

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

## **List of Principal Officials June 30, 2017**

### **BOARD OF EDUCATION**

Amy Spaugh, Chair

Anne White, Vice-Chair

Ralph L. Hollowell, Jr.

Russell Lassiter

Leary Winslow

Arlene Yates

### **OFFICE OF THE SUPERINTENDENT**

Matthew F. Cheeseman  
Superintendent

Candy Tilley  
Finance Officer

### **INDIVIDUAL SCHOOLS**

#### **Principals**

Bonita Jones  
Perquimans Central School

Jason Griffin  
Hertford Grammar School

Laura Moreland  
Perquimans County Middle School

Melissa Fields  
Perquimans County High School

# PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA

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## FINANCIAL SECTION

**Independent Auditor's Report**

To the Board of Education  
Perquimans County, North Carolina

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perquimans County Board of Education, North Carolina, as of and for the year then ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Perquimans County Board of Education's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Perquimans County Board of Education, North Carolina as of June 30, 2017, and

The respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, and Other Specific Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 46 and 47, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Perquimans County Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 20, 2017 on my consideration of Perquimans County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Perquimans County Board of Education's internal control over financial reporting and compliance.



Edenton, North Carolina  
October 20, 2017

## **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, 2017. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

- The Board received increased funding in both the General Fund and the Capital Outlay Fund from the Perquimans County Board of Commissioners.
- The Board suffered a decrease of approximately 34 students (2%) from the previous year.

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

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

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

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary fund, and fiduciary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, a reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide



information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

### **Government-wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

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

Perquimans County Board of Education has three types of funds:

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

The governmental fund statements are Exhibits 3, 4, 5, and 6 of this report.

*Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Perquimans County Board of Education has one proprietary fund, an enterprise fund, the School Food Service Fund.

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

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

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

### ***Financial Analysis of the Schools as a Whole***

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,274,681 as of June 30, 2017. The largest component of net position is net investment in capital assets, of \$23,599,176.

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	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 1,685,767	\$ 1,878,293	\$ 90,952	\$ 68,560	\$ 1,776,719	\$ 1,946,853
Capital assets	23,869,423	24,774,873	11,843	15,784	23,881,266	24,790,657
Total assets	25,555,190	26,653,166	102,795	84,344	25,657,985	26,737,510
Deferred outflows of resources	4,230,108	991,226	176,255	41,302	4,406,363	1,032,528
Current and other liabilities	7,713,975	4,378,667	300,589	144,854	8,014,564	4,523,521
Long-term liabilities	328,540	303,797	-	-	328,540	303,797
Total liabilities	8,042,515	4,682,464	300,589	144,854	8,343,104	4,827,318
Deferred inflows of resources	428,700	858,241	17,863	27,426	446,563	885,667
Net investment in capital assets	23,587,333	24,346,944	11,843	15,784	23,599,176	24,362,728
Restricted net position	556,696	623,165	-	-	556,696	623,165
Unrestricted net position	(2,829,946)	(2,666,422)	(51,245)	(62,418)	(2,881,191)	(2,728,840)
Total net position	\$ 21,314,083	\$ 22,303,687	\$ (39,402)	\$ (46,634)	\$ 21,274,681	\$ 22,257,053

Note that net position decreased during the year by 4.4% and was largely because of the GASB 68 reporting requirement for pension liabilities and pension expenses. Also note that the Board carries capital assets for which Perquimans County carries the offsetting debt.

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

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total Primary Government	Total Primary Government
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 389,684	\$ 310,920	\$ 232,631	\$ 233,678	\$ 622,315	\$ 544,598
Operating grants and contributions	12,750,862	13,174,356	752,897	700,332	13,503,759	13,874,688
<b>General revenues:</b>						
Other revenues	4,945,610	4,373,300	-	-	4,945,610	4,373,300
<b>Total revenues</b>	<b>18,086,156</b>	<b>17,858,576</b>	<b>985,528</b>	<b>934,010</b>	<b>19,071,684</b>	<b>18,792,586</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional services	12,771,137	11,901,887	-	-	12,771,137	11,901,887
System-wide support services	4,903,874	4,896,778	-	-	4,903,874	4,896,778
Ancillary services	13,479	32,318	-	-	13,479	32,318
Non-programmed charges	44,155	27,403	-	-	44,155	27,403
Interest on long-term debt	3,360	2,346	-	-	3,360	2,346
Depreciation	1,294,055	1,285,729	-	-	1,294,055	1,285,729
<b>Business-type activities:</b>						
Food service	-	-	1,023,996	967,288	1,023,996	967,288
<b>Total expenses</b>	<b>19,030,060</b>	<b>18,146,461</b>	<b>1,023,996</b>	<b>967,288</b>	<b>20,054,056</b>	<b>19,113,749</b>
Transfers in (out)	(45,700)	(49,590)	45,700	49,590	-	-
Change in net position	(989,604)	(337,475)	7,232	16,312	(982,372)	(321,163)
Net position, beginning	22,303,687	22,641,162	(46,634)	(62,946)	22,257,053	22,578,216
Net position, ending	\$ 21,314,083	\$ 22,303,687	\$ (39,402)	\$ (46,634)	\$ 21,274,681	\$ 22,257,053

Total governmental activities generated revenues of \$18.1 million while expenses in this category totaled \$19 million for the year ended June 30, 2017. Comparatively, revenues were \$17.9 million and expenses totaled \$18.1 million for the year ended June 30, 2016. After transfers to the business-type activities, the decrease in net position stands at \$989,604 at June 30, 2017, compared to \$337,475 in 2016. Instructional services expenses comprised 67.11% of total governmental-type expenses while system-wide support services made up 27.02% of those expenses for 2017. County funding comprised 17.43% of total governmental revenue for 2017. In 2016, county funding was 14.96%. Much of the remaining 82.57% of total governmental revenue for 2017 consists of restricted State and federal money. This revenue represented 85.04% of total revenue in 2016. Business-type activities generated revenue of \$985,528 and

expenses of \$1,023,996. Net position increased in the business-type activities by \$7,232, after transfers from the governmental activities of \$45,700.

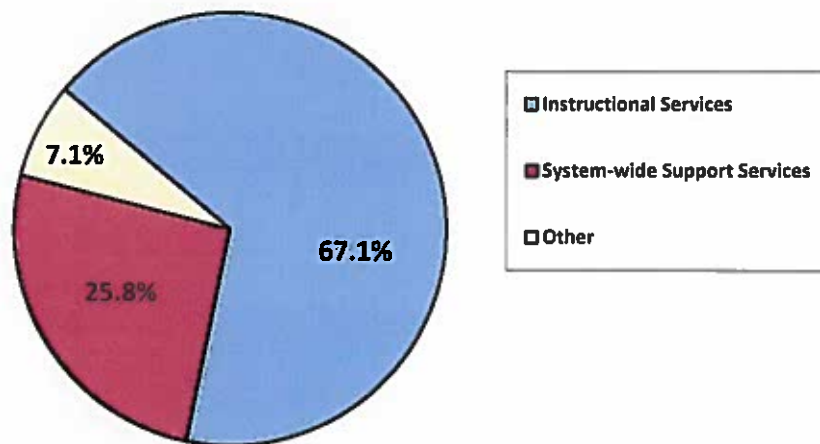
### ***Financial Analysis of the Board's Funds***

**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 \$1,070,081, a \$15,504 decrease over last year. The governmental funds experienced a \$253,694 increase in revenues.

