

**Bertie County Board of
Education**

Financial Statements

Windsor, North Carolina

For the Fiscal Year Ended June 30, 2015

Board of Education

Tarsha Dudley, Chairperson
Bobby Occena, Vice Chairman
Emma Johnson, Commissioner
Carolyn Jo Johnson, Commissioner
Barry McGlone, Commissioner

Administrative Officers

Elaine White, Superintendent

**Bertie County Board of Education
Table of Contents
June 30, 2015**

Page

Financial Section:

Independent Auditor's Report	1
Management's Discussion and Analysis	4

Basic Financial Statements:

Exhibit

Government-wide Financial Statements:

1	Statement of Net Position	13
2	Statement of Activities	14

Fund Financial Statements:

3	Balance Sheet - Governmental Funds	15
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
6	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Annually Budgeted Major Special Revenue Funds	20
7	Statement of Fund Net Position - Proprietary Fund	24
8	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25
9	Statement of Cash Flows - Proprietary Funds	26
	Notes to the Financial Statements	27

Bertie County Board of Education
Table of Contents
June 30, 2015

Page

Supplemental Financial Data:

Schedule of Proportionate Share of Net Pension Asset for Local Government Employee Retirement System	53
Schedule of Contributions	54

Individual Fund Financial Statements and Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	55
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State Fund	56
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Federal Grants Fund	57
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Capital Outlay Fund	58
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Major Special Revenue – Restricted Fund	59
Major Combining Balance Sheet – Individual School Fund	61
Major Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Individual School Fund	62
Detailed Schedule of Revenues, Expenditures, and Changes in Net Position – Budget and Actual Enterprise Funds – Child Nutrition Fund	63

Compliance Section:

Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	66
Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	69

Schedule of Findings and Responses	72
Corrective Action Plan	81
Summary Schedule of Prior Year Audit Findings	83
Schedule of Expenditures of Federal and State Awards	84

Financial Section

Andrew Harris, CPA
3722 N. Main St.
Farmville, NC 27828
Phone (252) 753-2636
Phone (252) 813-9988
E-mail andrew@andrewharriscpa.com

Independent Auditor's Report

To the Board of Education
Bertie 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 Bertie County Board of Education, North Carolina, as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bertie County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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 financial statement presentation of the financial statements.

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

Member American Institute of Certified Public Accountants
Member North Carolina Association of Certified Public Accountants

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bertie County Board of Education, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, Federal Fund, and Special Revenue – Restricted 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 the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Board Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements, and other knowledge I obtained during my audit of the basic information because the limited procedures do not 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 opinions on the financial statements that collectively comprise the basic financial statements of the Bertie County Board of Education, North Carolina. The introductory information, combining and individual non major fund statements, as well the accompanying schedule of expenditures of federal and state awards as requested by U.S. office of Management and Budget Circular A-133, audits of state and local governments and Nonprofit Organization and the State Single Audit Implementation Act are presented for additional analysis and are notes required part of the basic financial statements, budgetary schedules, and other schedules, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules, are the responsibility of management and were derived from and relates 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 by me. In my opinion, the combining and non-major fund financial

statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical sections have not been subjected to the auditing procedures applied in the audit of financial statements, and accordingly, I do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated April 26, 2016 on my consideration of the Bertie County Board of Education's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed on accordance with Government Auditing Standards on considering Bertie County Board of Education's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Andrew Harris, CPA PLLC". The signature is written in a cursive style.

Farmville, North Carolina
April 26, 2016

Management's Discussion and Analysis

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

As management of the Bertie County Board of Education (the Board), we offer readers of the Bertie County Board of Education's financial statements this narrative overview and analysis of the financial activities of the Bertie County Board of Education for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Board's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Bertie County Board of Education exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$2,956,515 (net position). Of this amount, \$744,750 are restricted for use by the local schools and special funds and may be used to meet the government's ongoing obligation to citizens and creditors.

Overview of the Financial Statements

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

- Independent Auditor's Letter
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplemental section that presents combining and budgeting statements of major and non-major governmental funds and budgeting statements of the 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 as 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, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order or 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 type of statement included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental fund and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of the Board's major funds.

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

Government-wide Statements

The government-wide financial statements report information about the board as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the board's assets, deferred inflows 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 they have changed. Net position, the difference between the board's assets, deferred inflows, and liabilities, is one way to measure the board's financial health or position.

- Overtime, increases or decreases in the board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the boards overall financial health, one need to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

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

Governmental activities: Most of the board's basic services are included here, such as regular and special education, transportation, and administration. County funding and state and federal aid finance most of these activities.

- **Business-type activities:** The board charges fees to help it cover the costs of certain services it provides. School food service is included here.

The government-wide statements are shown as exhibits 1 & 2 of this report.

Fund Financial Statements

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

- Some funds are required by State law, such as the State Public School Fund.
- The board established other funds to control and manage money for a particular purpose or to show that it is accounting for financial resources properly, such as the Federal Grants funds.

Bertie County Board of Education has two 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 remaining 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 you determine whether there are more or fewer financial resources that can be spent in the near term to finance the board's programs.

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements in the form of a reconciliation explains the relationship (or differences) between them. The board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Federal Grants Funds, and the Special Restricted Fund. The funds are shown in exhibits 3, 4, 5 & 6 of this report.

Financial Analysis of the Board as a Whole

Net position is \$2,956,515, an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$2,956,515 as of June 20, 2015 and by \$7,704,811 as of June 30, 2015. The largest component of net position is invested in capital assets, net of related debt, of \$6,217,146. It comprises 210.3% of the total net position.

Following is a summary of the Statement of Net Assets:

**Bertie County Board of Education's
Condensed Statement of Net Position
as of June 30, 2015
Figure 1**

	Governmental Activities		Business-Type Activities		Total	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Current assets	\$ 1,574,075	\$ 4,149,076	\$ 977,458	\$ 915,358	\$ 2,551,533	\$ 5,064,434
Capital assets	6,238,212	5,395,290	19,963	25,590	6,258,175	5,420,880
Total Position	<u>\$ 7,812,287</u>	<u>\$ 9,544,366</u>	<u>\$ 997,421</u>	<u>\$ 940,948</u>	<u>\$ 8,809,708</u>	<u>\$ 10,485,314</u>
Deferred outflows of resources	2,478,734	-	109,119	-	2,587,853	-
Current liabilities	\$ 642,147	\$ 1,296,028	\$ 828	\$ 29,926	\$ 642,975	\$ 1,325,954
Long-term liabilities	2,773,397	-	177,038	-	2,950,435	-
Total Liabilities	<u>\$ 3,415,544</u>	<u>\$ 1,296,028</u>	<u>\$ 177,866</u>	<u>\$ 29,926</u>	<u>\$ 3,593,410</u>	<u>\$ 1,325,954</u>
Deferred inflows of resources	\$ 4,654,525	\$ 1,603,608	\$ 193,938	\$ 50,941	\$ 4,848,463	\$ 1,654,549
Net position:						
Invested in capital assets, net of related debt	\$ 6,176,754	\$ 5,595,290	\$ 19,963	\$ 25,590	\$ 6,196,717	\$ 5,620,880
Restricted	946,349	1,835,555	-	-	946,349	1,835,555
Unrestricted	(4,922,581)	(586,115)	715,601	834,491	(4,206,980)	248,376
Total Net Position	<u>\$ 2,200,522</u>	<u>\$ 6,844,730</u>	<u>\$ 735,564</u>	<u>\$ 860,081</u>	<u>\$ 2,936,086</u>	<u>\$ 7,704,811</u>

Note that by fiscal year ended June 30, 2015, the Board net position decreased by \$4,623,779 in the Governmental Activities. Unrestricted net position decreased by \$1,420,606 in the business-type activities.

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

The following table shows the revenue and expense for the Board for the current fiscal year.

**Bertie County Board of Education's
Condensed Statement of Revenues, Expenses, and Changes in Net Position
as of June 30, 2015
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Revenues:						
Program Revenues:						
Charges for services	\$ 499,553	\$ 523,150	\$ 403,910	\$ 379,868	\$ 903,463	\$ 903,018
Operating grants and contributions	22,389,403	24,604,886	1,930,205	1,856,387	24,319,608	26,461,273
Capital grants and contributions	462,343	-	-	-	462,343	-
General Revenues:						
Other revenues	4,005,316	4,531,534	119	16,774	4,005,435	4,548,308
Total Revenues	\$27,356,615	\$29,659,570	\$ 2,334,234	\$2,253,029	\$29,690,849	\$31,912,599
Expenses:						
Governmental Activities:						
Instructional services	\$19,141,516	\$22,267,518	\$ -	\$ -	\$19,141,516	\$22,267,518
System wide support	6,677,909	6,043,178	-	-	6,677,909	6,043,178
Ancillary services	65,301	2,929	-	-	65,301	2,929
Non-programmed charges	616,083	161,565	-	-	616,083	161,565
Undesignated depreciation	66,825	557,926	-	-	66,825	557,926
Business Activities:						
Food service	-	-	2,270,197	2,125,128	2,270,197	2,125,128
Total Expenses	\$26,567,634	\$29,033,116	\$ 2,270,197	\$2,125,128	\$28,837,831	\$31,158,244
Increase (Decrease) in Net Position	\$ 788,981	\$ 626,454	\$ 64,037	\$ 127,901	\$ 853,018	\$ 754,355
Net position, beginning, previously reported	6,844,730	6,218,276	860,081	511,671	7,704,811	6,729,947
Net position, beginning, restated	1,411,541	6,218,276	671,527	511,671	2,083,068	6,729,947
Net Position, June 30	\$ 2,200,522	\$ 6,844,730	\$ 735,564	\$ 639,572	\$ 2,936,086	\$ 7,484,302

Governmental Activities. Total governmental activities generated revenues of \$27,356,615 while expenses in his category totaled \$26,547,205. The increase in net position stands at \$809,410.

Business-type Activities. Business-type activities generated revenue of \$2,334,234 and had expenses of \$2,270,197. Net position increased in the business-type activities by \$626,454 due to excellent cost management.

