721
Total liabilities	<u>41,721</u>	<u>-</u>	<u>41,721</u>
<b>Fund balances:</b>			
Restricted:			
Individual Schools	-	91,134	91,134
Total fund balances	-	91,134	91,134
Total liabilities and fund balances	<u>\$ 41,721</u>	<u>\$ 91,134</u>	<u>\$ 132,855</u>

**Perquimans County Board of Education, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Federal Grants</b>	<b>Individual School</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues</b>			
U. S. Government	\$ 1,466,029	\$ -	\$ 1,466,029
Other:			
Contributions and donations	-	48,731	48,731
Clubs and organizations	-	29,486	29,486
Fundraisers	-	88,253	88,253
Athletics	-	138,840	138,840
Total other	-	305,310	305,310
<b>Total revenues</b>	1,466,029	305,310	1,771,339
<b>Expenditures:</b>			
Instructional services			
Regular instructional	51,118	-	51,118
Special populations	597,705	-	597,705
Alternative programs	483,836	-	483,836
School leadership	-	-	-
Co-curricular	-	-	-
School-based support	12,792	304,085	316,877
Total	1,145,451	304,085	1,449,536
System-wide support services			
Support and development	476	-	476
Special populations support and development	6,265	-	6,265
Alternative programs and services support and development	76,171	-	76,171
Technology support	24,609	-	24,609
Operational support	16,057	-	16,057
Financial and human resources	138,980	-	138,980
Accountability	-	-	-
Policy, leadership, and public relations	-	-	-
Total	262,558	-	262,558
Ancillary services	2,693	-	2,693
Non-programmed charges	55,327	-	55,327
<b>Total expenditures</b>	1,466,029	304,085	1,770,114
<b>Net change in fund balances</b>	-	1,225	1,225
Fund balances, beginning	-	89,909	89,909
Fund balances, ending	\$ -	\$ 91,134	\$ 91,134

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Federal Grants Fund**  
**For the Fiscal Year Ended June 30, 2015**

	2015		Positive (Negative) Variance
	Budget	Actual	
<b>Revenues</b>			
U. S. Government	\$ 1,985,552	\$ 1,466,029	\$ (519,523)
<b>Expenditures:</b>			
Instructional services			
Regular instructional	93,591	51,118	42,473
Special populations	822,737	597,705	225,032
Alternative programs	591,826	483,836	107,990
School-based support	23,857	12,792	11,065
Total	1,532,011	1,145,451	386,560
System-wide support services			
Support and development	599	476	123
Special populations support and development	25,000	6,265	18,735
Alternative programs and services support and development	90,000	76,171	13,829
Technology support	93,014	24,609	68,405
Operational support	17,855	16,057	1,798
Financial and human resources	169,982	138,980	31,002
Total	396,450	262,558	133,892
Ancillary services	3,750	2,693	1,057
Non-programmed charges	53,341	55,327	(1,986)
<b>Total expenditures</b>	1,985,552	1,466,029	519,523
<b>Net change in fund balance</b>	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**School Food Service Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<b>2015</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative) Variance</b>
Operating revenues, food sales	\$ 293,600	\$ 228,673	\$ (64,927)
Operating expenditures:			
Business support services:			
Purchase of food	-	276,039	-
Donated commodities	-	64,719	-
Salaries and benefits	-	624,957	-
Indirect costs	-	-	-
Materials and supplies	-	47,741	-
Contracted services	-	4,250	-
Workshops	-	1,748	-
Utilities and telephone	-	4,514	-
Other	-	1,175	-
Total business support services	<u>1,108,600</u>	<u>1,025,143</u>	<u>83,457</u>
Operating loss	<u>(815,000)</u>	<u>(796,470)</u>	<u>18,530</u>
Nonoperating revenues:			
Federal reimbursements	709,000	624,822	(84,178)
Federal commodities	61,000	64,719	3,719
Interest earned	-	-	-
Indirect cost not paid	-	-	-
Depreciation expense	-	-	-
Total nonoperating revenues	<u>770,000</u>	<u>689,541</u>	<u>(80,459)</u>
Excess of revenues under expenditures before other financing sources	<u>(45,000)</u>	<u>(106,929)</u>	<u>(61,929)</u>
Other financing sources:			
Transfer from other funds	<u>45,000</u>	<u>48,385</u>	<u>3,385</u>
Total other financing sources	<u>45,000</u>	<u>48,385</u>	<u>3,385</u>
Excess of revenues and other sources under expenditures	<u>\$ -</u>	<u>(58,544)</u>	<u>\$ (58,544)</u>
Reconciling of modified accrual to full accrual:			
Reconciling items:			
Depreciation		(3,939)	
Contributions to the pension plan in the current fiscal year		37,638	
Indirect costs		-	
Indirect costs not paid		-	
Increase in inventory		52	
Pension plan expense		(13,337)	
Decrease in vacation pay		(5,291)	
Change in net position (full accrual)		<u>\$ (43,421)</u>	



## COMPLIANCE SECTION

**DONNA H. WINBORNE, CPA, P.C.**

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DONNA H. WINBORNE, C.P.A.

**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 Members of the Board  
Perquimans County Board of Education  
Hertford, 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 the Perquimans County Board of Education, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Perquimans County Board of Education's basic financial statements, and have issued my report thereon dated October 18, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 the 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 my 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 the Perquimans County Board of Education's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of

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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 my 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 my 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.



Sandra H. Wilborne, CPA P.C.

Elizabeth City, North Carolina  
October 18, 2015

**DONNA H. WINBORNE, CPA, P.C.**

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DONNA H. WINBORNE, C.P.A.

**Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Members of the Board  
Perquimans County Board of Education  
Hertford, North Carolina

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

I have audited the Perquimans County Board of Education, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Perquimans County Board of Education's major federal programs for the year ended June 30, 2015. The 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 the Perquimans County Board of Education's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 the 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, my audit does not provide a legal determination of the Perquimans County Board of Education's compliance.

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

In my opinion, the 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, 2015.

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

Management of the 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 my audit of compliance, I considered the 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Elizabeth City, North Carolina  
October 18, 2015

**DONNA H. WINBORNE, CPA, P.C.**

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DONNA H. WINBORNE, C.P.A.

**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Members of the Board  
Perquimans County Board of Education  
Hertford, North Carolina

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

I have audited the 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 the Perquimans County Board of Education's major state programs for the year ended June 30, 2015. The 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 the Perquimans County Board of Education's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 the 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, my audit does not provide a legal determination of the Perquimans County Board of Education's compliance.

**Opinion on Each Major State Program**

In my opinion, the Perquimans County Board of Education complied, in all material respects, with the types of compliance requirements referred to above

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that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

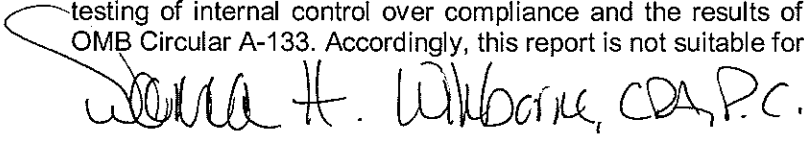
#### **Report on Internal Control Over Compliance**

Management of the 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 my audit of compliance, I considered the 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Elizabeth H. Wilborne, CPA, P.C.

Elizabeth City, North Carolina  
October 18, 2015

# PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

### Section I. Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(ies) identified that are not considered to be material weaknesses? ☐ 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 that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ☐ yes ☒ no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

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, 2015

**Section I. Summary of Auditors' Results (continued)**

**State Awards**

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(ies) identified that are not  
considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act? ☐ 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, 2015

**No items to report.**

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

For the year ended June 30, 2015

**Finding: 2014-001**

Status: This finding has been corrected.

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>Federal Grants:</b>			
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555		64,719
Non-Cash Assistance			64,719
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553		\$ 154,006
National School Lunch Program	10.555		465,864
Total Cash Assistance			619,870
Total U. S. Department of Agriculture			684,589
<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	534,152
School Improvement Cluster			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)			
- School Improvements	84.010	PRC 105	238
Education for Homeless Children and Youth Cluster	84.196	PRC 026	23,397
Education of Homeless and Youth			
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	527,343
Special Education - Grants to States (IDEA, Part B) - Children with Disabilities - Risk Pool	84.027	PRC 114	73,451
Special Education - Grants to States (IDEA, Part B) - Special Needs Targeted Assistance	84.027	PRC 118	17,244
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	18,735
Special Education - Preschool Grants (IDEA Preschool) - Targeted Assistance	84.173	PRC 119	2,700
Total Special Education Cluster			639,473
Special Education - State Personnel Development	84.323	PRC 082	19,526

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>Federal Grants (continued):</b>			
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth			
Adult Education - Basic Grants to States			
-Basic Grants to States	84.048	PRC 017	17,558
-Capacity Building Grant	84.048	PRC 058	363
Total Career and Technical Education			17,921
GEAR UP Grant	84.334	PRC 311	101,810
Rural and Low Income Schools	84.358	PRC 109	33,418
English Language Acquisition Grants	84.365	PRC 104, 111	3,061
Improving Teacher Quality State Grants	84.367	PRC 103	149,640
ARRA - Race to the Top	84.395	PRC 156, 154, 160	48,326
Total U. S. Department of Education			1,570,962
<u>U.S. Department of Health and Human Services</u>			
Passed-through the N.C. Department of Public Instruction:			
Division of Social Services:			
Medical Assistance Program	93.999		125,434
Total federal assistance			2,380,985
<b>State Grants:</b>			
Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
State Public School Fund			11,633,356
Driver Training - SPSF		PRC 012	23,955
School Technology Fund - SPSF		PRC 015	14,445
Vocational Education			
- State Months of Education		PRC 013	718,567
- Program Support Funds		PRC 014	111,382
State Breakfast			1,897
<u>Passed-through Perquimans County:</u>			
Public School Building Capital Fund - Lottery			78,832

PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>State Grants (continued):</b>			
<u>N. C. Department of Health and Human Services:</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			172,192
School Nurse Grant		#536262	100,000
<u>Department of Juvenile Justice:</u>			
Passed-through Perquimans County:			
Juvenile Justice Crime Prevention			32,643
Non-Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
Textbooks			721
Total State Assistance			12,887,990
Total federal and State Assistance			<u>\$ 15,268,975</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 includes the federal and State grant activity of Perquimans County Board of Education and is from amounts presented in, or used in the preparation of the basic financial statements. Therefore some amounts presented in this schedule may differ from amounts presented on the modified basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act.