**Proprietary Funds:** The School Food Service Fund experienced an approximately 6% increase in both revenues and expenditures when compared to last year. While the ending net position is still negative at the end of 2017, it is an approximately 16% improvement over the 2016 ending net position.

**Categorization of Expenditures by Function**



Expenditures presented on the modified accrual basis of accounting

### ***General Fund Budgetary Highlights***

Over the course of the year, the Board revised the budget several times and fund balance was increased by \$97,570.

### ***Capital Assets***

Capital assets decreased by \$909,390 (3.7%) from the previous year. This was largely due to depreciation expense exceeding the addition of capital assets during the fiscal year. The only category of capital assets to increase in 2016 was Vehicles and that was due to the replacement of two yellow buses.

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

Table 3						
Summary of Capital Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 290,948	\$ 290,948	\$ -	\$ -	\$ 290,948	\$ 290,948
Buildings	22,481,375	23,327,935	-	-	22,481,375	23,327,935
Furniture and equipment	251,463	464,426	-	-	251,463	464,426
Vehicles	845,637	691,564	-	-	845,637	691,564
Food service equipment	-	-	11,844	15,784	11,844	15,784
Total	\$ 23,869,423	\$ 24,774,873	\$ 11,844	\$ 15,784	\$ 23,881,267	\$ 24,790,657

### *Debt Outstanding*

During the year the Board's outstanding debt decreased by \$145,210 due mainly to the third and final payment on the 1:1 initiative's capital lease for iPads. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

### *Economic Factors*

Despite continuing decreases in enrollment, the Board anticipates a need for increased classroom space, teachers and equipment due to a new state law reducing the classroom sizes for grades kindergarten through third grade. At the same time, the North Carolina Department of Public Instruction is advising school districts to plan for decreased State and Federal revenues. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. As of August 2017, the County is enjoying a low unemployment rate of 5.5% which is a decrease from 2016 but still 1% higher than the state average of 4.5%.

***Requests for Information***

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

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

## BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**Perquimans County Board of Education, North Carolina**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 986,262	\$ 104,676	\$ 1,090,938
Accounts receivable	-	2,978	2,978
Due from other governments	614,505	23,620	638,125
Internal balances	85,000	(85,000)	-
Inventories	-	44,678	44,678
Capital assets:			
Land and construction in progress	290,948	-	290,948
Other capital assets, net of depreciation	23,578,475	11,843	23,590,318
Total capital assets	23,869,423	11,843	23,881,266
Total assets	25,555,190	102,795	25,657,985
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	4,230,108	176,255	4,406,363
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	58,883	-	58,883
Accrued salaries and wages payable	556,802	-	556,802
Unearned revenues	-	7,561	7,561
Long term liabilities:			
Net pension liability	6,314,902	263,121	6,578,023
Due within one year	783,388	29,907	813,295
Due in more than one year	328,540	-	328,540
Total liabilities	8,042,515	300,589	8,343,104
<b>DEFERRED INFLOWS OF RESOURCES</b>	428,700	17,863	446,563
<b>NET POSITION</b>			
Net investment in capital assets	23,587,333	11,843	23,599,176
Restricted:			
Individual Schools	99,700	-	99,700
Stabilization by State Statute	125,696	-	125,696
School Capital Outlay	300,280	-	300,280
Regular Instructional - STOP Grant	2,709	-	2,709
Regular Instructional - Golden Leaf Grant	28,311	-	28,311
Unrestricted	(2,829,946)	(51,245)	(2,881,191)
Total net position	\$ 21,314,083	\$ (39,402)	\$ 21,274,681

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

Perquimans County Board of Education, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2017

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary governmental activities:</b>							
Instructional services:							
Regular instructional	\$ 7,624,394	\$ -	\$ 6,246,623	\$ -	\$ (1,377,771)	\$ -	\$ (1,377,771)
Special populations	1,571,427	-	1,717,353	-	145,926	-	145,926
Alternative programs	1,143,990	-	1,180,323	-	36,333	-	36,333
School leadership	659,044	-	449,231	-	(209,813)	-	(209,813)
Co-curricular	177,334	-	-	-	(177,334)	-	(177,334)
School-based support	1,594,948	384,144	942,310	-	(268,494)	-	(268,494)
System-wide support services:							
Support and development	131,283	-	129,729	-	(1,554)	-	(1,554)
Special populations support and development	94,293	-	106,999	-	12,706	-	12,706
<b>Alternative programs and services</b>							
support and development	158,814	-	161,727	-	2,913	-	2,913
Technology support	266,465	-	123,291	-	(143,174)	-	(143,174)
Operational support	2,911,038	5,540	923,843	-	(1,981,655)	-	(1,981,655)
Financial and human resources	566,381	-	299,116	-	(267,265)	-	(267,265)
Accountability	92,392	-	86,058	-	(6,334)	-	(6,334)
Policy, leadership, and public relations	683,208	-	256,379	-	(426,829)	-	(426,829)
Ancillary services	13,479	-	7,464	-	(6,015)	-	(6,015)
Non-programmed charges	44,155	-	120,416	-	76,261	-	76,261
Interest on long-term debt	3,360	-	-	-	(3,360)	-	(3,360)
Unallocated depreciation expense	1,294,055	-	-	-	(1,294,055)	-	(1,294,055)
Total governmental activities	19,030,060	389,684	12,750,862	-	(5,889,514)	-	(5,889,514)
<b>Business-type activities:</b>							
School food service	1,023,996	232,631	752,897	-	-	(38,468)	(38,468)
Total business-type activities	1,023,996	232,631	752,897	-	-	(38,468)	(38,468)
Total primary government	\$ 20,054,056	\$ 622,315	\$ 13,503,759	\$ -	(5,889,514)	(38,468)	(5,927,982)
<b>General revenues:</b>							
Unrestricted county appropriations - operating					2,775,000	-	2,775,000
Unrestricted county appropriations - capital					377,468	-	377,468
Unrestricted State appropriations - operating					1,592,535	-	1,592,535
Unrestricted State appropriations - capital					111,899	-	111,899
Investment earnings, unrestricted					1,925	-	1,925
Miscellaneous, unrestricted					86,783	-	86,783
Transfers					(45,700)	45,700	-
Total general revenues and transfers					4,899,910	45,700	4,945,610
Change in net position					(989,604)	7,232	(982,372)
Net position, beginning					22,303,687	(46,634)	22,257,053
Net position, ending					\$ 21,314,083	\$ (39,402)	\$ 21,274,681

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

## FUND FINANCIAL STATEMENTS

Perquimans County Board of Education, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2017

	Major Funds				Non-major Funds Other Governmental Funds	Total Governmental Funds
	General	State Public School	Other Specific Revenue	Capital Outlay		
Cash and cash equivalents	\$ 459,009	\$ -	\$ 169,414	\$ 258,033	\$ 99,806	\$ 986,262
Due from other funds	85,106	-	-	-	-	85,106
Due from other governments	7,513	477,698	33,075	42,247	53,972	614,505
Total assets	<u>\$ 551,628</u>	<u>\$ 477,698</u>	<u>\$ 202,489</u>	<u>\$ 300,280</u>	<u>\$ 153,778</u>	<u>\$ 1,685,873</u>