As this is the tenth year of implementation under the GASB 34 reporting model, prior year data is available to provide a more complete analysis. This year and in subsequent years this discussion will include prior year data and a more detailed analysis of the changes in assets, liabilities, and net position from one year to the next.

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

Financial Analysis of the Board's Funds

Governmental Funds. The focus of the Bertie 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 Bertie County Board of Education's financing requirements.

The Board's governmental funds reported a combined fund balance of \$2,871,539, a decrease of \$263,741 over last year. The Board's governmental funds, except for the State Public School Fund and Federal funds exceeded expenditures in the General Fund and Capital Outlay Fund. The total fund balance increased in Special Restricted and Individual School Funds.

Proprietary Funds. The Board's business-type fund performed well in the past year. The School Food Service Fund reflected increases in net position over last year. Revenues and expenses remained constant; non-operating revenue brought about most of the increase in net position with increases in federal reimbursements and investment earnings.

General Fund Budgetary Highlights. Over the course of the year, the Board revised the budget several times to account for changes in revenue and expense expectations, however this was offset by lower actual expenses than budgeted. During the current year, actual revenues were more than the beginning budget due to the uncertainty of receiving all grant funds. After receiving the grant funds, budget amendments were made to account for the increases in funding.

Capital Asset and Debt Administration

Capital assets. Total Capital assets depreciation for the year was \$ 66,825 in the Governmental account and \$ 5,627 in Child Nutrition. This is the tenth year of depreciation in the GASB 34 model. The following is a summary of the capital assets, net of depreciation at year-end.

**Bertie County Board of Education's Capital Assets
(net of depreciation)
Figure 3**

**Bertie County Board of Education
Management Discussion and Analysis
June 30, 2015**

	Governmental Activities		Business-Type Activities		Total	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Land	\$ 70,730	\$ 70,730	\$ -	\$ -	\$ 70,730	\$ 70,730
Construction in progress	699,449	-	-	-	699,449	-
Buildings & improvements	3,110,667	3,045,243	-	-	3,110,667	3,045,243
Equipment & furniture	-	-	-	-	-	-
Vehicles	2,357,366	2,967,079	-	-	2,357,366	2,967,079
Kitchen & computer Improvement	-	-	19,963	25,590	19,963	25,590
Total	<u>\$ 6,238,212</u>	<u>\$ 6,083,052</u>	<u>\$ 19,963</u>	<u>\$ 25,590</u>	<u>\$ 6,258,175</u>	<u>\$ 6,108,642</u>

Bertie County Board of Education's Outstanding Debt

The Bertie County Board of Education is limited by NC General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. Bertie County holds virtually all debt issued for School Capital Construction.

Economic Factors and Next Year's Budgets and Rates

The Board anticipates the enrollment over the next several years to remain constant. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The State appropriations for education are expected to remain steady. The lottery continues to be supplementary funds to assist with Capital Outlay.

The coming year will be a challenging year, with the State in a budget shortfall as well as an addition of a Charter School. The impact of state reductions to education each year is an unknown factor that we must be ready to address. Unfortunately for the Board, the county cannot replace the funds that the state has reduced from our budget allotment each year, therefore the Board must increase the number of grants and funds from other sources, as well as reduce costs as needed. Since Bertie County is characterized as a low income county, the Bertie County Public Schools anticipates continued success with federal grants.

Requests for Information

This report is designed to provide an overview of the Bertie County Board of Education's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Pearline Bunch, Finance Officer
Bertie County Board of Education
Post Office Box 10
Windsor, NC 27983
(252) 794-6000

Basic Financial Statements

Bertie County Board of Education, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,012,712	\$ 791,640	\$ 1,804,352
Accounts receivable	19,798	14,688	34,486
Due from other governments	541,565	110,983	652,548
Inventories	-	60,147	60,147
Total Current Assets	<u>\$ 1,574,075</u>	<u>\$ 977,458</u>	<u>\$ 2,551,533</u>
Capital Assets:			
Land and construction in progress	\$ 770,179	\$ -	\$ 770,179
Other capital assets, net of depreciation	5,468,033	19,963	5,487,996
Total Capital Assets	<u>\$ 6,238,212</u>	<u>\$ 19,963</u>	<u>\$ 6,258,175</u>
Total Assets	<u>\$ 7,812,287</u>	<u>\$ 997,421</u>	<u>\$ 8,809,708</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,478,734</u>	<u>\$ 109,119</u>	<u>\$ 2,587,853</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 72,227	\$ 828	\$ 73,055
Salaries and benefits payable	569,920	-	569,920
Total Current Liabilities	<u>\$ 642,147</u>	<u>\$ 828</u>	<u>\$ 642,975</u>
Long-term Liabilities:			
Net pension liability	\$ 1,288,725	\$ 53,697	\$ 1,342,422
Due within one year	1,464,072	122,513	1,586,585
Due in more than one year	41,029	-	41,029
Total Liabilities	<u>\$ 3,435,973</u>	<u>\$ 177,038</u>	<u>\$ 2,270,589</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 4,654,525</u>	<u>\$ 193,938</u>	<u>\$ 4,848,463</u>
NET POSITION			
Net investment in capital assets	\$ 6,176,754	\$ 19,963	\$ 6,196,717
Restricted:			
Local fund subsequent years expenditures	301,599	-	301,599
Individual schools	83,387	-	83,387
Stabilization by State statute	561,363	-	561,363
Unrestricted	(4,922,581)	715,601	(4,206,980)
Total Net Position	<u>\$ 2,200,522</u>	<u>\$ 735,564</u>	<u>\$ 2,936,086</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
Instructional Services							
Regular instruction	\$ 10,886,431	\$ -	\$ 10,731,954	\$ -	\$ (154,477)	\$ -	\$ (154,477)
Special population	2,147,813	-	2,328,911	-	181,098	-	181,098
Alternative programs	2,448,562	-	1,990,391	-	(458,171)	-	(458,171)
School Leadership	1,331,535	-	1,401,785	-	70,250	-	70,250
Co-curricular	572,899	499,553	(2,554)	-	(75,900)	-	(75,900)
School based support	1,754,276	-	1,718,783	-	(35,493)	-	(35,493)
System Wide Support Services							
Support and development	390,848	-	383,431	-	(7,417)	-	(7,417)
Special population	203,964	-	229,348	-	25,384	-	25,384
Alternative programs	133,432	-	148,574	-	15,142	-	15,142
Technology support	183,363	-	142,823	-	(40,540)	-	(40,540)
Operational support	4,351,918	-	2,441,485	462,343	(1,448,090)	-	(1,448,090)
Financial and human resources	659,824	-	571,471	-	(88,353)	-	(88,353)
Accountability	41,895	-	46,971	-	5,076	-	5,076
System wide support	-	-	-	-	-	-	-
Policy leadership	712,665	-	145,938	-	(566,727)	-	(566,727)
Ancillary services	65,301	-	64,164	-	(1,137)	-	(1,137)
Non-programmed charges	616,083	-	45,928	-	(570,155)	-	(570,155)
Unallocated depreciation	66,825	-	-	-	(66,825)	-	(66,825)
Total Governmental Activities	\$ 26,567,634	\$ 499,553	\$ 22,389,403	\$ 462,343	\$ (3,216,335)	\$ -	\$ (3,216,335)
Business-type Activities:							
Child nutrition	\$ 2,270,197	\$ 403,910	\$ 1,930,205	\$ -	\$ -	\$ 63,918	\$ 63,918
Total Business-type Activities	\$ 2,270,197	\$ 403,910	\$ 1,930,205	\$ -	\$ -	\$ 63,918	\$ 63,918
Total Primary Government	\$ 28,837,831	\$ 903,463	\$ 24,319,608	\$ 462,343	# \$ (3,216,335)	\$ 63,918	\$ (3,152,417)
General Revenues:							
State of North Carolina operating					\$ 109,288	\$ -	\$ 109,288
Bertie County - unrestricted operating					2,503,000	-	2,503,000
US Governments - unrestricted operating					864,704	-	864,704
Miscellaneous - unrestricted					527,100	-	527,100
Interest earned on investments - unrestricted					1,224	119	1,343
Total General Revenues					\$ 4,005,316	\$ 119	\$ 4,005,435
Change in Net Position					788,981	64,037	853,018
Net Position, beginning, previously reported					\$ 6,844,730	\$ 860,081	\$ 7,704,811
Restatement					\$ (5,433,189)	(188,554)	\$ (5,621,743)
Net Position, beginning, restated					\$ 1,411,541	671,527	\$ 2,083,068
Net Position - end of year					\$ 2,200,522	\$ 735,564	\$ 2,936,086

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

Bertie County Board of Education, North Carolina
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Federal Funds</u>	<u>Special Restricted</u>	<u>Individual Schools Funds</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Assets								
Assets:								
Cash and cash equivalents	\$ 709,368	\$ -	\$ -	\$ (175,778)	\$ 83,387	\$ 395,734	\$ -	\$ 1,012,711
Due from other governments	-	488,296	53,269	19,798	-	-	-	561,363
Total Assets	<u>\$ 709,368</u>	<u>\$ 488,296</u>	<u>\$ 53,269</u>	<u>\$ (155,980)</u>	<u>\$ 83,387</u>	<u>\$ 395,734</u>	<u>\$ -</u>	<u>\$ 1,574,074</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Salaries and benefits payable	\$ -	\$ 488,296	\$ 53,269	\$ 28,355	\$ -	\$ -	\$ -	\$ 569,920
Accounts payable	66,229	-	-	5,998	-	-	-	72,227
Total Liabilities	<u>\$ 66,229</u>	<u>\$ 488,296</u>	<u>\$ 53,269</u>	<u>\$ 34,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,147</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:								
Restricted:								
Stabilization by State Statute	-	-	-	19,798	-	-	-	19,798
School capital outlay	-	-	-	-	-	395,734	-	395,734
Individual schools	-	-	-	-	83,387	-	-	83,387
Assigned:								
Subsequent years expenditures	301,599	-	-	-	-	-	-	301,599
Unassigned	341,540	-	-	(210,131)	-	-	-	131,409
Total Fund Balances	<u>\$ 643,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (190,333)</u>	<u>\$ 83,387</u>	<u>\$ 395,734</u>	<u>\$ -</u>	<u>\$ 931,927</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 709,368</u>	<u>\$ 488,296</u>	<u>\$ 53,269</u>	<u>\$ (155,980)</u>	<u>\$ 83,387</u>	<u>\$ 395,734</u>	<u>\$ -</u>	<u>\$ 1,574,074</u>

(continued)

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

Bertie County Board of Education, North Carolina
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
For the Year Ended June 30, 2015

Total Fund Balances - Governmental Funds		\$ 931,927
<p>Amount reported for governmental activities in the statement of net position (Exhibit 1) are different because:</p> <p>The cost of capital assets (land, furniture and equipment) purchased or constructed is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of Bertie as a whole. The cost of those capital assets are allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported governmental funds.</p>		
Cost of capital assets	\$ 17,504,205	
Accumulated depreciation	<u>(11,265,993)</u>	
Capital assets		6,238,212
Deferred outflows of resources related to pensions		2,478,734
<p>Long-term liabilities applicable to Bertie governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.</p>		
Installment loan payable		(61,458)
Liability for compensated absences		(1,443,643)
Net pension liability		(1,288,725)
Deferred inflows of resources related to pensions		(4,654,525)
Net Position of Governmental Activities		<u><u>\$ 2,200,522</u></u>

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

Bertie County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Federal Funds</u>	<u>Special Restricted</u>	<u>Individual Schools Funds</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
Revenues								
County - Bertie	\$ 2,503,000	\$ -	\$ -	\$ -	\$ -	\$ 316,409	\$ -	\$ 2,819,409
State of North Carolina	-	19,110,744	-	109,288	-	145,934	-	19,365,966
US Government	-	-	3,278,659	864,704	-	-	-	4,143,363
Other Local	70,973	-	-	303,988	499,553	153,362	-	1,027,876
Total Revenues	<u>\$ 2,573,973</u>	<u>\$ 19,110,744</u>	<u>\$ 3,278,659</u>	<u>\$ 1,277,980</u>	<u>\$ 499,553</u>	<u>\$ 615,705</u>	<u>\$ -</u>	<u>\$ 27,356,614</u>
Expenditures								
Instructional Services:								
Regular instructional	\$ 204,123	\$ 10,360,914	\$ 371,040	\$ 549,224	\$ -	\$ -	\$ -	11,485,301
Special populations	14,892	1,365,128	963,783	26,003	-	-	-	2,369,806
Alternative programs	5,605	645,622	1,344,768	678,636	-	-	-	2,674,631
School leadership	74,048	1,392,637	9,148	16,463	-	-	-	1,492,296
Co-curricular	90,863	(2,555)	-	81	490,328	-	-	578,717
School based support	194,992	1,382,537	336,246	11,696	-	-	-	1,925,471
System Wide Support Services:								
Special pop. support and development	8,018	330,124	53,308	45,781	-	-	-	437,231
Special populations	-	204,196	25,153	590	-	-	-	229,939
Alternative programs	-	99,035	49,539	-	-	-	-	148,574
Technology support	27,250	142,823	-	25,161	-	-	-	195,234
Operational support	1,306,358	2,378,941	62,544	779,872	-	-	-	4,527,715
Financial and human resources	65,393	554,269	17,202	87,157	-	-	-	724,021
Accountability	-	46,971	-	-	-	-	-	46,971
System wide pupil support	-	-	-	-	-	-	-	-
Policy, leadership, and public relations	544,359	145,938	-	44,865	-	-	-	735,162
Ancillary services	6,633	64,164	-	384	-	-	-	71,181
Non-program charges	167,116	-	45,928	-	-	-	-	213,044

(continued)

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

Bertie County Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Federal Funds</u>	<u>Special Restricted</u>	<u>Individual Schools Funds</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
Expenditures (cont'd)								
Debt Service:								
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Capital Outlay:								
Real property	699,449	-	-	-	-	-	-	699,449
Furniture and equipment	-	-	-	-	-	403,039	-	403,039
Vehicles and buses	-	-	-	-	-	156,496	-	156,496
Debt service	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 3,409,099</u>	<u>\$ 19,110,744</u>	<u>\$ 3,278,659</u>	<u>\$ 2,265,913</u>	<u>\$ 490,328</u>	<u>\$ 559,535</u>	<u>\$ -</u>	<u>\$ 29,114,278</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (835,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (987,933)</u>	<u>\$ 9,225</u>	<u>\$ 56,170</u>	<u>\$ -</u>	<u>\$ (1,757,664)</u>
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (835,126)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (987,933)</u>	<u>\$ 9,225</u>	<u>\$ 56,170</u>	<u>\$ -</u>	<u>\$ (1,757,664)</u>
Fund Balances								
Beginning of year, July 1, as previously reported	1,860,057	-	-	806,308	87,469	99,214	-	2,853,048
Restatement	(381,792)	-	-	(8,708)	(13,307)	240,350	-	(163,457)
Beginning of year, July 1, as restated	<u>1,478,265</u>	<u>-</u>	<u>-</u>	<u>797,600</u>	<u>74,162</u>	<u>339,564</u>	<u>-</u>	<u>2,689,591</u>
End of year, June 30	<u>\$ 643,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (190,333)</u>	<u>\$ 83,387</u>	<u>\$ 395,734</u>	<u>\$ -</u>	<u>\$ 931,927</u>

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

Bertie County Board of Education, North Carolina
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances with Statement of Activities
For the Year Ended June 30, 2015

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,757,664)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	714,846
---	---------

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,215,779
--	-----------

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 transaction 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	95,038
---	--------

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	(621,021)
Compensated absences	142,003
	142,003

Total Changes in Net Position of Governmental Activities	\$ 788,981
---	-------------------

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

Bertie County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Bertie County	\$ 4,111,591	\$ 3,861,500	\$ 2,503,000	\$ (1,358,500)
Other	-	-	70,973	70,973
Total Revenues	<u>\$ 4,111,591</u>	<u>\$ 3,861,500</u>	<u>\$ 2,573,973</u>	<u>\$ (1,287,527)</u>
EXPENDITURES				
Instructional Services:				
Regular instructional	\$ 608,954	\$ 252,085	\$ 204,123	\$ 47,962
Special populations	-	17,780	14,892	2,888
Alternative programs	-	4,313	5,605	(1,292)
School leadership	-	78,484	74,048	4,436
Co-curricular	75,211	92,079	90,863	1,216
School based support	-	258,322	194,992	63,330
System Wide Support Services:				
Special pop. support and development	-	7,518	8,018	(500)
Special populations	-	-	-	-
Alternative programs	-	-	-	-
Technology support	100,000	27,067	27,250	(183)
Operational support	2,004,659	1,358,132	1,306,358	51,774
Financial and human resources	61,700	65,134	65,393	(259)
Accountability	-	-	-	-
System wide pupil support	-	-	-	-
Policy, leadership, and public relations	299,476	568,246	544,359	23,887
Ancillary services	-	6,633	6,633	-
Non-program charges	3,000	167,116	167,116	-
Capital outlay				
Real property and buildings	958,591	958,591	699,449	259,142
Total Expenditures	<u>\$ 4,111,591</u>	<u>\$ 3,861,500</u>	<u>\$ 3,409,099</u>	<u>\$ 452,401</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (835,126)</u>	<u>\$ (835,126)</u>
Fund balance appropriated	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (835,126)</u>	<u>\$ (835,126)</u>
Fund Balances				
Beginning of year, July 1, as previously reported			\$ 1,860,057	
Restatement			(381,792)	
Beginning of year, July 1, restated			<u>\$ 1,478,265</u>	
End of year, June 30			<u>\$ 643,139</u>	

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

Bertie County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Major State Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Bertie County	\$ 17,300,850	\$ 19,835,410	\$ 19,094,782	\$ (740,628)
Other	-	-	15,962	15,962
Total Revenues	<u>\$ 17,300,850</u>	<u>\$ 19,835,410</u>	<u>\$ 19,110,744</u>	<u>\$ (724,666)</u>
EXPENDITURES				
Instructional Services:				
Regular instructional	\$ 9,009,850	\$ 10,452,643	\$ 10,360,914	\$ 91,729
Special populations	1,338,481	1,644,677	1,365,128	279,549
Alternative programs	571,479	808,586	645,622	162,964
School leadership	1,372,357	1,446,573	1,392,637	53,936
Co-curricular	-	-	(2,555)	2,555
School based support	1,444,878	1,585,957	1,382,537	203,420
System Wide Support Services:				
Special pop. support and development	222,189	364,551	330,124	34,427
Special populations	161,233	132,488	204,196	(71,708)
Alternative programs	80,621	104,167	99,035	5,132
Technology support	102,378	154,963	142,823	12,140
Operational support	2,116,703	2,351,264	2,378,941	(27,677)
Financial and human resources	574,229	529,829	554,269	(24,440)
Accountability	102,294	47,867	46,971	896
System wide pupil support	-	-	-	-
Policy, leadership, and public relations	150,426	147,247	145,938	1,309
Ancillary services	53,732	64,598	64,164	434
Non-program charges	-	-	-	-
Total Expenditures	<u>\$ 17,300,850</u>	<u>\$ 19,835,410</u>	<u>\$ 19,110,744</u>	<u>\$ 724,666</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances				
Beginning of year, July 1			<u>\$ -</u>	
End of year, June 30			<u>\$ -</u>	

(continued)