**ASSETS**

Cash and cash equivalents  
Due from other funds  
Due from other governments  
Total assets

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

Accounts payable and accrued expenses  
Accrued salaries and wages payable  
Due to other funds  
Unearned revenues  
Total liabilities

	\$ 56,514	\$ -	\$ 2,370	\$ -	\$ -	\$ 58,884
	2,505	477,698	22,627	-	53,972	556,802
	-	-	-	-	106	106
	-	-	-	-	-	-
Total liabilities	<u>59,019</u>	<u>477,698</u>	<u>24,997</u>	<u>-</u>	<u>54,078</u>	<u>615,792</u>

**DEFERRED INFLOWS OF RESOURCES**

Fund balances  
Restricted for:

Individual Schools  
Stabilization by State Statute  
School Capital Outlay  
STOP Grant  
Golden Leaf Grant

Assigned:

Subsequent years expenditures  
Unassigned:

Total fund balances  
Total liabilities, deferred inflows of resources, and fund balances

	-	-	-	-	99,700	99,700
	92,620	-	33,076	-	-	125,696
	-	-	-	300,280	-	300,280
	-	-	2,709	-	-	2,709
	-	-	12,776	-	-	12,776
	240,225	-	128,931	-	-	369,156
	159,764	-	-	-	-	159,764
	<u>492,609</u>	<u>-</u>	<u>177,492</u>	<u>300,280</u>	<u>99,700</u>	<u>1,070,081</u>
	<u>\$ 551,628</u>	<u>\$ 477,698</u>	<u>\$ 202,489</u>	<u>\$ 300,280</u>	<u>\$ 153,778</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.

Deferred outflows of resources related to pensions

Some liabilities, including bonds payable and accrued interest, are not due in the current period and therefore are not reported in the funds (Note 5).

Net pension liability

Deferred inflows of resources related to pensions

Net position of governmental activities

	23,869,423
	4,230,108
	(1,111,927)
	(6,314,902)
	(428,700)
	<u>\$ 21,314,083</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	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	\$ -	\$ 12,278,618	\$ 439,193	\$ 111,899	\$ -	\$ 12,829,710
Perquimans County	2,775,000	-	-	377,468	-	3,152,468
U. S. Government	-	-	219,858	-	1,347,995	1,567,853
Contributions and donations	-	-	-	-	42,215	42,215
Other	82,264	-	121,979	12,779	384,144	601,166
Total revenues	2,857,264	12,278,618	781,030	502,146	1,774,354	18,193,412
<b>EXPENDITURES</b>						
<b>Current:</b>						
Instructional services						
Regular instructional	179,720	6,624,576	264,872	-	47,062	7,116,230
Special populations	13,114	1,141,705	74,023	-	450,634	1,679,476
Alternative programs	4,829	432,589	257,609	-	518,785	1,213,812
School leadership	47,090	668,923	34	-	-	716,047
Co-curricular	175,995	-	250	-	-	176,245
School-based support	55,012	1,048,991	92,158	-	457,443	1,653,604
System-wide support services						
Support and development	2,863	76,157	56,587	-	169	135,776
Special populations support and development	1,871	104,175	1,575	-	-	107,621
Alternative programs and services support and development	22,020	21,130	14,512	-	126,100	183,762
Technology support	2,103	273,291	-	-	-	275,394
Operational support	1,576,609	1,217,310	8,525	-	75	2,802,519
Financial and human resources	282,697	218,207	1,833	-	86,154	588,891
Accountability	4,017	88,375	-	-	-	92,392
Policy, leadership, and public relations	313,776	312,952	93,163	-	-	719,891
Ancillary services	2,170	4,537	-	-	2,927	9,634
Non-programmed charges	46,047	-	(198)	-	74,912	120,761
<b>Capital outlay:</b>						
Real property and buildings	29,761	-	-	197,891	-	227,652
Furniture and equipment	-	-	-	100,852	-	100,852
Vehicles	-	-	-	305,573	-	305,573
<b>Debt service:</b>						
Principal	-	-	-	153,812	-	153,812
Interest	-	-	-	1,697	-	1,697
Total expenditures	2,759,694	12,232,918	864,943	759,825	1,764,261	18,381,641
Excess (deficiency) of revenues over expenditures	97,570	45,700	(83,913)	(257,679)	10,093	(188,229)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer to other funds	-	(45,700)	-	-	-	(45,700)
Installment purchase obligation issued	-	-	-	218,426	-	218,426
Total other financing sources (uses)	-	(45,700)	-	218,426	-	172,726
Net change in fund balances	97,570	-	(83,913)	(39,253)	10,093	(15,503)
Fund balances, beginning	395,039	-	261,405	339,533	89,607	1,085,584
Fund balances, ending	\$ 492,609	\$ -	\$ 177,492	\$ 300,280	\$ 99,700	\$ 1,070,081

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

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

Net changes in fund balances - total governmental funds	\$	(15,503)
---	----	----------

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.		(874,799)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		974,035
--	--	---------

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.		145,840
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Loss on sale of fixed assets		(30,650)
------------------------------	--	----------

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		(1,188,755)
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Compensated absences		228
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Total changes in net position of governmental activities	\$	(989,604)
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The notes to the financial statements are an integral part of this statement.

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	<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	\$ 2,775,000	\$ 2,775,000	\$ 2,775,000	\$ -
Other	82,225	82,225	82,264	39
Total revenues	<u>2,857,225</u>	<u>2,857,225</u>	<u>2,857,264</u>	<u>39</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	254,248	185,929	179,720	6,209
Special populations	14,322	13,114	13,114	-
Alternative programs	2,743	4,829	4,829	-
School leadership	49,379	47,090	47,090	-
Co-curricular	184,482	184,482	175,995	8,487
School-based support	61,478	55,012	55,012	-
System-wide support services				
Support and development	2,315	2,933	2,863	70
Special populations support and development	1,848	1,871	1,871	-
Alternative programs	-	22,020	22,020	-
Technology support	2,140	2,103	2,103	-
Operational support	1,602,536	1,629,079	1,576,609	52,470
Financial and human resources	324,331	283,011	282,697	314
Accountability	7,107	4,412	4,017	395
Policy, leadership, and public relations	271,091	337,208	313,776	23,432
Ancillary services	29,205	8,324	2,170	6,154
Non-programmed charges	50,000	46,047	46,047	-
Capital Outlay	-	29,761	29,761	-
Total expenditures	<u>2,857,225</u>	<u>2,857,225</u>	<u>2,759,694</u>	<u>97,531</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>97,570</u>	<u>(97,570)</u>
Other financing sources				
Fund balance appropriated	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>97,570</u>	<u>\$ 97,570</u>
Fund balance, beginning			395,039	
Fund balance, ending			<u>\$ 492,609</u>	