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

Bertie County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Major Federal Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Bertie County	\$ 4,854,342	\$ 5,014,955	\$ 3,278,659	\$ (1,736,296)
Other	-	-	-	-
Total Revenues	<u>\$ 4,854,342</u>	<u>\$ 5,014,955</u>	<u>\$ 3,278,659</u>	<u>\$ (1,736,296)</u>
EXPENDITURES				
Instructional Services:				
Regular instructional	\$ 364,029	\$ 429,386	\$ 371,040	\$ 58,346
Special populations	526,102	812,908	963,783	(150,875)
Alternative programs	1,726,758	1,684,661	1,344,768	339,893
School leadership	-	-	9,148	(9,148)
School based support	384,885	464,597	336,246	128,351
System Wide Support Services:				
Special pop. support and development	100,433	153,658	53,308	100,350
Special populations	56,419	157,336	25,153	132,183
Alternative programs	55,152	58,402	49,539	8,863
Technology support	-	-	-	-
Operational support	52,819	53,677	62,544	(8,867)
Financial and human resources	79,431	80,041	17,202	62,839
Accountability	-	-	-	-
System wide pupil support	-	-	-	-
Policy, leadership, and public relations	-	-	-	-
Ancillary services	-	-	-	-
Non-program charges	1,508,314	1,120,289	45,928	1,074,361
Total Expenditures	<u>\$ 4,854,342</u>	<u>\$ 5,014,955</u>	<u>\$ 3,278,659</u>	<u>\$ 1,736,296</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance appropriated	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balances				
Beginning of year, July 1			<u>\$ -</u>	
End of year, June 30			<u><u>\$ -</u></u>	

(continued)

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

Bertie County Board of Education, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Special Revenue - Restricted			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Bertie County	\$ -	\$ -	\$ -	\$ -
State of North Carolina	1,111,568	2,503,255	109,288	(2,393,967)
US Government	-	-	864,704	864,704
Other	-	-	303,988	303,988
Total Revenues	<u>\$ 1,111,568</u>	<u>\$ 2,503,255</u>	<u>\$ 1,277,980</u>	<u>\$ (1,225,275)</u>
EXPENDITURES				
Instructional Services:				
Regular instructional	\$ 262,835	\$ 725,802	\$ 549,224	\$ 176,578
Special populations	44,000	24,165	26,003	(1,838)
Alternative programs	674,350	680,991	678,636	2,355
School leadership	-	16,463	16,463	-
Co-curricular	-	81	81	-
School based support	-	10,340	11,696	(1,356)
System Wide Support Services:				
Special pop. support and development	65,000	45,781	45,781	-
Special populations	-	590	590	-
Alternative programs	-	-	-	-
Technology support	30,000	25,813	25,161	652
Operational support	5,383	833,049	779,872	53,177
Financial and human resources	30,000	87,157	87,157	-
Accountability	-	-	-	-
System wide pupil support	-	-	-	-
Policy, leadership, and public relations	-	42,640	44,865	(2,225)
Ancillary services	-	383	384	(1)
Non-program charges	-	10,000	-	10,000
Total Expenditures	<u>\$ 1,111,568</u>	<u>\$ 2,503,255</u>	<u>\$ 2,265,913</u>	<u>\$ 237,342</u>
Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (987,933)</u>	<u>\$ (987,933)</u>
Fund Balances				
Beginning of year, July 1			<u>\$ 797,600</u>	
End of year, June 30			<u>\$ (190,333)</u>	

(continued)

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

Bertie County Board of Education, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds	Total
	Major Fund	
ASSETS		
Current Assets:		
Cash and investments	\$ 791,640	\$ 791,640
Due from other governments	110,983	110,983
Accounts receivable	14,688	14,688
Inventories	60,147	60,147
Total Current Assets	\$ 977,458	\$ 977,458
Non-current Assets:		
Capital Assets:		
Equipment	\$ 340,593	\$ 340,593
Less accumulated depreciation	(320,630)	(320,630)
Net Capital Assets	\$ 19,963	\$ 19,963
Total Assets	\$ 997,421	\$ 997,421
DEFERRED OUTFLOWS OF RESOURCES	109,119	109,119
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 828	\$ 828
Total Current Liabilities	\$ 828	\$ 828
Non-current Liabilities:		
Net pension liability	\$ 53,697	\$ 53,697
Compensated absences	122,513	122,513
Total Non-current Liabilities	\$ 176,210	\$ 176,210
Total Liabilities	\$ 177,038	\$ 177,038
DEFERRED INFLOWS OF RESOURCES	\$ 193,938	\$ 193,938
NET POSITION		
Net investment in capital assets, net of related debt	\$ 19,963	\$ 19,963
Unrestricted	715,601	715,601
Total Net Position	\$ 735,564	\$ 735,564

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

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

	<u>Enterprise Funds</u>	
	<u>Major Fund</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 403,910	\$ 403,910
OPERATING EXPENSES		
Food costs	\$ 1,121,824	\$ 1,121,824
Salaries & employee benefits	1,068,387	1,068,387
Depreciation	5,627	5,627
Non-capitalized equipment	12,170	12,170
Materials and supplies	13,272	13,272
Maintenance and fuel	30,999	30,999
Workshop, printing, contract repair	13,594	13,594
Contract services	4,324	4,324
Total Operating Expenses	<u>\$ 2,270,197</u>	<u>\$ 2,270,197</u>
Operating Income (Loss)	<u>\$ (1,866,287)</u>	<u>\$ (1,866,287)</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal reimbursements	\$ 1,828,862	\$ 1,828,862
Commodities	101,343	101,343
Interest income	119	119
Total Non-operating Revenue (Expenses)	<u>\$ 1,930,324</u>	<u>\$ 1,930,324</u>
Change in Net Position	\$ 64,037	\$ 64,037
Total Net Position, beginning	\$ 860,081	\$ 860,081
Restatement	(188,554)	(188,554)
Total Net Position, beginning, restated	<u>671,527</u>	<u>671,527</u>
Total Net Position, ending	<u>\$ 735,564</u>	<u>\$ 735,564</u>

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

Bertie County Board of Education, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Enterprise Funds</u>	
	<u>Major Fund</u>	
	<u>Child Nutrition</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 389,429	\$ 389,429
Cash paid for foods and services	(1,227,951)	(1,227,951)
Cash paid to employees from services	(1,068,387)	(1,068,387)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,906,909)</u>	<u>\$ (1,906,909)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Federal reimbursements	\$ 1,874,382	\$ 1,874,382
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ 1,874,382</u>	<u>\$ 1,874,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	\$ 119	\$ 119
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (32,408)</u>	<u>\$ (32,408)</u>
Cash and Cash Equivalents, July 1	824,048	824,048
Cash and Cash Equivalents, June 30	<u>\$ 791,640</u>	<u>\$ 791,640</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (1,866,287)	\$ (1,866,287)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	5,627	5,627
Donated commodities consumed	101,343	101,343
Pension expense	25,876	25,876
Changes in Assets and Liabilities:		
Decrease (increase) from other governments	(83,480)	(83,480)
Decrease (increase) in accounts receivable	(14,481)	(14,481)
Decrease (increase) in inventory	3,453	3,453
Increase (decrease) in accounts payable and accrued liabilities	(29,098)	(29,098)
Decrease (increase) in deferred outflows of resources for pension plan contributions in current fiscal year	(54,983)	(54,983)
Increase (decrease) in compensated absences	5,121	5,121
Total Adjustments	<u>\$ (40,622)</u>	<u>\$ (40,622)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,906,909)</u>	<u>\$ (1,906,909)</u>

Non-cash Investing, Capital and Financing Activities:

The School Food Service Fund received donated commodities with a value of \$101,343 during the fiscal year. The receipt of the commodities is recognized as a non-operating revenue. The Fund recorded the consumption of \$101,343 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 8.

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

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

I. Summary of Significant Accounting Policies

The accounting policies of the Bertie County Board of Education conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Bertie 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 Bertie 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 - Fund Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through taxes, 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, including all taxes, are presented as general revenues.

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

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

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S.115C-426].

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.

Special Revenue. This fund was created for special restricted funds received from the State of North Carolina and Federal Grants. These funds are restricted to the Specific grant awarded.

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

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

Federal Grants Fund. The Federal Grants Fund includes all Grants which are funded by the U.S. Government. All are administered separately according to the requirements of the individual grant.

The Board reports the following major enterprise fund:

Child Nutrition Fund. The Child Nutrition Fund is used to account for the food service program within the school system.

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. The government-wide and proprietary fund financial statements are reported using 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 property taxes, grants, and donations. On an accrual

Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015

basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there 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.

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, several immaterial 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.

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. 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. 159-30(c)] 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 the North Carolina Capital Management Trust (NCCMT).

(NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1. The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventory

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1970 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Bertie County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. Some of 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:

Asset Class	Estimated Useful Lives
Buildings	40 years
Land Improvements	20-25 years
Equipment and Furniture	5-20 years
Vehicles	8 years
Computer Equipment and Software	3 years

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 one item that meet this criterion - pension related deferrals.

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

6. Long-term Obligations

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

7. Compensated Absences

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

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

8. Net Position/Fund Balances

a. Net Position

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

b. Fund Balances

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:

Non-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.

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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. 159-8(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 the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Assigned Fund Balance - portion of fund balance that the Bertie County Board of Education intends to use for specific purposes.

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

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

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes 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 \$1,289,024 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$17,504,205
Less accumulated depreciation	<u>(11,265,993)</u>
Net Capital Assets	\$ 6,238,212
Account receivable recorded in the government-wide statements as these funds are not available and therefore unavailable in the fund statements.	-
Pension related deferred outflows of resources	2,478,734
Liabilities for revenue unavailable but earned and therefore recorded in the fund statements but not the government-wide statements.	-
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(1,443,643)
Installment financing	(61,458)
Net pension liability	(1,288,725)
Deferred inflows of resources related to pensions	<u>(4,654,525)</u>
Total Adjustment	<u>\$ 1,268,595</u>

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$2,425,071 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 781,671
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.	(66,825)
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.	(82,222)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in government-wide statements.	\$ 177,260
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,215,779
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(621,021)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	142,003
Total Adjustment	\$ 2,546,645

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

II. Stewardship, Compliance, and Accountability

A. Non-compliance with NC General Statutes

For the fiscal year ended June 30, 2015, expenditures made in the Board of Education's Child Nutrition Fund exceeded the authorized appropriations at the fund level in the amount of \$24,568.