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



**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	State Public School Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
State of North Carolina	\$ 12,311,176	\$ 12,760,948	\$ 12,278,618	\$ (482,330)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	7,022,485	6,915,522	6,624,576	290,946
Special populations	1,060,868	1,156,613	1,141,705	14,908
Alternative programs	365,262	518,485	432,589	85,896
School leadership	685,671	680,491	668,923	11,568
School-based support	1,047,974	1,070,933	1,048,991	21,942
System-wide support services				
Support and development	74,349	76,164	76,157	7
Special populations support and development	100,913	104,180	104,175	5
Alternative programs and service support and development	25,270	22,243	21,130	1,113
Technology support	258,513	313,671	273,291	40,380
Operational support	1,017,271	1,226,915	1,217,310	9,605
Financial and human resources	200,187	221,700	218,207	3,493
Accountability	89,671	88,375	88,375	-
Policy, leadership, and public relations	311,085	312,952	312,952	-
Ancillary services	51,657	52,704	4,537	48,167
Total expenditures	12,311,176	12,760,948	12,232,918	528,030
Revenues over expenditures	-	-	45,700	45,700
Other financing sources (uses)				
Transfers to other funds	-	-	(45,700)	(45,700)
Total other financing sources (uses)	-	-	(45,700)	(45,700)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	Other Specific Revenue Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
State of North Carolina	\$ 575,838	\$ 619,038	\$ 439,193	\$ (179,845)
U. S. Government	116,576	241,376	219,858	(21,518)
Other	97,400	107,959	121,979	14,020
Total revenues	<u>789,814</u>	<u>968,373</u>	<u>781,030</u>	<u>(187,343)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	448,238	459,667	264,872	194,795
Special populations	69,907	211,125	74,023	137,102
Alternative programs	194,005	265,827	257,609	8,218
School leadership	2,000	500	34	466
Co-curricular	-	250	250	-
School-based support	113,250	103,698	92,158	11,540
System-wide support services				
Support and development	82,752	63,033	56,587	6,446
Special populations support and development	5,000	4,909	1,575	3,334
Alternative programs and service support and development	19,989	14,518	14,512	6
Operational support	6,717	8,963	8,525	438
Financial and human resources	2,400	2,400	1,833	567
Policy, leadership, and public relations	95,835	93,685	93,163	522
Non-programmed charges	-	(198)	(198)	-
Total expenditures	<u>1,040,093</u>	<u>1,228,377</u>	<u>864,943</u>	<u>363,434</u>
Revenues over (under) expenditures	<u>(250,279)</u>	<u>(260,004)</u>	<u>(83,913)</u>	<u>176,091</u>
Other financing sources				
Fund balance appropriated	250,279	260,004	-	(260,004)
Total other financing sources	<u>250,279</u>	<u>260,004</u>	<u>-</u>	<u>(260,004)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(83,913)</u>	<u>\$ (83,913)</u>
Fund balance, beginning			261,405	
Fund balance, ending			<u>\$ 177,492</u>	

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2017**

	<b>Enterprise Fund</b> <b>Major Fund</b> <b>School Food</b> <b>Service</b>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 104,676
Accounts receivable	2,978
Due from other governments	23,620
Inventories	44,678
Total current assets	<u>175,952</u>
<b>Noncurrent assets:</b>	
Capital assets:	
Food service equipment, net	11,843
Total assets	<u>187,795</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>176,255</u>
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Due to other funds	85,000
Unearned revenues	7,561
Compensated absences	29,907
Total current liabilities	<u>122,468</u>
<b>Noncurrent liabilities:</b>	
Net pension liability	263,121
Total noncurrent liabilities	<u>263,121</u>
Total liabilities	<u>385,589</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>17,863</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,843
Unrestricted	(51,245)
Total net position	<u>\$ (39,402)</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2017**

	<u>Enterprise Fund</u> <u>Major Fund</u> <u>School Food</u> <u>Service</u>
<b>OPERATING REVENUES</b>	
Food sales	\$ 232,631
<b>OPERATING EXPENSES</b>	
Food cost:	
Purchase of food	297,061
Donated commodities	82,229
Salaries and benefits	577,605
Materials and supplies	50,494
Depreciation	3,940
Contracted services	4,960
Utilities and telephone	4,057
Workshops	1,430
Other	2,220
Total operating expenses	<u>1,023,996</u>
Operating loss	<u>(791,365)</u>
<b>NONOPERATING REVENUES</b>	
Federal reimbursements	670,668
Federal commodities	82,229
Total nonoperating revenues	<u>752,897</u>
Loss before contributions and transfers	(38,468)
<b>OTHER FINANCING SOURCES</b>	
Transfer from other funds	<u>45,700</u>
Change in net position	7,232
Total net position, beginning	(46,634)
Total net position, ending	<u>\$ (39,402)</u>

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

Perquimans County Board of Education, North Carolina  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2017

	Enterprise Fund
	Major Fund
	School Food
	Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 231,068
Cash paid for goods and services	(367,508)
Cash paid to employees for services	(522,101)
Net cash used by operating activities	(658,541)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal reimbursements	672,520
Net increase in cash and cash equivalents	13,979
Balance, beginning	90,697
Balance, ending	\$ 104,676
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (791,365)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,940
Donated commodities consumed	82,229
Salaries paid by special revenue fund	45,700
Changes in assets, deferred outflows of resources, and liabilities:	
Increase in inventory	(7,286)
Increase in accounts receivable	(2,978)
Increase in net pension liability	153,462
Increase in deferred outflows	(134,953)
Decrease in deferred inflows	(9,563)
Increase in compensated absences	858
Increase in unearned revenues	1,415
Total adjustments	132,824
Net cash used by operating activities	\$ (658,541)

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

**Perquimans County Board of Education, North Carolina  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2017**

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

The State Public School Fund paid salaries and benefits of \$45,700 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 \$82,229 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$82,229 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, 2017**

	<b>Agency Fund</b> <b>NERESA</b> <b>Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 80,306
Total assets	<u>\$ 80,306</u>
<b>Net Position</b>	
Assets held in trust for private purpose	\$ 80,306
Total net position	<u>\$ 80,306</u>

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

**Perquimans County Board of Education, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2017**

	<u>Agency Fund</u>
	<u>NERESA</u>
	<u>Funds</u>
<b>Additions:</b>	
Dues	\$ 34,000
Digital Learning Initiative	26,656
Sales tax refund	55
Other	19,187
Total additions	<u>79,898</u>
<b>Deductions:</b>	
Contracted services	53,369
Workshops	33,632
Total deductions	<u>87,001</u>
Change in net position	(7,103)
Net position, beginning	87,409
Net position, ending	<u><u>\$ 80,306</u></u>

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



## NOTES TO THE FINANCIAL STATEMENTS

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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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 non-major funds. The fiduciary funds are presented separately.

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

The Board reports the following major governmental funds:

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

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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

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

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

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

The Board reports the following major enterprise fund:

*School Food Service Fund.* The School Food Service Fund is used to account for the food service program within the school system and is reported as an enterprise fund.

The Board reports the following non-major governmental funds:

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

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

The Board reports the following fiduciary fund:

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

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

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

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

**2. Cash and Cash Equivalents**

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents.

**3. Inventories**

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

**4. Capital Assets**

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 is recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 2000 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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

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

	<u>Years</u>
Buildings	10-40
Equipment and furniture	3-10
Vehicles	10

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

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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 pension related deferrals that meet this criterion.

**6. Long-Term Obligations**

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

**7. Compensated Absences**

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2017 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences is based on the current amount used.

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

**8. Net Position/Fund Balances**

**Net Position**

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

**Fund Balance**

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

The governmental fund types classify fund balances as follows:

No spendable 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 \$20,244,001 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)	\$ 45,238,227
Less - Accumulated Depreciation	<u>(21,368,804)</u>
Net capital assets	23,869,423
<b>Pension related deferred outflows of resources</b>	
Change in proportion and differences in Board contributions and proportionate share of contributions	72,683
Changes in assumptions	931,293
Net difference between actual and expected earnings on plan investments	2,252,097
Contributions made to the pension plan in current fiscal year	974,035
<b>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:</b>	
Net pension liability	(6,314,902)
Capital leases	(20,049)
Installment purchases	(262,040)
Compensated absences	(829,839)
<b>Deferred inflows of resources related to pensions</b>	
Changes in proportion and differences between Board contributions and proportionate share of contributions	(130,250)
Differences between expected and actual experience	<u>(298,450)</u>
Total adjustment	<u><u>\$ 20,244,001</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$974,101) as follows:



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Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 545,486
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.	(1,420,285)
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 position	(218,426)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	364,266
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	974,035
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.	
Loss on disposal of assets	(30,650)
Pension expense	(1,188,755)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	228
	<u>\$ (974,101)</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

No items to report.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity of the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-

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interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the 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, 2017, the Board had deposits with banks with a carrying amount of \$1,090,938. The bank balances with the financial institutions and the State Treasurer was \$1,045,089 and \$52,875, respectively. Of these balances, \$353,610 was covered by federal depository insurance, \$691,479 was covered by collateral held under the pooling method, and \$52,875 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, 2017, the Board had \$156,339 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, 2017.

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

**3. Accounts Receivable**

Receivables at the government-wide level at June 30, 2017, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 85,000	\$ 7,513	\$ -	\$ 7,513
Other governmental activities	-	606,992	-	606,992
Total	<u>\$ 85,000</u>	<u>\$ 614,505</u>	<u>\$ -</u>	<u>\$ 614,505</u>
Business-type activities				
School Food Service Fund	<u>\$ (85,000)</u>	<u>\$ 23,620</u>	<u>\$ 2,978</u>	<u>\$ 26,598</u>

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

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Due from other governments consists of the following:

**Governmental activities:**

General Fund	\$ 276	Coastal Studies Grant
General Fund	344	NCCAT
General Fund	536	Reimbursement from other school system
General Fund	6,357	Reimbursement from Perquimans County
State Public School Fund	477,698	Operating funds from DPI
Federal Grants Fund	53,972	Operating funds from DPI
Capital Outlay Fund	42,247	Sales tax from Perquimans County
Other Special Revenue Fund	6,364	School Nurse grant
Other Special Revenue Fund	26,711	Gear Up grant
	<u>\$ 614,505</u>	

**Business-type activities:**

School Food Service Fund	<u>\$ 23,620</u>	USDA reimbursement
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**4. Capital Assets**

Capital asset activity for the year ended June 30, 2017, 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	-	-	-	-
Total capital assets not being depreciated	<u>290,948</u>	<u>-</u>	<u>-</u>	<u>290,948</u>
<b>Capital assets being depreciated:</b>				
Buildings	39,647,074	171,251	43,145	39,775,180
Equipment and furniture	2,153,115	68,662	63,989	2,157,788
Vehicles	3,021,635	305,573	312,897	3,014,311
Total capital assets being depreciated	<u>44,821,824</u>	<u>545,486</u>	<u>420,031</u>	<u>44,947,279</u>
<b>Less accumulated depreciation for:</b>				
Buildings	16,319,139	987,160	12,494	17,293,805
Equipment and furniture	1,688,689	281,625	63,989	1,906,325
Vehicles	2,330,071	151,500	312,897	2,168,674
Total accumulated depreciation	<u>20,337,899</u>	<u>\$ 1,420,285</u>	<u>\$ 389,380</u>	<u>21,368,804</u>
Total capital assets being depreciated, net	<u>24,483,925</u>			<u>23,578,475</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 24,774,873</u>			<u>\$ 23,869,423</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,294,055
Operational support services	126,230
Total	<u>\$ 1,420,285</u>

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**Business-type activities:**

**Capital assets being depreciated:**

Furniture and office equipment	\$ 203,274	\$ -	\$ -	\$ 203,274
Total capital assets being depreciated	<u>203,274</u>	<u>-</u>	<u>-</u>	<u>203,274</u>

**Less accumulated depreciation for:**

Food service equipment	187,490	3,940	-	191,430
Total accumulated depreciation	<u>187,490</u>	<u>3,940</u>	<u>-</u>	<u>191,430</u>

<b>Business-type activities capital assets, net</b>	<b>\$ 15,784</b>			<b>\$ 11,844</b>
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**B. Liabilities**

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

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

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

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TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2017, was 9.98% 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 \$1,014,620 for the year ended June 30, 2017.

*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, 2017, the Board reported a liability of \$6,578,023 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016 and at June 30, 2015, the Board's proportion was .074% and .072%, respectively.

For the year ended June 30, 2017, the Board recognized pension expense of \$1,238,286. At June 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 310,886
Change of assumptions	970,098	-
Net difference between projected and actual earnings on pension plan investments	2,345,934	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	75,711	135,677
Board contributions subsequent to the measurement date	1,014,620	-
Total	<u>\$ 4,406,363</u>	<u>\$ 446,563</u>

\$1,014,620 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 476,692
2019	493,322
2020	1,270,167
2021	704,997
2022	-
Thereafter	-
	<u>\$ 2,945,178</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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**For the year ended June 30, 2017**

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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, 2017 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*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:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Board's proportionate share of the net pension liability (asset)	\$12,371,989	\$ 6,578,022	\$ 1,706,091

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
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*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Post-Employment Benefits

1. Healthcare Benefits

*Plan Description.* The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the 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, 2017, 2016, and 2015, the School Board paid all annual required contribution to the Plan for postemployment healthcare benefits of \$591,113, \$567,839, and \$564,556, respectively. These contributions represented 6.02% (January 2017-June 2017), 5.60% (July 2016-December 2016), 5.60%, and 5.49%, of covered payroll, respectively.



**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
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**2. Long-term Disability Benefits**

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

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

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

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

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
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is approved for and in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135 Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separate from the number of members currently eligible to receive disability benefits as other postemployment benefit. For the fiscal years ended June 30, 2017, 2016, and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$38,683, \$41,574, and \$42,162, respectively. These contributions represented 0.38%, 0.41%, and 0.41%, of covered payroll, respectively.

**2. Accounts Payable**

Accounts payable as of June 30, 2017 is as follows:

	Vendors	Salaries and Benefits
Governmental activities:		
General fund	\$ 56,513	\$ 2,505
Other governmental activities	2,370	554,297
Total	<u>\$ 58,883</u>	<u>\$ 556,802</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	\$ -	\$ 310,886
Change of assumptions	970,098	-
Net difference between projected and actual earnings on pension plan investments	2,345,934	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	75,711	135,677
Board contributions subsequent to the measurement date	1,014,620	-
Total	<u>\$ 4,406,363</u>	<u>\$ 446,563</u>

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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**4. Risk Management**

The Board is exposed to various risks of losses to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omission claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing administered by the North Carolina Department of Public Instruction. This insures the tangible property assets of the 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. Installment Purchase**

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

The future minimum payments of the installment purchase as of June 30, 2017, including \$765 of interest, are as follows:

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 20,049	\$ 785
Total	\$ 20,049	\$ 785

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The state has accepted a bid to purchase replacement school buses through a special third party financing arrangement by Banc of America Public Capital Corporation (BAPCC) at total payments less than the purchase price. In March 2016, the Board entered into an installment purchase contract to finance the purchase of two school buses for \$179,942. Payments totaling \$68,543 were made in fiscal year 2017. The financing contract requires only principal payments of \$44,985.