For the fiscal year ended June 30, 2015, expenditures made in the Board of Education's General Fund exceeded the authorized appropriations at the purpose code level, Instructional Services - Alternative Programs \$1,293 and System-wide Support Services - Support and Development \$500, Technology Support \$183, and Financial and Human Resources \$260. In the Board of Education's State Public School Fund, expenditures exceeded appropriations at the purpose code level by \$71,708, 27,378, and \$31,665 in the following System-wide Support Services: Special Populations, Operational Support, and Financial and Human Resources, respectively. In the Board of Education's Federal Fund, expenditures exceeded appropriations at the purpose code level by \$172,531, 9,147, and 8,867 in the following Instructional Services – Special Populations and School Leadership and System-wide Support Services – Technology Support, respectively. In the Special Restricted Fund, expenditures exceeded appropriations at the purpose code level, Instructional Services – Special Populations and School Based Support and System-wide Support Services – Policy, Leadership, and Public Relations in the amount of \$1,838, \$1,356, and \$2,225, respectively.

Management concurs and will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

B. Deficit Fund Balance or Net Assets of Individual Funds

For the fiscal year ended June 30, 2015, the Board of Education's Special Revenue Restricted Fund has a deficit fund balance of \$190,332. Management and the Board will more closely review fund balances to ensure compliance in future years.

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 for the Board, these deposits are considered to be held by the agent in the entity's name. The

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Board had deposits with banks and savings and loans with a carrying amount of \$1,804,351. The bank balance with the financial institutions was \$2,067,357. All these balances are covered by the pooling method. The board does not have a formal policy for any of the different deposits and investment risks it encounters.

2. Accounts Receivable

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

	Due From Other Governments	Other	Total
Governmental Activities:			
General Fund	\$ -	\$ -	\$ -
Other governmental activities	541,565	19,798	561,363
Total	<u>\$ 541,565</u>	<u>\$ 19,798</u>	<u>\$ 561,363</u>
Business-type Activities:			
School Food Service	\$ 110,983	\$ 14,688	\$ 125,671
Total	<u>\$ 110,983</u>	<u>\$ 14,688</u>	<u>\$ 125,671</u>

Due from other governments and others consists of the following:

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Governmental Activities:		
State Public School Fund	\$ 488,296	Operating funds from DPI
Federal Grants Fund	53,269	Federal grant funds
Other restricted	19,798	Miscellaneous
Total	<u>\$ 561,363</u>	
Business-type Activities:		
School Food Service	\$ 110,983	Federal funds
Total	<u>\$ 110,983</u>	

3. Capital Assets

- a. Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 70,730	\$ -	\$ -	\$ 70,730
Construction in progress	-	699,449	-	699,449
Total Capital Assets Not Being Depreciated	\$ 70,730	\$ 699,449	\$ -	\$ 770,179
Capital Assets Being Depreciated:				
Buildings	\$ 12,751,257	\$ -	\$ -	\$ 12,751,257
Equipment	3,900,547	82,222	-	3,982,769
Total Capital Assets Being Depreciated	\$ 16,651,804	\$ 82,222	\$ -	\$ 16,734,026
Less accumulated depreciation for:				
Buildings	\$ 9,632,527	\$ 8,063	\$ -	\$ 9,640,590
Equipment, Furniture, and Vehicles	1,566,641	58,762	-	1,625,403
Total accumulated depreciation	\$ 11,199,168	\$ 66,825	\$ -	\$ 11,265,993
Total Capital Assets Being Depreciated, Net	5,452,636			5,468,033
Governmental Activity Capital Assets, Net	\$ 5,523,366			\$ 6,238,212
Business-type Activities:				
School Food Service Fund:				
Capital Assets Being Depreciated:				
Kitchen equipment & computer equipment	\$ 340,593	\$ -	\$ -	\$ 340,593
Total Capital Assets Being Depreciated	\$ 340,593	\$ -	\$ -	\$ 340,593
Less accumulated depreciation for:				
Kitchen equipment & computer equipment	\$ 315,003	\$ 5,627	\$ -	\$ 320,630
Total accumulated depreciation	\$ 315,003	\$ 5,627	\$ -	\$ 320,630
Total School Food Service Capital Assets, Net	25,590			19,963
Depreciation expense was charged to functions as follows:				
Unallocated depreciation		\$ 66,825		
Total Depreciation Expense		\$ 66,825		

4. Financing Commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Bertie County Board of Education has entered into an agreement to purchase 8 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the County Board of Education. Because future

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2015, has been recorded.

The payments due in the fiscal year ended June 30, 2015 are as follows:

Total purchase price, 8 buses	\$625,984
Total payments due in fiscal year 2014-2015	\$156,496
Remaining payments in subsequent years	\$156,496

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

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

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

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service.

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2015, was 15.21% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$2,313,942 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Board reported a liability of \$1,342,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers,

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

actuarially determined. At June 30, 2014 and at June 30, 2013, the Board's proportion was .11%.

For the year ended June 30, 2015, the Board recognized pension expense of \$646,897. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	312,911
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,535,553
Changes in proportion and differences between employer contributions and proportionate share of contributions	273,911	-
Employer contributions subsequent to the measurement date	2,313,942	-
Total	<u>\$ 2,587,853</u>	<u>\$ 4,848,464</u>

\$2,313,942 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,144,178)
2017	(1,144,178)
2018	(1,144,178)
2019	(1,142,017)
2020	
Thereafter	<u>\$ (4,574,553)</u>

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

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Investment rate of return 7.25 percent, net of pension plan investment expense, including inflation

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

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

Sensitivity of the County'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:

Sensitivity of the net pension liability (asset) to changes in the discount rate	Current Discount		
	1% Decrease (6.25%)	Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	9,636,835	1,342,422	(5,661,002)

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

The post-employment 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).

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

The Executive Administrator and 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 employers 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 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 base. Employees first hired on and after October 1, 2006, with 10 but less 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 Plans' 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 payrolls. Annually, the monthly contributed rates, to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2015, 2014, and 2013, the School Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$1,270,035, \$774,549, and \$731,972, respectively. These contributions represented 5.4%, 5.3%, and 5.0% of covered payroll, respectively.

2) Long-term Disability Benefits

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

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 another postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. 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 employers 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 financial 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 provided the following requirements are met: (1) the employee has five or more years of contributing 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 of 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 or permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

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, any other federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved or and are 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 payments cannot be separated from the number of members currently eligible to receive disability benefits as another postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the, DIPNC for disability benefits of \$141,115, \$87,684, and \$76,125, respectively. These contributions represented .60%, .60%, and .52%, of covered payroll, respectively.

c. Accounts Payable

Accounts Payable as of June 30, 2015, are as follows:

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 66,229	\$ -	\$ 66,229
Other governmental	5,998	569,920	575,918
Total Governmental Activities	<u>\$ 66,229</u>	<u>\$ 569,920</u>	<u>\$ 636,149</u>
Business-type Activities:			
School Food Service	\$ 828	\$ -	\$ 828
Total Business-type Activities	<u>\$ 828</u>	<u>\$ -</u>	<u>\$ 828</u>

During the fiscal year ending June 30, 2015, there were no charter schools in Bertie County Schools.

2. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability errors and omissions coverage of \$1 million per claim. The Trust has an annual aggregate limit for general liability of \$ 2,550,000, and an annual aggregate limit of \$ 2,550,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim in 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-injured risk control and risk financing fund administered by the North Carolina Department of 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.

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

In accordance with G.S. 115C-442, the Board's employees who have custody of 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 superintendent position has a \$7,500 bond. The remaining employees that 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 reduction in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

3. Contingent Liabilities

At June 30, 2015, the Board was a defendant to various lawsuits. In the opinion of the Board's management, and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

4. Long-term Obligations

a. Long-term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Governmental Activities:					
Installment purchase obligations	\$ 156,496	\$ 82,222	\$ 177,260	\$ 61,458	\$ 20,429
Net pension liability	6,358,542	-	5,069,817	1,288,725	-
Compensated absences	1,585,645	-	142,002	1,443,643	1,443,643
Total	<u>\$8,100,683</u>	<u>\$ 82,222</u>	<u>\$5,389,079</u>	<u>\$ 2,793,826</u>	<u>\$1,464,072</u>
Business-type Activities:					
Net pension liability	\$ 264,939	\$ -	\$ 211,242	\$ 53,697	\$ -
Compensated absences	127,634	-	5,121	122,513	122,513
Total	<u>\$ 392,573</u>	<u>\$ -</u>	<u>\$ 216,363</u>	<u>\$ 176,210</u>	<u>\$ 122,513</u>

Compensated absences are typically liquidated by the general and other governmental funds. At June 30, 2015 all current portions are immaterial.

C. Fund Balance

The Board of Education has a revenue spending policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Board of Education funds, Board of Education funds. For purposes of

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

fund balance classification expenditures are to be spent from restricted fund balance purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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

Total fund balance - General Fund	\$ 643,139
Less:	
Stabilization by State Statute	-
Appropriated Fund Balance in 2016 budget	301,599
Remaining Fund Balance	\$ 341,540

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Board has received proceeds from 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 refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant funds.

V. Prior Period Adjustments

During the fiscal year ended June 30, 2015, the Board determined that certain receivables that were subject to accrual in the Capital Projects Fund as of June 30, 2014, on a modified accrual basis of accounting, had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which increased beginning fund balance and beginning net position by \$240,350.

During the fiscal year ended June 30, 2015, the Board determined that certain receivables that were subject to accrual in the General Fund as of June 30, 2014, on a modified accrual basis of accounting, had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning fund balance and beginning net position by \$14,058.

During the fiscal year ended June 30, 2015, the Board determined that certain payables that were subject to accrual in the General Fund and Special Restricted Fund as of June 30, 2014, on a modified accrual basis of accounting, had been understated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of

**Bertie County Board of Education
Notes to the Financial Statements
For the Year Ended June 30, 2015**

which decreased beginning fund balance and beginning net position by \$104,687 and \$8,708, respectively.

During the fiscal year ended June 30, 2015, the Board determined that cash in the General Fund, on a modified accrual basis of accounting, had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning fund balance and beginning net position by \$205,483.

During the fiscal year ended June 30, 2015, the Board determined that cash in the Individual Schools Fund, on a modified accrual basis of accounting, had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning fund balance and beginning net position by \$13,307.