The future minimum payments of installment purchases as of June 30, 2017, including \$1050 of implied interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 44,985	\$ 525
2019	44,985	525
Total	\$ 89,970	\$ 1,050

In March 2017, the Board entered into an installment purchase contract to finance the purchase of two school buses for \$173,426. Payments totaling \$43,357 were made in fiscal year 2017. The financing contract requires only principal payments of \$43,357.

The future minimum payments of installment purchases as of June 30, 2017, including \$2,091 of implied interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 86,713	\$ 1,394
2019	43,357	697
Thereafter	-	-
Total	\$ 130,070	\$ 2,091

In November 2016, the Board entered into an agreement to purchase a fire truck from the Town of Hertford for \$45,000, at no interest. Payments totaling \$3,000 were made in the fiscal year 2017.

The future minimum payments as of June 30, 2017 are as follows:

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 7,000	\$ -
2019	7,000	-
2020	7,000	-
2021	7,000	-
2022	7,000	-
Thereafter	7,000	-
Total	<u>\$ 42,000</u>	<u>\$ -</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, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion
<i>Governmental activities:</i>					
Capital leases	\$ 269,415	\$ -	\$ 249,366	\$ 20,049	\$ 20,049
Installment purchases	158,514	218,426	114,900	262,040	138,699
Compensated absences	830,067	624,413	624,641	829,839	624,640
Net pension liability	2,631,760	3,683,142	-	6,314,902	-
Total	<u>\$ 3,889,756</u>	<u>\$ 4,525,981</u>	<u>\$ 988,907</u>	<u>\$ 7,426,830</u>	<u>\$ 783,388</u>
<i>Business-type activities:</i>					
Compensated absences	\$ 29,049	\$ 26,720	\$ 25,862	\$ 29,907	\$ 29,907
Net pension liability	109,659	153,462	-	263,121	-
Total	<u>\$ 138,708</u>	<u>\$ 180,182</u>	<u>\$ 25,862</u>	<u>\$ 293,028</u>	<u>\$ 29,907</u>

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

d. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2017, consist of the following:

	Amount
From the State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 45,700</u>

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2017**

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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.

<b>Total fund balance - General Fund</b>	<b>\$ 492,609</b>
Less:	
Stabilization by State Statute	92,620
Appropriated Fund Balance in 2018 Budget	240,225
Remaining Fund Balance	<b>\$ 159,764</b>
<b>Total fund balance - Other Specific Revenue Fur</b>	<b>\$ 177,492</b>
Less:	
Stabilization by State Statute	33,076
Restricted for STOP Grant	2,709
Restricted for Golden Leaf Grant	12,776
Subsequent years expenditures	128,931
Remaining Fund Balance	<b>\$ -</b>

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.072%	0.074%	0.072%	0.074%
Board's proportionate share of the net pension liability (asset) \$	6,578,023	\$ 2,741,419	\$ 843,322	\$ 4,516,838
Board's covered-employee payroll \$	10,166,533	\$ 10,329,028	\$ 10,332,351	\$ 9,963,829
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.703%	26.541%	8.162%	45.332%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,014,620	\$ 927,809	\$ 940,927	\$ 856,525
Contributions in relation to the contractually required	1,014,620	927,809	940,927	856,525
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 10,166,533	\$ 10,329,028	\$ 10,332,351	\$ 9,963,829
Contributions as a percentage of covered-employee	9.98%	8.98%	9.11%	8.60%

## **COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES**

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

	2017		Positive (Negative) Variance
	Budget	Actual	
<b>Revenues</b>			
Perquimans County	\$ 2,775,000	\$ 2,775,000	\$ -
Other:			
Fines and forfeitures	81,725	80,339	(1,386)
Interest earned on investments	500	1,925	1,425
Total other	82,225	82,264	39
<b>Total revenues</b>	<b>2,857,225</b>	<b>2,857,264</b>	<b>39</b>
<b>Expenditures:</b>			
Instructional services			
Regular instructional	185,929	179,720	6,209
Special populations	13,114	13,114	-
Alternative programs	4,829	4,829	-
School leadership	47,090	47,090	-
Co-curricular	184,482	175,995	8,487
School-based support	55,012	55,012	-
Total	490,456	475,760	14,696
System-wide support services			
Support and development	2,933	2,863	70
Special populations support			
and development	1,871	1,871	-
Alternative programs	22,020	22,020	-
Technology support	2,103	2,103	-
Operational support	1,629,079	1,576,609	52,470
Financial and human resources	283,011	282,697	314
Accountability	4,412	4,017	395
Policy, leadership, and public relations	337,208	313,776	23,432
Total	2,282,637	2,205,956	76,681
Ancillary services	8,324	2,170	6,154
Non-programmed charges	46,047	46,047	-
Capital outlay	29,761	29,761	-
<b>Total expenditures</b>	<b>2,857,225</b>	<b>2,759,694</b>	<b>97,531</b>
Excess of revenues over expenditures	-	97,570	(97,570)
<b>Other financing sources (uses)</b>			
Fund balance appropriated	-	-	-
Total	-	-	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>97,570</b>	<b>\$ 97,570</b>
Fund balance, beginning		395,039	
Fund balance, ending		<u>\$ 492,609</u>	

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Other Specific Revenue Fund**  
**For the Year Ended June 30, 2017**

	2017		
	Budget	Actual	Positive (Negative) Variance
<b>Revenues</b>			
U. S. Government	\$ 241,376	\$ 219,858	\$ (21,518)
State of North Carolina	619,038	439,193	(179,845)
Other:			
Indirect cost allocation	75,000	76,606	1,606
Miscellaneous revenue	13,459	25,433	11,974
Rental of school property	4,500	5,540	1,040
Sales tax	15,000	13,600	(1,400)
Other Grants	-	800	800
Total other	107,959	121,979	14,020
<b>Total revenues</b>	<b>968,373</b>	<b>781,030</b>	<b>(187,343)</b>
<b>Expenditures:</b>			
Instructional services			
Regular instructional	459,667	264,872	194,795
Special populations	211,125	74,023	137,102
Alternative programs	265,827	257,609	8,218
School leadership	500	34	466
Co-curricular	250	250	-
School-based support	103,698	92,158	11,540
Total	1,041,067	688,946	352,121
System-wide support services			
Support and development	63,033	56,587	6,446
Special populations support and development	4,909	1,575	3,334
Alternative programs and service support and development	14,518	14,512	6
Operational support	8,963	8,525	438
Financial and human resources	2,400	1,833	567
Policy, leadership, and public relations	93,685	93,163	522
Total	187,508	176,195	11,313
Non-programmed charges	(198)	(198)	-
<b>Total expenditures</b>	<b>1,228,377</b>	<b>864,943</b>	<b>363,434</b>
Excess of revenues over (under) expenditures	(260,004)	(83,913)	(176,091)
<b>Other financing sources</b>			
Fund balance appropriated	260,004	-	260,004
Total	260,004	-	260,004
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(83,913)</b>	<b>\$ (83,913)</b>
Fund balance, beginning		261,405	
Fund balance, ending		<u>\$ 177,492</u>	