During the fiscal year ended June 30, 2015, the Board determined that compensated absences that were subject to accrual in the Governmental Activities as of June 30, 2014, on a full accrual basis of accounting, had been understated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning net position by \$138,533.

During the fiscal year ended June 30, 2015, the Board determined that capital assets in the Governmental Activities as of June 30, 2014, on a full accrual basis of accounting, had been overstated. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning net position by \$129,489.

VI. Significant Effects of Subsequent Events

I am not aware of any events that occurred between the end of the period covered by the financial statements and the statement issuance date that would have a significant effect on the Board of Education.

VI. Change in Accounting Principles/Restatement

The Board of Education implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board of Education to record beginning net pension liability and the effects on net position of contributions made by the Board of Education during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$5,059,274 and \$188,554, respectively.

Supplemental Financial Data

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

Bertie 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 Two Fiscal Years *

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.112%	0.115%
Board's proportionate share of the net pension liability (asset)	\$ 86,173	\$ 6,623,482
Board's covered-employee payroll	\$ 15,672,104	\$ 16,708,191
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.55%	39.64%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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

Bertie County Board of Education, North Carolina
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
 Last 2 Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,313,943	\$ 2,286,526
Contributions in relation to the contractually required contribution	2,313,943	2,286,526
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 15,672,104	\$ 16,708,191
Contributions as a percentage of covered-employee payroll	14.76%	13.69%

Bertie County Board of Education, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Bertie County:			
County Appropriation		\$ 2,503,000	
Other:			
Fines and forfeitures		\$ 69,909	
Interest earned on investments		1,066	
Total Other	\$ -	\$ 70,975	\$ -
Total Revenues	\$ 3,861,500	\$ 2,573,975	\$ (1,287,525)
EXPENDITURES			
Instructional Services:			
Regular instruction	\$ 252,085	\$ 204,123	\$ 47,962
Special populations	17,780	14,892	2,888
Alternative programs	4,312	5,605	(1,293)
School Leadership	78,484	74,048	4,436
Co-curricular	92,079	90,863	1,216
School Based Support	258,322	194,992	63,330
Total Unrestricted Intergovernmental	\$ 703,062	\$ 584,523	\$ 118,539
Current:			
System-wide Support Services			
Support and development	\$ 7,518	\$ 8,018	\$ (500)
Technology support	27,067	27,250	(183)
Operational support	1,358,132	1,306,358	51,774
Financial and human resources	65,134	65,394	(260)
Policy, leadership, and public relations	568,246	544,359	23,887
Total System-wide Support Services	\$ 2,026,097	\$ 1,951,379	\$ 74,718
Ancillary Services:			
Community	\$ 6,377	\$ 6,377	\$ -
Nutrition	256	256	-
Total Ancillary Services	\$ 6,633	\$ 6,633	\$ -
Non-Programmed charges:			
Payments to other governmental units	\$ 167,116	\$ 167,116	\$ -
Capital outlay:			
Property and buildings	958,592	699,449	259,143
Total Expenditures	\$ 3,861,500	\$ 3,409,100	\$ 452,400
Net Change in Fund Balance	\$ -	\$ (835,125)	\$ (835,125)
Fund Balances			
Beginning of year, July 1, as previously reported		1,860,057	
Restatement		(381,793)	
Beginning of year, July 1, restated		1,478,264	
End of year, June 30		\$ 643,139	

Bertie County Board of Education, North Carolina
State Fund
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Major State Public School		
	Budget	Actual	Variance
REVENUES			
State of North Carolina	\$ 19,835,410	\$ 19,035,297	\$ 800,113
Total Revenues	<u>\$ 19,835,410</u>	<u>\$ 19,035,297</u>	<u>\$ 800,113</u>
EXPENDITURES			
Instructional Services:			
Regular instruction	\$ 10,452,643	\$ 10,171,457	\$ 281,186
Special populations	1,644,677	1,429,873	214,804
Alternative programs	808,586	661,396	147,190
School Leadership	1,446,573	1,400,024	46,549
Co-curricular	-	(2,556)	2,556
School Based Support	1,585,957	1,401,716	184,241
System-wide Support Services			
Special population support and development	364,551	330,124	34,427
Special populations	132,488	204,196	(71,708)
Alternative programs	104,167	99,035	5,132
Technology support	154,963	142,823	12,140
Operational support	2,351,264	2,378,642	(27,378)
Financial and human resources	529,829	561,494	(31,665)
Accountability	47,867	46,971	896
Policy, leadership, and public relations	147,247	145,938	1,309
Ancillary services	64,598	64,164	434
Total Expenditures	<u>\$ 19,835,410</u>	<u>\$ 19,035,297</u>	<u>\$ 800,113</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

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

	Major		Variance
	Budget	Actual	
REVENUES			
U.S. Government	\$ 5,014,955	\$ 3,278,659	\$ (1,736,296)
Total Revenues	<u>\$ 5,014,955</u>	<u>\$ 3,278,659</u>	<u>\$ (1,736,296)</u>
EXPENDITURES			
Instructional Services:			
Regular instruction	\$ 429,386	\$ 371,040	\$ 58,346
Special populations	812,908	985,439	(172,531)
Alternative programs	1,684,661	1,323,816	360,845
School Leadership	-	9,147	(9,147)
School Based Support	464,597	335,543	129,054
System-wide Support Services			
Special population support and development	153,658	53,308	100,350
Special populations	157,336	25,153	132,183
Alternative programs	58,402	49,539	8,863
Technology support	53,677	62,544	(8,867)
Financial and human resources	80,041	17,202	62,839
Non-programmed charges	1,120,289	45,928	1,074,361
Total Expenditures	<u>\$ 5,014,955</u>	<u>\$ 3,278,659</u>	<u>\$ 1,736,296</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

Bertie County Board of Education, North Carolina
Capital Outlay Fund
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
County Appropriations		\$ 316,409	\$ (316,409)
Capital reimbursement plan		145,934	(145,934)
Sale of trailers		153,300	153,300
Interest earned on investments		62	62
Total Revenues	<u>\$ 626,205</u>	<u>\$ 615,705</u>	<u>\$ (10,500)</u>
EXPENDITURES			
Improvements		\$ 403,039	
Bus purchases		156,496	
Total Expenditures	<u>\$ 626,205</u>	<u>\$ 559,535</u>	<u>\$ 66,670</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 56,170</u>	<u>\$ 56,170</u>
Fund Balances			
Beginning of year, July 1, as reported		99,214	
Prior period adjustment		240,351	
Beginning of year, July 1, as restated		339,565	
End of year, June 30		<u>\$ 395,735</u>	

Bertie County Board of Education, North Carolina
Major Special Revenue - Restricted
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
State of North Carolina:			
E Rate		\$ 10,247	\$ 10,247
NC Pre K		564,522	564,522
Other State funds		109,288	109,288
Total State of North Carolina	<u>\$ -</u>	<u>\$ 684,057</u>	<u>\$ 684,057</u>
Other Local Revenue:			
Interest		\$ 97	\$ 97
Golden Leaf		5,428	5,428
Landfill		62,010	62,010
Contributions and donations		4,381	4,381
RRVC Stem Grant		(938)	(938)
4H Robotics		1,000	1,000
Monsanto Science Grant		-	-
Rental		17,958	17,958
Miscellaneous		212,338	212,338
RRVC Digital Learning Grant		1,715	1,715
Total Other Local Revenue	<u>\$ -</u>	<u>\$ 303,989</u>	<u>\$ 303,989</u>
U.S. Government:			
ROTC		\$ 62,742	\$ (62,742)
Medicaid ADM Outreach		209,131	209,131
Medicaid Direct		18,061	18,061
Total U.S. Government	<u>\$ -</u>	<u>\$ 289,934</u>	<u>\$ 289,934</u>
Total Revenues	<u>\$ 2,503,254</u>	<u>\$ 1,277,980</u>	<u>\$ (1,225,274)</u>

continued

Bertie County Board of Education, North Carolina
Major Special Revenue - Restricted
Detailed Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2015

<i>continued</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES			
Instructional Services:			
Regular instruction	\$ 725,802	\$ 549,224	\$ 176,578
Special populations	24,165	26,003	(1,838)
Alternative programs	680,991	678,636	2,355
School Leadership	16,463	16,463	-
Co-curricular	81	81	-
School Based Support	10,340	11,696	(1,356)
System-wide Support Services			
Special population support and development	45,781	45,781	-
Special populations	590	590	-
Technology support	25,812	25,161	651
Operational support	833,049	779,872	53,177
Financial and human resources	87,157	87,157	-
Policy, leadership, and public relations	42,640	44,865	(2,225)
Ancillary	383	384	(1)
Non-programmed charges	10,000	-	10,000
Total Expenditures	<u>\$ 2,503,254</u>	<u>\$ 2,265,913</u>	<u>\$ 237,341</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (987,933)</u>	<u>\$ (987,933)</u>
Fund Balances			
Beginning of year, July 1, as reported		824,799	
Prior period adjustment		(27,199)	
Beginning of year, July 1, as restated		797,600	
End of year, June 30		<u>\$ (190,333)</u>	

Bertie County Board of Education, North Carolina
Individual Schools Fund - Major
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2015

	Elementary Schools	Junior High	Senior High	Totals 2015
ASSETS				
Cash & investments	\$ 40,812	\$ 14,269	\$ 28,306	\$ 83,387
Total Assets	\$ 40,812	\$ 14,269	\$ 28,306	\$ 83,387
FUND BALANCES				
Fund Balance - Undesignated	\$ 40,812	\$ 14,269	\$ 28,306	\$ 83,387
Total Liabilities and Fund Balance	\$ 40,812	\$ 14,269	\$ 28,306	\$ 83,387

Bertie County Board of Education, North Carolina
Individual Schools Fund - Major
Combining Schedule of Revenues, Expenditures and Changes In Fund Balance
For the Fiscal Year Ended June 30, 2015