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Capital Outlay Fund**  
**For the Year Ended June 30, 2017**

	<b>2017</b>		<b>Positive (Negative) Variance</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues</b>			
Perquimans County:			
Appropriation from county	\$ 123,805	\$ 123,805	\$ -
Restricted portion of sales taxes	240,000	253,663	13,663
Total Perquimans County	<u>363,805</u>	<u>377,468</u>	<u>13,663</u>
State of North Carolina:			
State appropriation-buses	<u>111,899</u>	<u>111,899</u>	<u>-</u>
Other:			
Sales tax refund	-	1,119	1,119
Miscellaneous revenue	8,600	11,660	3,060
Total other	<u>8,600</u>	<u>12,779</u>	<u>4,179</u>
<b>Total revenues</b>	<u>484,304</u>	<u>502,146</u>	<u>17,842</u>
<b>Expenditures:</b>			
Capital Outlay:			
Land and buildings	198,313	197,891	422
Furniture and equipment	106,635	100,852	5,783
Vehicles	305,573	305,573	-
Debt service:			
Principal	155,288	153,812	1,476
Interest	1,697	1,697	-
Total expenditures	<u>767,506</u>	<u>759,825</u>	<u>7,681</u>
Excess of revenues (under) over expenditures	<u>(283,202)</u>	<u>(257,679)</u>	<u>(25,523)</u>
<b>Other financing sources</b>			
Installment purchase obligation	218,426	218,426	-
Fund balance appropriated	64,776	-	64,776
Total	<u>283,202</u>	<u>218,426</u>	<u>64,776</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(39,253)</u>	<u>\$ (39,253)</u>
Fund balance, beginning		339,533	
Fund balance, ending		<u>\$ 300,280</u>	

**Perquimans County Board of Education, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2017**

	<u>Federal Grants</u>	<u>Individual School</u>	<u>Total Non-major Governmental Funds</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ -	\$ 99,806	\$ 99,806
Due from other governments	53,972	-	53,972
Total current assets	<u>\$ 53,972</u>	<u>\$ 99,806</u>	<u>\$ 153,778</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Due to other funds	\$ -	\$ 106	\$ 106
Accrued salaries and wages payable	53,972	-	53,972
Total liabilities	<u>53,972</u>	<u>106</u>	<u>54,078</u>
<b>Fund balances:</b>			
<b>Restricted:</b>			
Individual Schools	-	99,700	99,700
Total fund balances	-	99,700	99,700
Total liabilities and fund balances	<u>\$ 53,972</u>	<u>\$ 99,806</u>	<u>\$ 153,778</u>

**Perquimans County Board of Education, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2017**

	<b>Federal Grants</b>	<b>Individual School</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues</b>			
U. S. Government	\$ 1,347,995	\$ -	\$ 1,347,995
Other:			
Contributions and donations	-	42,215	42,215
Clubs and organizations	-	40,621	40,621
Fundraisers	-	129,788	129,788
Athletics	-	213,735	213,735
Total other	-	426,359	426,359
<b>Total revenues</b>	<b>1,347,995</b>	<b>426,359</b>	<b>1,774,354</b>
<b>Expenditures:</b>			
Instructional services			
Regular instructional	47,062	-	47,062
Special populations	450,634	-	450,634
Alternative programs	518,785	-	518,785
School-based support	41,177	416,266	457,443
Total	1,057,658	416,266	1,473,924
System-wide support services			
Support and development	169	-	169
Alternative programs and services			
support and development	126,100	-	126,100
Technology support	-	-	-
Operational support	75	-	75
Financial and human resources	86,154	-	86,154
Total	212,498	-	212,498
Ancillary services	2,927	-	2,927
Non-programmed charges	74,912	-	74,912
<b>Total expenditures</b>	<b>1,347,995</b>	<b>416,266</b>	<b>1,764,261</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>10,093</b>	<b>10,093</b>
Fund balances, beginning	-	89,607	89,607
Fund balances, ending	\$ -	\$ 99,700	\$ 99,700

**Perquimans County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**Federal Grants Fund**  
**For the Year Ended June 30, 2017**

	<b>2017</b>		<b>Positive (Negative) Variance</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues</b>			
U. S. Government	\$ 1,698,278	\$ 1,347,995	\$ (350,283)
<b>Expenditures:</b>			
Instructional services			
Regular instructional	51,610	47,062	4,548
Special populations	552,968	450,634	102,334
Alternative programs	604,608	518,785	85,823
School-based support	60,848	41,177	19,671
Total	1,270,034	1,057,658	212,376
System-wide support services			
Support and development	200	169	31
Alternative programs and services			
support and development	126,814	126,100	714
Operational support	6,500	75	6,425
Financial and human resources	89,434	86,154	3,280
Total	222,948	212,498	10,450
Ancillary services	4,000	2,927	1,073
Non-programmed charges	201,296	74,912	126,384
<b>Total expenditures</b>	<b>1,698,278</b>	<b>1,347,995</b>	<b>350,283</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</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 Year Ended June 30, 2017**

	2017		
	Budget	Actual	Positive (Negative) Variance
Operating revenues, food sales	\$ 306,460	\$ 232,631	\$ (73,829)
Operating expenditures:			
Business support services:			
Purchase of food	-	304,348	-
Donated commodities	-	82,229	-
Salaries and benefits	-	567,801	-
Materials and supplies	-	50,494	-
Contracted services	-	4,960	-
Workshops	-	1,430	-
Utilities and telephone	-	4,057	-
Other	-	2,220	-
Total business support services	1,100,660	1,017,539	83,121
Operating loss	(794,200)	(784,908)	9,292
Nonoperating revenues:			
Federal reimbursements	721,600	670,668	(50,932)
Federal commodities	72,600	82,229	9,629
Total nonoperating revenues	794,200	752,897	(41,303)
Excess of revenues under expenditures before other financing sources	-	(32,011)	(32,011)
Other financing sources:			
Transfer from other funds	0	45,700	45,700
Total other financing sources	-	45,700	45,700
Excess of revenues and other sources under expenditures	\$ -	13,689	\$ 13,689
Reconciling of modified accrual to full accrual:			
Reconciling items:			
Depreciation		(3,940)	
Net pension liability		(153,462)	
Deferred outflows - pension		134,953	
Deferred inflows - pension		9,563	
Decrease in inventory		7,287	
Decrease in vacation pay		(858)	
Change in net position (full accrual)		\$ 7,232	

## COMPLIANCE SECTION

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An  
Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

To the Board of Education  
Perquimans County, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perquimans County Board of Education, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Perquimans County Board of Education's basic financial statements, and have issued my report thereon dated October 20, 2017.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

Purpose of this Report

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

 Susan H. Winborne, CPA P.C.

Edenton, North Carolina  
October 20, 2017

**Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control  
Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation  
Act**

**Independent Auditor's Report**

To the Board of Education  
Perquimans County, North Carolina

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

I have audited Perquimans County Board of Education, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Perquimans County Board of Education's major federal programs for the year ended June 30, 2017. Perquimans County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In my opinion, Perquimans County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

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

determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

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

 Ronald H. Wilborne, CPA, Pe.