	<u>Elementary Schools</u>	<u>Junior High</u>	<u>Senior High</u>	<u>Totals 2015</u>
REVENUES				
Fund raising and clubs	\$ 183,237	\$ 102,753	\$ 213,563	\$ 499,553
Total Revenues	<u>\$ 183,237</u>	<u>\$ 102,753</u>	<u>\$ 213,563</u>	<u>\$ 499,553</u>
EXPENDITURES				
Co-curricular:				
Clubs and organizations	\$ 175,773	\$ 103,986	\$ 210,569	\$ 490,328
Total Expendable Trust Expenditures	<u>\$ 175,773</u>	<u>\$ 103,986</u>	<u>\$ 210,569</u>	<u>\$ 490,328</u>
Excess Revenues Over (Under) Expenditures	\$ 7,464	\$ (1,233)	\$ 2,994	\$ 9,225
Fund Balances				
Beginning of year, July 1, previously reported	33,049	19,698	34,722	87,469
Restatement	299	(4,196)	(9,410)	(13,307)
Beginning of year, July 1, restated	<u>33,348</u>	<u>15,502</u>	<u>25,312</u>	<u>74,162</u>
End of year, June 30	<u>\$ 40,812</u>	<u>\$ 14,269</u>	<u>\$ 28,306</u>	<u>\$ 83,387</u>

Bertie County Board of Education, North Carolina
Enterprise Funds - Child Nutrition Program - Major
Detailed Schedule of Revenues, Expenditures, and Changes in
Net Position - Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2015

	Major Child Nutrition		
	Budget	Actual	Variance
OPERATING REVENUES			
Food sales	\$ -	\$ 403,910	\$ 403,910
Total Operating Revenues	<u>\$ -</u>	<u>\$ 403,910</u>	<u>\$ 403,910</u>
OPERATING EXPENSES			
Workshops, printing, contracted repairs, travel		\$ 13,592	
Food costs		1,007,111	
Food processing supplies		114,713	
Salaries & benefits		1,140,674	
Contract services		4,325	
Supplies		13,272	
Fuel		7,488	
Maintenance		23,511	
Non-capitalized equipment		12,170	
Total Operating Expenses	<u>\$ 2,312,288</u>	<u>\$ 2,336,856</u>	<u>\$ (24,568)</u>
Operating Loss	<u>\$ (2,312,288)</u>	<u>\$ (1,932,946)</u>	<u>\$ 379,342</u>
NON-OPERATING REVENUES			
U.S. Government Agencies		\$ 1,828,862	
Commodities		101,343	
Interest income		119	
Total Non-operating Revenues	<u>\$ 2,312,288</u>	<u>\$ 1,930,324</u>	<u>\$ (381,964)</u>
Income (Loss) Before Contributions and Transfers	<u>\$ -</u>	<u>\$ (2,622)</u>	<u>\$ (2,622)</u>
Excess Deficiency of Revenue Over Expenditures - Budgetary (Non-GAAP) Basis	<u>\$ -</u>	<u>\$ (2,622)</u>	<u>\$ (2,622)</u>
Reconciliation from Budgetary (Non-GAAP) basis to GAAP:			
Excess (Deficiency) of Revenues and Other Sources over Expenditures:			
Depreciation		(5,627)	
Contribution to the pension plan in the current fiscal year		98,163	
Decrease in compensated absences payable		5,121	
Pension expense		(25,876)	
Decrease in inventory		(5,122)	
Change in Net Position		<u>\$ 64,037</u>	

Andrew Harris, CPA PLLC
3722 N. Main St.
Farmville, NC 27828
Phone (252) 753-2636
Phone (252) 813-9988
Fax (888) 689-1014
E-mail andrew@andrewharriscpa.com

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

To the Chairman and
Board Members of the Bertie Board of Education
Windsor, North Carolina

I have audited, in accordance with the 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the Bertie County Board of Education, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Bertie County Board of Education's basic financial statements and have issued my report thereon dated April 26, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Bertie 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bertie County Board of Education's internal control. Accordingly, I do not express an opinion on the effectiveness of the Board's internal control.

My consideration of the internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Bertie County Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses, items 15-01 and 15-02.

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies, items 15-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bertie County Board of Education's financial statements are free of 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 statements 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*.

Bertie County Board of Education's Response to Findings

The Bertie County Board of Education's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.



Farmville, North Carolina
April 26, 2016

Andrew Harris, CPA PLLC
3722 N. Main St.
Farmville, NC 27828
Phone (252) 753-2636
Phone (252) 813-9988
Fax (888) 689-1014
E-mail andrew@andrewharriscpa.com

Report On Compliance with Requirements Applicable
to Each Major Federal Program and Internal Control over
Compliance in accordance with OMB Circular A-133
and the State Single Audit Implementation Act

To the Chairman and
Board Members of the Bertie Board of Education
Windsor, North Carolina

Report on Compliance for Each Major Federal Program

I have audited the Bertie County Board of Education, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission, that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Bertie County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Bertie County Board of Education's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bertie County Board of Education's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

Member American Institute of Certified Public Accountants
Member North Carolina Association of Certified Public Accountants

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

Opinion on Each Major Federal Program

In my opinion, the Bertie 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Bertie County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Bertie County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Entity'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies, item 15-04.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Andrew Harris, CPA PLLC

Farmville, North Carolina
April 26, 2016

Andrew Harris, CPA PLLC
3722 N. Main St.
Farmville, NC 27828
Phone (252) 753-2636
Phone (252) 813-9988
Fax (888) 689-1014
E-mail andrew@andrewharriscpa.com

Report On Compliance with Requirements Applicable
to Each Major State Program and Internal Control over
Compliance in accordance with OMB Circular A-133
and the State Single Audit Implementation Act

To the Chairman and
Board Members of the Bertie Board of Education
Windsor, North Carolina

Report on Compliance for Each Major State Program

I have audited the Bertie County Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Bertie Board of Education's major state programs for the year ended June 30, 2015. The Bertie Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Bertie Board of Education's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A133, Audits of States, Local Governments, and Non-Profit Organizations, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A 133, and the State Single Audit Implementation Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Bertie Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

Member American Institute of Certified Public Accountants
Member North Carolina Association of Certified Public Accountants

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

Basis for Qualified Opinion on State Public School Fund

As described in the accompanying schedule of findings and questioned costs, The Board did not comply with requirements regarding State Public School Fund Special Tests and Provisions as described in finding 15-05. Compliance with such requirements is necessary, in my opinion, for the Board of Education to comply with the requirements applicable to that program.

Qualified Opinion on State Public School Fund

In my opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the 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 State Public School Fund for the year ended June 30, 2015.

Other Matters

The results of my auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 15-05 and 15-06. My opinion on each major state program is not modified with respect to these matters.

The Board of Education's response to noncompliance findings identified in my audit is described in the accompanying corrective action plan. The 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 the Bertie Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Bertie Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Bertie Board of Education's internal control over compliance.

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. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and significant deficiencies.

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.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Andrew Harris, CPA PLLC

Farmville, North Carolina
April 26, 2016

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses X yes none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses X yes none reported

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 Section 510(a) of Circular A-133 X yes no

**Bertie County Board of Education, North Carolina
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
	Title I Part A Cluster:
84.010	Title I, Grants to Local Educational Agencies Educationally Deprived Children
84.287	21 st Century Communications
	Special Education Cluster:
84.027A	Special Education - Grants to States
84.173A	Special Education - Preschool Grants
84.027	Idea Targeted Grant - VIB
84.027	Targeted Assistance in Preschool
	Child Nutrition Cluster:
10.553	School Breakfast
10.555	National School Lunch
10.559	Summer Food Service Program in Children

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

Auditee qualified as low-risk auditee? No

**Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

State Awards

- Material weakness(es) identified? _____yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses _____X_____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 State Single Audit Implementation _____X_____yes _____no

Identification of major State programs:

Program Name

State Public School Fund
Vocational Education State Months of Employment
NC Pre-K

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section II - Financial Statement Findings

Material Weakness

Finding: 15-01

Accounts Reconciliations

Criteria: Management should appropriately reconcile all general ledger accounts monthly.

Condition: Management did not reconcile various general ledger accounts during the fiscal year.

Effect: The Board of Education's cash, accounts receivables, accounts payables, accrued liabilities, and fund balance were materially incorrect at year end in both the governmental activities and business-type activities.

Cause: At the beginning and end of the fiscal year end, management did not have a closing process in place to reconcile the various balance sheet items and material income statement accounts. In previous years, management relied on the auditor to reconcile material balance sheet and income statement items at year end.

Recommendation: Management should reconcile the general ledger accounts to supporting documentation on a monthly basis or consider hiring a fee accountant to assist staff with reconciling general ledger accounts.

Views of responsible officials:

Management agrees with this finding.

Corrective action: Management will implement procedures to reconcile material general ledger accounts on a monthly basis.

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Material Weakness

Finding: 15 – 02

Prior Period Adjustments

Criteria: Management should recognize all prior period adjustments in its accounting function.

Condition: Management had a prior period adjustment in the governmental activities and business-type activities amounting to \$(381,793) and \$240,351, respectively. The modified accrual prior period adjustments in the governmental activities and business-type activities amounted to \$(5,433,189) and \$(188,554), respectively.

Effect: Management misstated numerous prior year account balances.

Cause: Management did not properly reconcile the prior period account balances.

Recommendation: The account balances should be properly reconciled at year end.

Views of responsible officials:

Management agrees with this finding. The management will improve its account reconciliation procedures at year end to ensure all material general ledger accounts are properly reconciled at year end.

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Significant Deficiency

Finding: 15-03

Budget Violations

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. G.S. 159-8(a) states that each local government shall operate under an annual balanced budget. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

Condition: Board of Education expended more for the Child Nutrition Fund, Restricted Special Revenue Fund, Federal Grants Fund, State Fund, and Local Fund than appropriated in the amended budget ordinance in various line items and amounts.

Effect: Monies were spent that had not been appropriated.

Cause: Management did not properly adopt budget amendments in each fund as revenues were received or expenditures were overspent.

Recommendation: Budget amendments should be adopted when revenues are received that exceed estimated revenues in the budget ordinance prior to expending the funds.