Edenton, North Carolina  
October 20, 2017

**Report on Compliance With Requirements Applicable to Each Major State Program and on Internal Control  
Over Compliance in Accordance With the OMB Uniform Guidance and the State Single Audit  
Implementation Act**

**Independent Auditor's Report**

To the Board of Education  
Perquimans County, North Carolina

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

I have audited Perquimans County Board of Education, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Perquimans County Board of Education's major state programs for the year ended June 30, 2017. Perquimans County Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major State Program**

In my opinion, Perquimans County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

## Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. My opinion on each major state program is not modified with respect to this matter.

Perquimans County Board of Education's response to the noncompliance findings identified in the audit are described in the accompanying schedules of findings and questioned costs and corrective action plan. Perquimans County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

## Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2017-001.

Perquimans County Board of Education's response to the internal control over compliance findings identified in the audit are described in the accompanying schedules of findings and questioned costs and corrective action plan. Perquimans County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

Donna H. Wilborne, CPA PC.

Edenton, North Carolina  
October 20, 2017



**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2017

**Section I. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no  
Significant Deficiency(ies) identified ☐ yes ☒ none reported  
Noncompliance material to financial statements noted ☐ yes ☒ no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? ☐ yes ☒ no  
Significant Deficiency(ies) identified ☐ yes ☒ no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

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

**State Awards**

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no  
Significant Deficiency(ies) identified ☒ yes ☐ none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? ☐ yes ☒ no

Identification of major State programs:

Program Name
State Public School Fund
Vocational Education - State Months of Employment

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2017

**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**

*N.C. Department of Public Instruction*

*Program Name: State Public School Fund*

**FINDING: 2017-001**

Special Tests and Provisions

SIGNIFICANT DEFICIENCY

Criteria: Local Education Agencies should comply with all aspects of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act. This includes the requirement that school employees, first responders, volunteers, and students must sign the concussion and head injury information sheet before participating in interscholastic athletic activities including tryouts, practices, or competition.

Condition : At Perquimans County High School, a signed information sheet was not found for the athletic trainer, 2 forms were signed but not dated by the student athletes, and 1 student athlete form did not have the student's initials on the acknowledgements. At Perquimans County Middle School, there were 6 student forms for cheerleading that were signed after the first tryout date with no documentation as to when the student began participation. There were 8 student forms for soccer that were signed after the first tryout date with no documentation as to when the student began participation. There were 8 student forms for football that were signed after the first tryout date with no documentation as to when the student began participation.

Effect: The Board was not in compliance with Session Law 2011-147.

Cause: Personnel did not verify that each student athlete had a concussion form signed by both the parent and the student.

Questioned Costs: There are no questioned costs associated with this finding.

Context: All information sheets for the school system were examined.

Recommendation: A procedure should be established to verify and document that a signed and dated information sheet is on file for each school employee, first responder, volunteer, and student prior to participation. The forms for students should be completed in full and signed and dated by both the parent and the student. If the student turns in a form late, the date they actually begin participating should be documented.

Views of responsible officials and planned corrective actions: The following Gfellar-Waller Concussion Awareness Act Requirement Procedures have been adopted.

1. Mandatory Training for district coaches, athletic directors, and Principals with all aspects of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act.
2. Copy of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act given to district coaches, athletic directors and Principals.
3. On an annual basis, Principals and athletic directors will verify and document that a signed and dated information sheet is on file for each school employee, first responder/certified athletic trainer, volunteer, and student prior to participation. Forms for students will be completed in full and signed/dated by both the parent/guardian and the student.
4. The first tryout date of each sport will be documented by the Principal and athletic director and will be kept on file as appropriate.
5. When a student athletes' first day of participation occurred after the original tryout date, the athletic director will make the appropriate documentation and initial the concussion form.

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**

For the year ended June 30, 2017

<b>Section IV. State Award Findings and Questioned Costs</b>
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**Finding: 2016-001**

**SIGNIFICANT DEFICIENCY**

Name of contact person: James Bunch, Assistant Superintendent

Corrective Action: The following Gfellar-Waller Concussion Awareness Act Requirement Procedures have been adopted.

1. Mandatory Training for district coaches, athletic directors, and Principals with all aspects of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act.
2. Copy of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act given to district coaches, athletic directors and Principals.
3. On an annual basis, Principals and athletic directors will verify and document that a signed and dated information sheet is on file for each school employee, first responder/certified athletic trainer, volunteer, and student prior to participation. Forms for students will be completed in full and signed/dated by both the parent/guardian and the student.
4. The first tryout date of each sport will be documented by the Principal and athletic director and will be kept on file as appropriate.
5. When a student athletes' first day of participation occurred after the original tryout date, the athletic director will make the appropriate documentation and initial the concussion form.

Proposed Completion Date: October 1, 2017

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the year ended June 30, 2017

No items to report.

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>Federal Grants:</b>			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	PRC 035	<u>82,229</u>
Non-Cash Assistance			<u>82,229</u>
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	PRC 035	\$ 201,729
National School Lunch Program	10.555	PRC 035	<u>465,906</u>
Total Cash Assistance			<u>667,635</u>
Total Child Nutrition Cluster:			<u>749,864</u>
Total School Nutrition Program (Note 3)			<u>749,864</u>
Total U. S. Department of Agriculture			<u>749,864</u>
<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	<u>692,611</u>
Education for Homeless Children and Youth Cluster			
Education for Homeless Children and Youth	84.196	PRC 026	<u>11,484</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	384,147
Special Education - Grants to States (IDEA, Part B) - Children with Disabilities - Risk Pool	84.027	PRC 114	58,628
Special Education - Grants to States (IDEA, Part B) - Special Needs Targeted Assistance	84.027	PRC 118	7,032
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	14,611
Special Education - Preschool Grants (IDEA Preschool) - Targeted Assistance	84.173	PRC 119	<u>2,784</u>
Total Special Education Cluster:			<u>467,202</u>
Special Education - State Personnel Development	84.323	PRC 082	<u>17,715</u>
Career and Technical Education - Capacity Building Grant	84.048	PRC 017	<u>27,303</u>
Total Career and Technical Education - Basic Grants			<u>27,303</u>

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>Federal Grants (continued):</b>			
GEAR UP Grant	84.334	PRC 311	87,766
Rural Education	84.358	PRC 109	38,333
Improving Teacher Quality State Grants	84.367	PRC 103	93,347
Total U. S. Department of Education			1,435,761
Total federal assistance			2,185,625
<b>State Grants:</b>			
Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
State Public School Fund			11,370,839
Driver Training - SPSF		PRC 012	20,320
School Technology Fund - SPSF		PRC 015	42,975
Vocational Education			
- State Months of Employment		PRC 013	722,554
- Program Support Funds		PRC 014	121,930
State Breakfast			3,033
<u>N. C. Department of Health and Human Services:</u>			
Division of Child Development:			
NC Pre-Kindergarten Program			189,413
School Nurse Grant		#536262	90,424
<u>Golden LEAF Foundation</u>			
1:1 NC Learning Technology Initiative			260,947
<u>Department of Juvenile Justice:</u>			
Passed-through Perquimans County:			
Juvenile Justice Crime Prevention			50,256

**PERQUIMANS COUNTY BOARD OF EDUCATION, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>State Grants (continued):</b>			
Non-Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
School Buses Appropriation			173,426
Total State Assistance			13,046,117
Total federal and State Assistance			\$ 15,231,742

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

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Perquimans County Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Perquimans County Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perquimans County Schools.

**2. Summary of Significant Accounting Policies**

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

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

**3. Cluster of Programs**

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