Views of responsible officials: Management agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.

Corrective action: Management will implement procedures to properly make budget amendments.

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section III – Federal Award Findings and Questioned Costs

US Department of Education

Passed through the NC Department of Public Instruction
Program Name: Title I Grants to Local Education Agencies (LEAs)
CFDA # 84.010

Significant Deficiency

Finding: 15-04

Activities Allowed or Unallowed

Criteria: In accordance with the Title I Grants to Local Education Agencies (LEAs) activities allowed or unallowed, the compliance requirement states that the Funds may be used by a LEA only in accordance with the approved State plan and only for those services or activities in its project application. Expenditures must be reported to the SEA each month.

Condition: Per review of the Budget Balance Reconciliation Report (305/705), the Budget Balance Reconciliation Report did not reconcile to the School Board's account records at year end.

Questioned Costs: \$11,233; The Budget Balance Reconciliation Report was subsequently reconciled to the School Board's account records.

Context: I compared the Budget Balance Reconciliation Report to the account records at June 30, 2015 to determine if the report is reconciled.

Effect: The federal fund may be materially misstated if the Budget Balance Reconciliation Report is not properly reconciled to the account records.

Cause: Management is not properly reconciling the Budget Balance Reconciliation Report to the account records.

Recommendation: Management should reconcile the Budget Balance Reconciliation Report to the account records on a monthly basis.

Views of responsible officials and planned corrective actions:

Management agrees with the finding and will implement procedures to ensure that this problem does not recur in the future.

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

Section IV- State Award Findings and Questioned Costs

NC Department of Public Instruction

Program Name: State Public School Fund

Significant Deficiency

Finding: 15-05

Activities Allowed or Unallowed

Criteria: In accordance with the State Public School Fund (LEAs) activities allowed or unallowed, the compliance requirement states that charter schools must comply with applicable North Carolina General Statutes and particularly applicable sections of Chapter 115C, e.g., Article 16, Part 6A and Article 31. In addition, the State Board of Education has authority to issue rules and regulations through the Allotment Policy Manual and letters/memos with which charter schools must comply. (G.S. 115C-238.29F(f)).

Condition: Per review of proper authorizations for payroll withholdings, twenty-nine employees did not have proper federal and state withholdings. Twenty and seven employees did not have W-4 withholding forms and NC-4 withholding forms, respectively, on file.

Questioned Costs: \$0; Employee withholdings does not have any effect on questioned costs.

Context: I selected a sample of 60 employees and tested the proper authorizations for payroll withholdings and recomputed amounts withheld. I also examined cancelled checks and compared dates, check numbers, name of payee, net pay to pay register, and note propriety of signatures and compare signature to the signed W-4.

Effect: The federal and state withholdings on employee payroll checks may be incorrect.

Cause: The payroll withholding forms are processed by the accounting staff on site. Verification of employee withholding changes did not occur.

Recommendation: Management should implement payroll procedures to ensure the payroll accounting staff receives all relevant payroll information to accurately complete the payroll function.

Views of responsible officials and planned corrective actions:

Management agrees with the finding and will implement payroll procedures to ensure that this problem does not recur in the future.

Bertie County Board of Education, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

NC Department of Public Instruction

Program Name: State Public School Fund

Significant Deficiency

Finding: 15-06

Special Tests and Provisions

Criteria: In accordance with the State Public School Fund (LEAs) activities special tests and provisions, the compliance requirement states that the "Allotment Balance Reconciliation Report" (JHA351EG) is transmitted electronically monthly to the LEAs by the Division of School Business at DPI. The LEAs should adjust and reconcile their account records to the "Allotment Balance Reconciliation Report." (The "Allotment Balance Reconciliation Report" contains the 11th and 12th month installment expenditures in a collapsed summary.)

Condition: Per review of the Allotment Balance Reconciliation Report (JHA351EG), the Allotment Balance Reconciliation Report did not reconcile to the School Board's account records at year end.

Questioned Costs: \$75,447; The Allotment Balance Reconciliation Report was subsequently reconciled to the School Board's account records.

Context: I compared the Allotment Balance Reconciliation Report to the account records at June 30, 2015 to determine if the report is reconciled.

Effect: The state public school fund may be materially misstated if the Allotment Balance Reconciliation Report is not properly reconciled to the account records.

Cause: Management is not properly reconciling the Allotment Balance Reconciliation Report to the account records.

Recommendation: Management should reconcile the Allotment Balance Reconciliation Report to the account records on a monthly records.

Views of responsible officials and planned corrective actions:

Management agrees with the finding and will implement procedures to ensure that this problem does not recur in the future.

Bertie County Board of Education, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2015

Finding: 15-01

Name of contact person: Pearline Bunch, Finance Officer

Corrective Action: Management should reconcile the general ledger accounts to supporting documentation on a monthly basis or consider hiring a fee accountant to assist staff with reconciling general ledger accounts.

Proposed Completion Date: Management will implement procedures to reconcile material general ledger accounts on a monthly basis.

Finding: 15-02

Name of contact person: Pearline Bunch, Finance Officer

Corrective Action: Management will improve its account balance reconciliation procedures at year end to ensure all accounts are properly reconciled at year end.

Proposed Completion Date: Management will implement procedures immediately.

Finding: 15-03

Name of contact person: Pearline Bunch, Finance Officer

Corrective Action: Budget amendments should be adopted by the Board of Education when revenues are received that exceed estimated revenues in the budget ordinance prior to expending the funds.

Proposed Completion Date: Management will implement procedures to properly make budget amendments for the fiscal year ended June 30, 2016.

Finding: 15-04

Name of contact person: Pearline Bunch, Finance Officer

Corrective Action: Management should reconcile the Budget Balance Reconciliation Report to the account records on a monthly basis.

Proposed Completion Date: Management will implement procedures to reconcile the Budget Balance Reconciliation Report to the account records on a monthly basis by June 2016.

Bertie County Board of Education, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2015

Finding: 15-05

Name of contact person: Pearlline Bunch, Finance Officer

Corrective Action: Management should implement payroll procedures to ensure the payroll accounting staff receives all relevant payroll information to accurately complete the payroll function.

Proposed Completion Date: Management will implement procedures to improve the payroll procedures by June 2016.

Finding: 15-06

Name of contact person: Pearlline Bunch, Finance Officer

Corrective Action: Management should reconcile the Allotment Balance Reconciliation Report to the account records on a monthly basis.

Proposed Completion Date: Management will implement procedures to reconcile the Allotment Balance Reconciliation Report to the account records on a monthly basis by June 2016.

**Bertie County Board of Education, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2015**

NONE REPORTED

Bertie County Board of Education, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Passed-through the N.C. Department of Public Instruction:			
Child Nutrition Cluster:			
Non-cash Assistance (Commodities):			
National School Lunch Program		10.555	\$ 107,990
Special Education Cluster:			
School Breakfast Program		10.553	\$ 220,561
National School Lunch Program		10.555	1,657,377
Summer Food Service Program for Children		10.559	13,833
Cash Assistance Subtotal			<u>\$ 1,891,771</u>
Total Child Nutrition Cluster			<u><u>\$ 1,999,761</u></u>
<u>US Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies:			
Educationally Deprived Children	PRC 050	84.010	\$ 1,231,595
Title I School Improvement Grant	PRC 105	84.010A	51,117
Migrant Education (Title I of IASA)	PRC 051	84.011	30,067
Career and Technical Education - Capacity Building Grant			
- Funds	PRC 058	84.048A	3,000
IDEA - Coordinated Early Intervening Services (CEIS)	PRC 070	84.173A	70,891
Title V Abstinence Ed.	PRC 101	93.235	56,562
Improving Teach Quality	PRC 103	84.367A	237,239
Title II-B Math and Science Partnerships	PRC 112	84.366B	92,227
Rural and Low Income Schools	PRC 109	84.358	58,029
Office of Elementary and Secondary Education -			
21 st Century Communications	PRC 110	84.287	393,981
			<u>\$ 2,224,708</u>

Office of Special Education and Rehabilitative Services

Passed-through the N.C. Department of Public Instruction:

Special Education Cluster:

Individuals with Disabilities Education Act

Special Education - Grants to States	PRC 060	84.027A	\$	883,542
Special Education - Preschool Grants	PRC 049	84.173A		36,754
Risk Pool	PRC 114	84.027		5,625
IDEA Targeted Grant - VI B	PRC 118	84.027		<u>7,028</u>

Total Special Education Cluster: \$ 932,949

Passed-through the N.C. Department of Public Instruction:

Carl D. Perkins Vocational and Applied Technology
Education Act Amendments of 1990

Basic Grants to States

Program Development	PRC 017	84.048	\$	34,460
IDEA VI B - State Improvement	PRC 082	84.323		6,159
Race to the Top ARRA	PRC 156	84.412		36,595
Regional Leadership Academy	PRC 157	84.395		9,285
Race to the Top - STEM	PRC 159	84.395		<u>36,831</u>
			\$	<u>123,330</u>

U.S. Department of Health and Human Services

Passed-through the N.C. Department of Public Instruction:

Medicaid Administrative Outreach Program

Medicaid Direct Services Reimbursement Program	PRC 305	93.778	\$	162,821
	PRC 306	93.778		<u>18,061</u>
			\$	<u>180,882</u>

U.S. Department of Agriculture

Direct Program:

ROTC		None	\$	<u>92,575</u>
------	--	------	----	---------------

Total Federal Assistance \$ 5,554,205

* Major Fund

State Grants:

N.C. Department of Public Instruction:

State Public School Fund	\$ 18,147,677
Vocational Education Program Support Funds	39,552
Vocational Education State Months of Employment	828,813
Behavior Reading - Willie M	72,335
School Technology	6,405
Total N.C. Department of Public Instruction	<u>\$ 19,094,782</u>

N.C. Department of Health and Human Services

Division of Child Development	
NC Pre-K	<u>\$ 564,522</u>

Total State Assistance \$ 19,659,304

Total Federal and State Assistance \$ 25,213,509

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Bertie County Schools under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Bertie County Schools, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Bertie County Schools.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Educational Institutions or cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements.