

**BERTIE COUNTY
BOARD OF EDUCATION
WINDSOR, NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2012**

**BERTIE COUNTY BOARD OF EDUCATION
WINDSOR, NORTH CAROLINA**

**BOARD MEMBERS
2011-2012**

Gloria Lee

Chairperson

Alton Parker

Pamela Chamblee
Vice Chair

Emma Johnson

Rickey Freeman

BERTIE COUNTY BOARD OF EDUCATION

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John A. Pollard CPA PLLC

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Independent Auditor's Report

To the Board of Education
Bertie County, North Carolina

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, as of and for the year ended June 30, 2012 which collectively comprise of the Bertie County Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Bertie County Board of Education's management. My responsibility is to express an opinion on these financial statements based on my audit

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

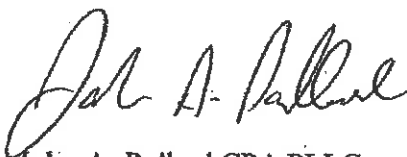
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bertie County Board of Education as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund and State Public School Fund and Federal Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 29, 2013 on my consideration of the Bertie County Board of Education's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 on the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

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Member North Carolina Association of Certified Public Accountants
Member Association of Certified Fraud Examiners

Accounting principles generally accepted in the United States of America require that Management's Discussion and analysis on pages 35-K-9 through 35-K-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bertie County Board of Education's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules, and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary schedules and other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the financial statements taken as a whole.



John A. Pollard CPA PLLC
Certified Public Accountant

May 29, 2013

Management's Discussion and Analysis

This section of the Bertie County Board of Education's (the Board) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2012. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets of Bertie County Board of Education exceeded its liabilities for the fiscal year ended June 30, 2012 by \$6,790,479 (net assets). Of this amount, \$155,430 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

The 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 on the full accrual basis of accounting and include the statement of net assets and the statement of activities. The statement of net assets includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets 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 funds 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.

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 assets includes all of the board's assets 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 assets and how they have changed. Net assets - the difference between the board's assets and liabilities - is one way to measure the board's financial health or position.

- Overtime, increases or decreases in the board's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the board's 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. 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.

Proprietary funds: Services for which the board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements - full accrual. Bertie County Board of Education has one proprietary fund - the School Food Service Fund. The governmental fund statements are shown in Exhibits 7, 8, & 9 of this report.

Financial Analysis of the Board as a Whole

Net assets are \$6,790,479, an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$6,790,479 as of June 20, 2012 and by \$6,505,553 as of June 30, 2011. The largest component of net assets is invested in capital assets, net of related debt, of \$5,575,270. It comprises 61.31% of the total net assets.

Following is a summary of the Statement of Net Assets:

Table 1
Condensed Statement of Net Assets
as of June 30, 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Current assets	\$ 2,966,384	\$ 2,229,867	\$ 552,494	\$ 442,223	\$ 3,518,878	\$ 2,672,090
Capital assets	5,535,080	5,878,807	40,190	48,125	5,575,270	5,926,932
Total assets	\$ 8,501,464	\$ 8,108,674	\$ 592,684	\$ 490,348	\$ 9,094,148	\$ 8,599,022
Current liabilities	760,276	1,148,326	30,072	601	790,348	1,148,927
Long term liabilities	1,462,380	879,574	50,941	64,968	1,513,321	944,542
Total liabilities	\$ 2,222,656	\$ 2,027,900	\$ 81,013	\$ 65,569	\$ 2,303,669	\$ 2,093,469
Invested in capital assets net of related debt	\$ 5,535,080	\$ 5,878,807	\$ 40,190	\$ 48,125	\$ 5,575,270	\$ 5,926,932
Restricted net assets	155,430	67,648			155,430	67,648
Unrestricted net assets	588,298	134,319	471,481	376,654	1,059,779	510,973
Total net assets	\$ 6,278,808	\$ 6,080,774	\$ 511,671	\$ 424,779	\$ 6,790,479	\$ 6,505,553

Note that by fiscal year ended June 30, 2012, the Board net assets increased by \$198,034 in the Governmental Activities. Unrestricted net assets increased by \$86,892 in the business-type activities.

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

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Assets
as of June 30, 2012

	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
	6/30/2012	6/30/2012	6/30/2012	6/30/2011	6/30/2011	6/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 494,031	\$ 348,298	\$ 842,329	\$ 549,407	\$ 397,747	\$ 947,154
Operating grants and contributions	23,511,458	1,686,312	25,197,770	24,385,273	1,603,623	25,988,896
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Other Revenues	4,053,960	4,698	4,058,658	3,594,608	95	3,594,703
Total revenues	28,059,449	2,039,308	30,098,757	28,529,288	2,001,465	30,530,753
Expenses:						
Governmental activities:						
Instructional Services	20,417,881	-	20,417,881	20,459,000	-	20,459,000
System Wide Support	6,961,845	-	6,961,845	5,980,679	-	5,980,679
Ancillary Services	8,416	-	8,416	-	-	-
Non-programmed charges	129,549	-	129,549	203,399	-	203,399
Undesignated Depre.	343,724	-	343,724	406,464	-	406,464
Business-type activities:						
Food Service	-	1,952,416	1,952,416	-	1,849,144	1,849,144
Total expenses	27,861,415	1,952,416	29,813,821	27,049,542	1,849,144	28,898,686
Increase (Decrease) in net assets	198,034	86,892	284,926	1,479,746	152,321	1,632,067
Beginning net assets	6,080,774	424,779	6,505,553	4,601,028	272,458	4,873,486
Ending net assets	6,278,808	511,671	6,790,479	6,080,774	424,779	6,505,553

Total governmental activities generated revenues of \$28,059,449 while expenses in this category totaled \$27,861,415. The increase in net assets stands at \$198,034. Business-type activities generated revenue of \$2,039,308 and had expenses of \$1,952,416. Net assets increased in the business-type activities by \$86,892 due to excellent cost management.

As this is the eighth 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 assets from one year to the next.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of 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 Board's financing requirements.

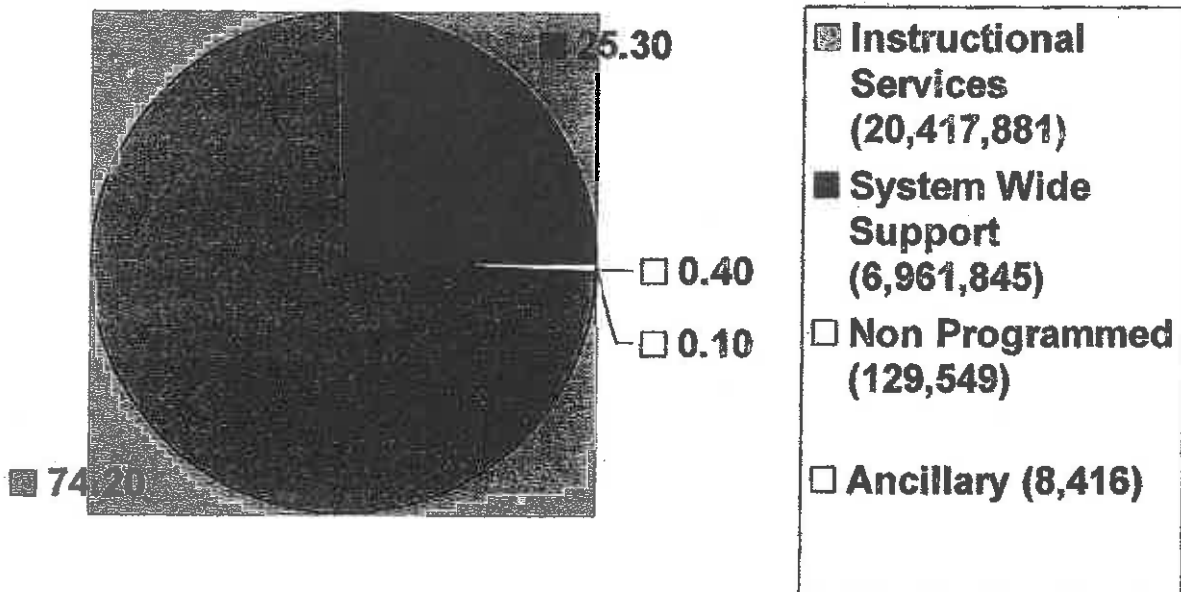
The Board's governmental funds reported a combined fund balance of \$2,178,780, an \$1,097,239 increase over last year. All of the Board's governmental funds, except for the State Public School Fund, had revenues and other financing sources that exceeded expenditures, and other uses, thus total fund balance increased.

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

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Capital Assets

Total Capital assets depreciation for the year was \$ 343,724 in the Governmental account and \$ 7,935 in Child Nutrition. This is the eighth year of depreciation in the GASB 34 model. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3
 Summary of Capital Assets
 as of June 30, 2012**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Land	\$ 70,730	\$ 70,730	\$ -	\$ -	\$ 70,730	\$ 70,730
Buildings & Improvements	3,242,023	3,418,767	-	-	3,242,023	3,418,767
Equipment & Furniture	-	-	-	-	-	-
Vehicles	2,222,330	2,389,310	-	-	2,222,330	2,389,310
Kitchen & Computer Improvements	-	-	40,190	48,125	40,190	48,125
Total net assets	\$ 5,535,083	\$ 5,878,807	\$ 40,190	\$ 48,125	\$ 5,575,273	\$ 5,926,932

Debt Outstanding

The Board 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

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. 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 financial report is designed to provide a general overview of the Bertie County Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional finance information should be addressed to:

Pearline Bunch, Finance Officer
Bertie County Board of Education
P.O. Box 10
Windsor, NC 27983
252-794-6000

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,262,587	\$ 436,474	\$ 2,699,061
Accounts Receivable	29,003	12,487	41,490
Due from Other Governments	674,794	61,617	736,411
Inventories	-	41,916	41,916
Capital Assets:			
Land	70,730	-	70,730
Other Capital Assets, Net of Depreciation	5,464,350	40,190	5,504,540
Total Capital Assets	5,535,080	40,190	5,575,270
TOTAL ASSETS	\$ 8,501,464	\$ 592,684	\$ 9,094,148
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 85,482	\$ 30,072	\$ 115,554
Salaries and Benefits Payable	674,794	-	674,794
Long-term Liabilities:			
Due within one year	-	-	-
Due in more than one year	1,462,380	50,941	1,513,321
TOTAL LIABILITIES	\$ 2,222,656	\$ 81,013	\$ 2,303,669
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 5,535,080	\$ 40,190	\$ 5,575,270
Restricted:			
Individual Schools	74,162	-	74,162
Stabilization by State Statute	81,268	-	81,268
Unrestricted Net Assets	588,298	471,481	1,059,779
TOTAL NET ASSETS	\$ 6,278,808	\$ 511,671	\$ 6,790,479

The accompanying notes are an integral part of the basic financial statements.

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit 2

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Instructional Services							
Regular Instruction	\$ 11,721,044	\$ -	\$ 11,050,743	\$ -	\$ (670,301)	\$ -	\$ (670,301)
Special Population	2,783,914	-	2,776,309	-	(7,605)	-	(7,605)
Alternative Program	1,763,096	-	1,762,542	-	(554)	-	(554)
School Leadership	1,452,865	-	1,422,017	-	(30,848)	-	(30,848)
Co-Curricular	582,502	494,031	-	-	(88,471)	-	(88,471)
School Based Support	2,114,460	-	2,076,241	-	(38,219)	-	(38,219)
System Wide Support Services							
Support and Development	268,984	-	250,142	-	(18,842)	-	(18,842)
Special Population	94,252	-	94,027	-	(225)	-	(225)
Alternative Program	230,990	-	225,244	-	(5,746)	-	(5,746)
Technology Support	131,506	-	117,954	-	(13,552)	-	(13,552)
Operational Support	4,587,557	-	2,740,483	-	(1,847,074)	-	(1,847,074)
Financial and Human Resources	768,264	-	510,403	-	(257,861)	-	(257,861)
Accountability	101,771	-	101,771	-	-	-	-
System Wide Support	33,182	-	17,133	-	(16,049)	-	(16,049)
Policy Leadership	745,339	-	236,900	-	(508,439)	-	(508,439)
Ancillary Services	8,416	-	-	-	(8,416)	-	(8,416)
Nonprogrammed charges	129,549	-	129,549	-	-	-	-
Unallocated Depreciation	343,724	-	-	-	(343,724)	-	(343,724)
Total Governmental Activities	<u>27,861,415</u>	<u>494,031</u>	<u>23,511,458</u>	<u>-</u>	<u>(3,855,926)</u>	<u>-</u>	<u>(3,855,926)</u>
Business Type Activities							
Child Nutrition	1,952,416	348,298	1,686,312	-	-	82,194	82,194
Total Business-Type Activities	<u>1,952,416</u>	<u>348,298</u>	<u>1,686,312</u>	<u>-</u>	<u>-</u>	<u>82,194</u>	<u>82,194</u>
Total Primary Government	<u>\$ 29,813,831</u>	<u>\$ 842,329</u>	<u>\$ 25,197,770</u>	<u>\$ -</u>	<u>(3,855,926)</u>	<u>82,194</u>	<u>(3,773,722)</u>
General Revenues:							
State of North Carolina							
Bertie County					3,307,270		3,307,270
US Governments							
Other					746,690	4,698	751,388
Interest earned on Investments							
Total General Revenues					<u>4,053,960</u>	<u>4,698</u>	<u>4,058,658</u>
Change in Net Assets					<u>198,034</u>	<u>86,892</u>	<u>284,926</u>
Net Assets - beginning of year					<u>6,080,774</u>	<u>424,779</u>	<u>6,505,553</u>
Net Assets - Ending					<u>\$ 6,278,808</u>	<u>\$ 511,671</u>	<u>\$ 6,790,479</u>

The accompanying notes are an integral part of the basic financial statements.

**BERKIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	State Public School Fund	Federal Funds	Special Restricted	Individual Schools Funds	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS								
Assets:								
Cash and Cash Equivalents	\$ 2,139,343	\$ -	\$ -	\$ -	\$ 74,162	\$ 75,896	\$ -	\$ 2,289,401
Due from Other Governments	528	570,487	73,183	30,596	-	-	-	674,794
Accounts Receivable	23,631	-	-	5,372	-	-	-	29,003
Total Assets	\$ 2,163,502	\$ 570,487	\$ 73,183	\$ 35,968	\$ 74,162	\$ 75,896	\$ -	\$ 2,993,198
LIABILITIES AND FUND BALANCES								
Liabilities:								
Cash Deficit	\$ -	\$ -	\$ -	\$ 26,814	\$ -	\$ -	\$ -	\$ 26,814
Salaries and Benefits payable	528	570,487	73,183	30,596	-	-	-	674,794
Accounts Payable	85,482	-	-	-	-	-	-	85,482
Total Liabilities	\$ 86,010	\$ 570,487	\$ 73,183	\$ 57,410	\$ -	\$ -	\$ -	\$ 787,090
Fund Balances:								
Nonspendable:								
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	5,372	-	75,896	-	81,268
Stabilization by State Statute	-	-	-	-	-	-	-	-
School Capital Outlay	-	-	-	-	-	-	-	-
Individual Schools	-	-	-	-	74,162	-	-	74,162
Assigned:	-	-	-	-	-	-	-	-
Subsequent years expenditures	-	-	-	-	-	-	-	-
Unassigned	2,077,492	-	-	(26,814)	-	-	-	-
Total Fund Balances	2,077,492	-	-	(21,442)	74,162	75,896	-	2,050,678
Total Liabilities and Fund Balances	\$ 2,163,502	\$ 570,487	\$ 73,183	\$ 35,968	\$ 74,162	\$ 75,896	\$ -	\$ 2,993,198

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Total Fund Balances - Governmental Funds	\$	2,206,108
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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 Assets 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 in governmental funds.

Cost of Capital Assets	\$ 20,196,387	
Accumulated Depreciation	<u>(14,661,307)</u>	5,535,080

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.

Liability for Compensated Absences		<u>(1,462,380)</u>
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Net Assets	\$	<u>6,278,808</u>
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The accompanying notes are an integral part of the basic financial statements.

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	State Public School Fund	Federal Funds	Special Restricted	Individual Schools Funds	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:								
County - Bertie	\$ 3,003,000	-	-	-	\$ -	\$ 304,270	\$ -	\$ 3,307,270
State of North Carolina	-	19,433,107	-	757,242	-	-	-	20,190,349
Federal	-	-	3,293,411	27,698	-	-	-	3,321,109
Other Local	733,198	-	-	13,500	494,031	-	-	1,240,729
Total Revenues	3,736,198	19,433,107	3,293,411	798,440	494,031	304,270	-	28,059,457
EXPENDITURES:								
Instructional Services:								
Regular Instructional	\$ 114,828	\$ 10,138,491	\$ 877,514	\$ 34,738	\$ -	\$ -	\$ -	\$ 11,165,571
Special Populations	7,605	2,075,730	646,705	53,874	-	-	-	2,783,914
Alternative Programs	554	245,182	891,231	598,801	-	-	-	1,735,768
School Leadership	30,848	1,328,020	93,997	-	-	-	-	1,452,865
Co-Curricular	104,529	-	-	-	477,973	-	-	582,502
School Based Support	17,692	1,643,228	453,284	256	-	-	-	2,114,460
System Wide Support/Services:								
Special Pop. Support and Development	18,842	90,204	159,938	-	-	-	-	268,984
Special Population	225	14,140	79,887	-	-	-	-	94,252
Alternative Programs	5,746	145,494	46,139	33,611	-	-	-	230,990
Technology Support	13,549	115,003	2,954	-	-	-	-	131,506
Operational Support	1,472,074	2,725,483	12,659	2,341	-	-	-	4,212,557
Financial and Human Resources	257,861	510,403	-	-	-	-	-	768,264
Accountability	-	101,771	-	-	-	-	-	101,771
System Wide Pupil Support	16,049	17,133	-	-	-	-	-	33,182
Policy, Leadership and Public Relations	508,439	235,244	1,656	-	-	-	-	745,339
Ancillary Services	8,416	-	-	-	-	-	-	8,416
Nonprogram Charges	-	47,581	27,447	54,521	-	-	-	129,549

The accompanying notes are an integral part of the basic financial statements.

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	State Public School Fund	Federal Funds	Special Restricted	Individual Schools Funds	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital Outlay:								
Real property	-	-	-	-	-	-	-	-
Furniture and Equipment	-	-	-	-	-	375,000	-	375,000
Vehicles and Buses	-	-	-	-	-	-	-	-
Debt Services	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,577,257</u>	<u>19,433,107</u>	<u>3,293,411</u>	<u>778,142</u>	<u>477,973</u>	<u>375,000</u>	-	<u>26,934,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,158,941</u>	-	-	<u>20,298</u>	<u>16,058</u>	<u>(70,730)</u>	-	<u>1,124,567</u>
Other Financing Sources								
Transfer to Other Fund	-	-	-	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-
Net Change in Fund Balance	<u>1,158,941</u>	-	-	<u>20,298</u>	<u>16,058</u>	<u>(70,030)</u>	-	<u>1,124,567</u>
FUND BALANCE - Beginning of Year.	<u>918,551</u>	-	-	<u>(41,740)</u>	<u>58,104</u>	<u>146,626</u>	-	<u>1,081,541</u>
FUND BALANCE - End of Year	<u>\$ 2,077,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,442)</u>	<u>\$ 74,162</u>	<u>\$ 75,896</u>	<u>\$ -</u>	<u>\$ 2,206,108</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
 THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012**

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

Net Change in Fund Balances - Total Governmental Funds	\$	1,097,239
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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.		(316,396)
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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. Compensated absences are accrued in the government wide statements but not in fund statements because they do not use current resources and installment on buses.		<u>(582,809)</u>
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Total changes in net assets of governmental activities	\$	<u>198,034</u>
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The accompanying notes are an integral part of the basic financial statements.

**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
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund			
	Original	Amended	Actual	Variance
	Budget	Budget		From Amended Budget
REVENUES				
Bertie County	\$ 2,987,500	\$ -	\$ 3,003,000	\$ 15,500
Other	650,520	-	733,198	82,678
Total Revenues	3,638,020	-	3,736,198	98,178
EXPENDITURES				
Instructional Services:				
Regular Instructional	49,164	-	114,828	(65,664)
Special Population	90,431	-	7,605	82,826
Alternative programs	7,149	-	554	6,595
School Leadership	28,366	-	30,848	(2,482)
Co-Curricular	95,866	-	104,529	(8,663)
School Based support	7,493	-	17,692	(10,199)
System Wide Support Services:				
Special Pop. Support and Development	18,325	-	18,842	(517)
Special Populations	387	-	225	162
Alternative Population	50	-	5,746	(5,696)
Technical Support	15,062	-	13,549	1,513
Operational Support	1,664,303	-	1,472,074	192,229
Financial and Human Resources	175,602	-	257,861	(82,259)
Accountability	-	-	-	-
System Wide Pupil Support	21,895	-	16,049	5,846
Policy, Leadership and Public Relations	675,688	-	508,439	167,249
Ancillary Services	21,936	-	8,416	13,520
Non Programmed Charges	-	-	-	-
Total	2,871,717	-	2,577,257	294,460
REVENUES OVER EXPENDITURES	766,303	-	1,158,941	392,638
Fund Balance Appropriated	-	-	-	-
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 766,303	\$ -	1,158,941	\$ 392,638
FUND BALANCES - Beginning of Year			918,551	
FUND BALANCES - Ending of Year			<u>\$ 2,077,492</u>	

The accompanying notes are an integral part of the basic financial statements.

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
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit 6 (continued)

Major State Fund				Major Federal Fund			
Original Budget	Amended Budget	Actual	Variance From Amended Budget	Original Budget	Amended Budget	Actual	Variance From Amended Budget
\$ 3,267,351	\$ -	\$ 19,433,107	\$ (16,165,756)	\$ -	\$ -	\$ -	\$ -
				5,104,785	-	3,293,411	(1,811,374)
<u>3,267,351</u>	<u>-</u>	<u>19,433,107</u>	<u>(16,165,756)</u>	<u>5,104,785</u>	<u>-</u>	<u>3,293,411</u>	<u>(1,811,374)</u>
\$ 435,792	\$ -	\$ 10,138,491	\$ (9,702,699)	\$ 1,267,654	\$ -	\$ 877,514	\$ 390,140
1,428,761	-	2,075,730	(646,969)	1,274,373	-	646,705	627,668
20,000	-	244,182	(225,182)	1,021,717	-	891,231	130,486
41,372	-	1,328,020	(1,286,648)	98,310	-	93,997	4,313
169,831	-	1,643,228	(1,473,397)	440,976	-	453,284	(12,308)
-13,120	-	90,204	(77,084)	192,647	-	159,938	32,709
10,000	-	14,140	(4,140)	110,782	-	79,887	30,895
1,000	-	145,494	(144,494)	47,440	-	46,139	1,301
		115,003	(115,003)	60,828	-	2,954	57,874
1,147,475	-	2,725,483	(1,578,008)	5,500	-	12,659	(7,159)
		510,403	(510,403)				
		101,771	(101,771)				
		17,133	(17,133)				
		235,244	(235,244)				
						1,656	(1,656)
		47,581	(47,581)	584,558	-	27,447	557,111
<u>3,267,351</u>	<u>-</u>	<u>19,433,107</u>	<u>(16,165,756)</u>	<u>5,104,785</u>	<u>-</u>	<u>3,293,411</u>	<u>1,811,374</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

**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
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue - Restricted			Variance From Amended Budget
	Original Budget	Amended Budget	Actual	
REVENUES				
State of North Carolina	\$ 741,400	\$ -	\$ 757,242	\$ 15,842
US Government	-	-	27,698	27,698
Other	-	-	13,500	13,500
Total Revenues	<u>741,400</u>	<u>-</u>	<u>798,440</u>	<u>57,040</u>
EXPENDITURES				
Instructional Services:				
Regular Instructional	-	-	34,738	(34,738)
Special Population	-	-	53,874	(53,874)
Alternative programs	707,789	-	598,801	108,988
School Leadership	-	-	-	-
Co-Curricular	-	-	-	-
School Based support	-	-	256	(256)
System Wide Support Services:				
Special Pop. Support and Development	-	-	-	-
Special Populations	-	-	-	-
Alternative Population	33,611	-	33,611	-
Technical Support	-	-	-	-
Operational Support	-	-	2,341	(2,341)
Financial and Human Resources	-	-	-	-
Accountability	-	-	-	-
System Wide Pupil Support	-	-	-	-
Policy, Leadership and Public Relations	-	-	-	-
Ancillary Services	-	-	-	-
Non Programmed Charges	-	-	54,521	(54,521)
Total	<u>741,400</u>	<u>-</u>	<u>778,142</u>	<u>(36,742)</u>
REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>20,298</u>	<u>20,298</u>
Transfer to Other Fund	-	-	-	-
REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>20,298</u>	<u>\$ 20,298</u>
FUND BALANCES - Beginning of Year			<u>(41,740)</u>	
FUND BALANCES - Ending of Year			<u>\$ (21,442)</u>	

The accompanying notes are an integral part of the basic financial statements.

BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Enterprise Funds	
	Major Fund	
	Child Nutrition	Total
Assets		
Current assets:		
Cash and investments	\$ 436,474	\$ 436,474
Due from other governments	61,617	61,617
Accounts receivable	12,487	12,487
Inventories	41,916	41,916
Total current assets	<u>552,494</u>	<u>552,494</u>
Noncurrent Assets		
Capital assets:		
Equipment	340,593	340,593
Less accumulated depreciation	(300,403)	(300,403)
Net capital assets	<u>40,190</u>	<u>40,190</u>
Total assets	<u>\$ 592,684</u>	<u>\$ 592,684</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 30,072	\$ 30,072
Total current liabilities	<u>30,072</u>	<u>30,072</u>
Non-current liabilities:		
Compensated absences	50,941	50,941
Total non-current liabilities	<u>50,941</u>	<u>50,941</u>
Total liabilities	<u>81,013</u>	<u>81,013</u>
Net assets		
Invested in capital assets, net of related debt	40,190	40,190
Unrestricted	471,481	471,481
Total net assets	<u>\$ 511,671</u>	<u>\$ 511,671</u>

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

BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	<u>Enterprise Funds</u>	
	<u>Major Fund</u>	
	<u>Child Nutrition</u>	<u>Total</u>
Operating revenues		
Charges for services	\$ 348,298	\$ 348,298
Operating expenses		
Food costs	843,647	843,647
Salaries & Employee Benefits	1,044,046	1,044,046
Depreciation	7,935	7,935
Noncapitalized Equipment	3,630	3,630
Materials and supplies	28,706	28,706
Maintenance	15,540	15,540
Workshop, Printing, Contract Repair	5,972	5,972
Contract Services	2,940	2,940
Total operating expenses	<u>1,952,416</u>	<u>1,952,416</u>
Operating income (loss)	<u>(1,604,118)</u>	<u>(1,604,118)</u>
Nonoperating revenues (Expenses)		
Federal reimbursements	1,596,101	1,596,101
Commodities	90,211	90,211
Total nonoperating revenues (expenses)	<u>1,686,312</u>	<u>1,686,312</u>
Income (Loss) Before Contributions and Transfers	<u>82,194</u>	<u>82,194</u>
Contributions	4,698	4,698
Change in Net Assets	<u>86,892</u>	<u>86,892</u>
Total net assets - beginning	<u>424,779</u>	<u>424,779</u>
Total net assets - ending	<u>\$ 511,671</u>	<u>\$ 511,671</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
June 30, 2012

	Enterprise Funds	
	Major Fund	
	Child Nutrition	Total
Cash flows from operating activities:		
Cash received from customers	\$ 348,298	\$ 348,298
Cash paid for foods and services	(854,483)	(854,483)
Cash paid to employees from services	(1,044,046)	(1,044,046)
Net cash provided by (used in) operating activities	(1,550,231)	(1,550,231)
Cash flows from noncapital financing activities:		
Federal Reimbursements	1,686,312	1,686,312
Net cash provided by noncapital financing activities	-	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Net cash used in capital and related financing activities	-	-
Cash flows from investing activities:		
Interest received	-	-
Net cash used in investing activities	-	-
Net increase (decrease) in cash and cash equivalents	136,081	136,081
Cash and cash equivalents - beginning	300,393	300,393
Cash and cash equivalents - ended	\$ 436,474	\$ 436,474
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (1,604,118)	\$ (1,604,118)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	7,935	7,935
Donated Commodities Consumed	90,211	90,211
Contributions	4,698	4,698
Changes in assets and liabilities		
Increase in due from other governments	(14,889)	(14,889)
Increase in accounts receivable	(12,710)	(12,710)
Decrease in inventory	22,143	22,143
Decrease in accounts payable and accrued liabilities	(29,474)	(29,474)
Decrease Compensated Abs.	(14,027)	(14,027)
Total adjustments	53,887	53,887
Net cash provided by (used in) operating activities	\$ (1,550,231)	\$ (1,550,231)

Noncash investing, capital and financing activities:

The School Food Service Fund received donated commodities with a value of \$90,211 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$90,211 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, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The 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

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

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

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

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

The Board reports the following major governmental funds:

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

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 and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 assets 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.

E. Assets, Liabilities, and Fund Equity

1. All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust.

(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 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.

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:

	<u>Years</u>
Buildings	50
Land Improvements	20-25
Equipment and furniture	5-20
Vehicles	8
Computer equipment and Software	3

5. 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.

6. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up the 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, 2012 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.

7. Net Assets/Fund Balances

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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.115C-425(a)].

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay. [G.S.159-18 through 22]

Restricted for Individual Schools - revenue sources restricted for expenditures for 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 Bertie County Board of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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 of education funds, board of education 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 of Education.

8. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$4,072,700 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
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)	\$20,196,387
Less Accumulated Depreciation	<u>(14,661,307)</u>
Net capital assets	5,535,080
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	<u>\$(1,462,380)</u>
Total Adjustment	<u>\$ 4,072,700</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-side 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 assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$899,205 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ -
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.	(316,396)
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. Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources and installment on buses	<u>(582,809)</u>
Total adjustment	<u>\$ (899,205)</u>

II. Stewardship, Compliance and Accountability

A. Material Violations of Finance-Related Legal Noncompliance with North Carolina General Statutes

<u>State Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>(Overage)</u>
Regular Instruction	435,792	10,138,491	(9,702,699)
School Based	169,831	1,643,228	(1,473,397)
School Leadership	41,372	1,328,020	(1,286,648)
Operational Support	1,147,475	2,725,483	(1,578,008)
Financial & Human Resources	-	510,403	(510,403)
Policy, Leadership, & Public Relations	=	235,244	(243,244)

B. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2012, the Board reported expenditures with General Fund, State Public School Fund, Federal Fund and Child Nutrition.

<u>General Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>(Overage)</u>
<u>Instructional:</u>			
Regular Instruction	49,164	114,828	(65,664)
School Leadership	28,366	30,848	(2,482)
Co-Curricular	95,866	104,529	(8,663)
School Based	7,493	17,692	(10,199)
<u>System Wide:</u>			
Support & Development	18,326	18,842	(516)
Alternative	50	5,746	(5,696)
Financial	175,602	257,861	(82,259)
<u>Ancillary:</u>			
Adult	-	4,598	(4,598)

<u>State Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>(Overage)</u>
Regular Instructional	435,792	10,138,491	(9,702,699)
Special Populations	1,428,761	2,075,730	(646,969)
Alternative Programs	20,000	245,182	(225,182)
School Leadership	41,372	1,328,020	(1,286,648)
Co-Curricular	-	-	-
School Based Support	169,831	1,643,228	(1,473,397)
<u>System Wide Support Services</u>			
Special Pop. Support and Development	13,120	90,204	(77,084)
Special Populations	10,000	14,140	(4,140)
Alternative Programs	1,000	145,494	(144,494)
Technology Support	=	115,003	(115,003)
Operational Support	1,147,475	2,725,483	(1,578,008)
Financial and Human Resources	-	510,403	(510,403)
Accountability	=	101,771	(101,771)
System Wide Pupil Support	=	17,133	(17,133)
Policy, Leadership & Public Relations	=	235,244	(253,244)
Non-programmed charges	-	47,581	(47,581)

<u>Federal Fund:</u>	<u>Budget</u>	<u>Actual</u>	<u>(Overage)</u>
School Based Support	440,976	453,284	(12,308)
Operational Support	5,500	12,659	(7,159)
Ancillary Support	-	1,656	(1,656)
 <u>Child Nutrition:</u>			
Commodities	-	90,211	(90,211)
Salaries/Benefits	1,030,244	1,044,046	(13,802)
Maintenance	14,864	15,540	(676)
Non-Capitalized Equipment	974	3630	(2656)

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

- C. Deficit Fund Balance or Retained Earnings of Individual Funds
 There was deficit fund balance of the Special Restricted fund of \$21,442.
 Management concurs and will monitor expenditures more closely.

III. Detail Notes on All Funds

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 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, 2012, the Board had deposits with banks and savings and loans with a carrying amount of \$2,699,061. The bank balance with the financial institutions was \$3,115,341. 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.

Accounts Receivable

Receivables at the government-wide level at June 30, 2012, were as follows:

	Due from other		
	governments	Other	Total
Governmental Activities:			
General Fund	\$ 528	\$ 29,003	\$ 29,531
Other governmental activities	<u>674,266</u>	-	<u>674,266</u>
Total	<u>\$ 674,794</u>	<u>\$ 29,003</u>	<u>\$ 703,797</u>
Business-type activities:			
School Food Service	\$ 61,617	\$ 12,487	\$ 74,104
Total	<u>\$ 61,617</u>	<u>\$ 12,487</u>	<u>\$ 74,104</u>

Due from other governments and others consists of the following:

Governmental activities:		
State Public School Fund	\$ 570,487	Operating funds from DPI
Federal Grants Fund	73,183	Federal grant funds
Other Restricted	<u>30,596</u>	Misc.
Total	<u>\$ 674,266</u>	
Business-type activities:		
School Food Service	\$ 61,617	Federal funds
Fees for Service	<u>12,487</u>	Miscellaneous funds
Total	<u>\$ 74,104</u>	

3. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 70,730	\$ -	\$ -	\$ 70,730
Total capital assets not being depreciated	70,730	-	-	70,730
Capital assets being depreciated:				
Buildings	12,691,515	-	-	12,691,515
Equipment and furniture, vehicles	7,434,142	-	-	7,434,142
Total capital assets being depreciated	20,125,657	-	-	20,125,657
Less accumulated depreciation for:				
Buildings	9,272,748	176,744	-	9,449,492
Equipment, Furniture and Vehicles	5,044,832	166,980	-	5,211,812
Total Accumulated depreciation	14,317,580	343,724	-	14,661,304
Total capital assets being depreciated, net	5,808,077	-	-	5,464,350
Governmental activity capital assets, net	\$ 5,878,877			\$ 5,535,080
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	292,468	7,935	-	300,403
Total accumulated depreciation	292,468	7,935	-	300,403
School Food Service capital assets, net	48,125			40,190

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	<u>\$ 343,724</u>
Total	<u>\$ 343,724</u>

B. Liabilities

i. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Bertie County Board of Education contributes to 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 provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 7.44% of annual covered payroll. The contribution requirements of plan members and Bertie County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2012, 2011, and 2010 were \$1,089,174, \$570,299, and \$ 621,174, respectively, equal to the required contributions for each year.

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). 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 than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50 % of the State Health 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, 2012, 2011, and 2010, the School Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$731,972, \$782,763, and \$780,992, respectively. These contributions represented 5.0%, 4.9%, and 4.5% of covered payroll, respectively.

2. Long-term Disability Benefits

Plan Description: Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as 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 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, 2012, 2011, and 2010, the Board paid all annual required contributions to the DIPNC for disability benefits of \$76,125, \$83,069, and \$90,479, respectively. These contributions represented .52%, .52%, and .52%, of covered payroll, respectively.

Accounts Payable

Accounts Payable as of June 30, 2012, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities			
General	\$ 85,482	\$ 528	\$ 86,010
Other Governmental	-	674,266	674,266
Total-governmental activities	<u>\$ 85,482</u>	<u>\$ 674,794</u>	<u>\$ 760,276</u>
Business-type Activities			
School Food Service	\$ 29,751	\$ 321	\$ 30,072
Total – business-type activities	<u>\$ 29,751</u>	<u>\$ 321</u>	<u>\$ 30,072</u>

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.

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 \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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, 2012, 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, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion
Governmental activities	-	-	-	-	-
Installment purchase obligations	-	-	-	-	-
Compensated absences	879,574	767,213	184,407	1,462,380	-
Total	\$ 879,574	\$ 767,213	\$ 184,407	\$ 1,426,380	\$ -
Business-type activities					
Compensated absences	\$ 64,968	\$ 43,585	\$ 57,612	\$ 50,941	\$ -

Compensated absences are typically liquidated by the general and other governmental funds. At June 30, 2012 all current portions are immaterial.

C. Interfund Balances and Activity

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

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.

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Bertie County:			
County Appropriation	\$ 2,987,500	\$ 300,300	\$ 15,500
Other:			
Fines and forfeitures	131,757	168,663	36,906
Landfill Revenues	62,782	110,757	47,975
Interest earned on investments	415	-	(415)
Indirect costs allocated	4,529	27,447	22,918
Rental of school property	1,767	770	(997)
Medicaid reimbursement program	183,602	188,954	5,352
Other refunds and reimbursements	40,490	-	(40,490)
ROTC	355	-	(355)
Miscellaneous revenue	69,357	108,105	38,748
E Rate	155,465	135,269	(20,196)
Total Other	650,519	739,965	89,446
Total revenues	\$ 3,638,019	\$ 3,742,965	\$ 104,946
EXPENDITURES			
Instructional Services:			
Regular Instruction	\$ 49,164	\$ 117,745	\$ (68,581)
Special Populations	90,431	7,605	82,826
Alternative Programs	7,149	554	6,595
School Leadership	28,366	30,848	(2,482)
Co-Curricular	95,866	104,529	(8,663)
School Based Support	7,493	17,692	(10,199)
Total Instructional Services	278,469	278,973	(504)

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2012**

(continued)

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES: (Continued)			
Current:			
System Wide Support Services			
Support and development	\$ 18,325	\$ 18,842	\$ (517)
Special population support and development	387	225	162
Alternatives	50	5,746	(5,696)
Technology Support	15,062	13,549	1,513
Operational Support	1,664,303	1,471,078	193,225
Financial and Human Resources	175,602	257,861	(82,259)
System Wide Pupil Support	21,895	16,049	5,846
Policy, Leadership and Public Relations	675,688	508,439	167,249
Total System-Wide Support Services	<u>2,571,312</u>	<u>2,291,789</u>	<u>279,523</u>
Ancillary Services:			
Community	(3,560)	4,597	(8,157)
Adult	28,384	3,837	24,547
Total Ancillary Services	<u>24,824</u>	<u>8,434</u>	<u>16,390</u>
Total Expenditures	<u>2,874,605</u>	<u>2,579,196</u>	<u>295,409</u>
Revenues Under Expenditures	763,414	1,163,769	400,355
Fund Balance - Appropriated	-	-	-
Net Change in Fund Balance	<u>\$ 763,414</u>	<u>1,163,769</u>	<u>\$ 400,355</u>
Fund balance:			
Fund Balance - Beginning of year		<u>918,551</u>	
Fund Balance - End of year		<u>\$ 2,082,320</u>	

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STATE FUND
 FOR YEAR ENDED JUNE 30, 2012**

	Major		
	Budget	State Public School Actual	Variance
REVENUES			
State of North Carolina	\$ 3,267,351	\$ 19,433,107	\$ (16,165,756)
Total Revenues	<u>3,267,351</u>	<u>19,433,107</u>	<u>(16,165,756)</u>
EXPENDITURES			
Instructional Services:			
Regular Instructional	435,792	10,138,491	(9,702,699)
Special Populations	1,428,761	2,075,730	(646,969)
Alternative Programs	20,000	245,182	(225,182)
School Leadership	41,372	1,328,020	(1,286,648)
Co-Curricular	-	-	-
School Based Support	169,831	1,643,228	(1,473,397)
System Wide Support Services			
Special Pop. Support and Development	13,120	90,204	(77,084)
Special Populations	10,000	14,140	(4,140)
Alternative Programs	1,000	145,494	(144,494)
Technology Support	-	115,003	(115,003)
Operational Support	1,147,475	2,725,483	(1,578,008)
Financial and Human Resources	-	510,403	(510,403)
Accountability	-	101,771	(101,771)
System Wide Pupil Support	-	17,133	(17,133)
Policy, Leadership and Public Relations	-	235,244	(235,244)
Non-programmed charges	-	47,581	(47,581)
Total Expenditures	<u>3,267,351</u>	<u>19,433,107</u>	<u>(16,165,756)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances - Beginning			
Fund Balances - Ending		<u>\$ -</u>	

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - FEDERAL GRANTS FUND
 YEAR ENDED JUNE 30, 2012**

	MAJOR		
	Budget	Actual	Variance Positive (Negative)
Revenues			
U.S. Government Agencies			
Title I - Education of Children of Low Income Families	\$ 1,172,213	\$ 931,591	\$ (240,622)
Title VI - Education of Handicapped Children	1,552,037	808,027	(744,010)
Improving Teacher Quality	229,493	94,726	(134,767)
Education Jobs Fund-AARA	651,100	428,690	(222,410)
Race to Top	619,000	242,891	(376,109)
Regional Leadership - RTTT	97,710	90,479	(7,231)
AARA Grants	345,232	371,170	25,938
Other	438,000	325,837	(112,163)
Total Revenues	5,104,785	3,293,411	(1,811,374)
Expenditures			
Instructional Services:			
Regular Instruction	1,267,654	877,514	390,140
Special Populations	1,274,373	646,705	627,668
Alternative Programs	1,021,717	891,231	130,486
School Leadership	98,310	93,997	4,313
Co-Curricular	-	-	-
School Based Support	440,976	453,284	(12,308)
System Wide Support Services			
Special Pop. Support and Development	192,647	159,938	32,709
Special Populations	110,782	79,887	30,895
Alternative Programs	47,440	46,139	1,301
Technology Support	60,828	2,954	57,874
Operational Support	5,500	12,659	(7,159)
Financial and Human Resources			
Accountability	-	-	-
System Wide Pupil Support	-	-	-
Policy, Leadership and Public Relations	-	-	-
Ancillary Services	-	1,656	(1,656)
Non-programmed charges	584,558	27,447	557,111
Total Expenditures	\$ 5,104,785	\$ 3,293,411	\$ 1,811,374
Revenue over Expenditures	-	-	-
Fund Balance at End of Year, June 30		\$ -	

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
 FOR THE YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Bertie County:			
County Appropriations	\$ 128,500	\$ 304,270	\$ 175,770
Other:			
Interest earned on investments	-	-	-
Total other revenues	-	-	-
Total revenues	128,500	304,270	175,770
Expenditures:			
Capital outlay	128,500	375,000	(246,500)
Total expenditures	128,500	375,000	(246,500)
Net change in fund balance	\$ -	\$ (70,730)	\$ (70,730)
Fund balance:			
Beginning of year		146,626	
End of year		<u>\$ 75,896</u>	

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 MAJOR SPECIAL REVENUE - RESTRICTED
 FOR YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina:			
Even Start	\$ -	\$ 45,076	\$ 45,076
More at Four	741,400	711,975	(29,425)
Other State Funds	-	191	191
Total State of North Carolina	<u>741,400</u>	<u>757,242</u>	<u>15,842</u>
Other Local Revenue:			
Contributions and donations	-	1,200	1,200
4H Robotics	-	12,300	12,300
Total Other Local Revenue	<u>-</u>	<u>13,500</u>	<u>13,500</u>
US Government:			
ROTC	-	27,698	27,698
Total U.S. Government	<u>-</u>	<u>27,698</u>	<u>27,698</u>
 TOTAL REVENUES	 <u>\$ 741,400</u>	 <u>\$ 798,440</u>	 <u>\$ 57,040</u>

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 MAJOR SPECIAL REVENUE - RESTRICTED
 FOR YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
Instructional Services:			
Regular Instruction	\$ -	\$ 34,738	\$ (34,738)
Special Populations	-	53,874	(53,874)
Alternative Programs	707,789	598,801	108,988
School Leadership	-	-	-
Co-Curricular	-	-	-
School Based Support	-	256	(256)
System Wide Support Services			
Special Pop. Support and Development	-	-	-
Special Populations	-	-	-
Alternative Programs	33,611	33,611	-
Technical Support	-	-	-
Operational Support	-	2,341	(2,341)
Financial and Human Resources	-	-	-
Accountability	-	-	-
System Wide Pupil Support	-	-	-
Policy, Leadership and Public Relations	-	-	-
Ancillary Services	-	-	-
Non-programmed charges	-	54,521	(54,521)
Total Expenditures	741,400	778,142	(36,742)
Net Change in Fund Balances	-	20,298	20,298
Fund Balances - Beginning		(41,740)	
Fund Balances - Ending		\$ (21,442)	

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
 INDIVIDUAL SCHOOLS FUND - MAJOR
 COMBINING BALANCE SHEET
 FOR YEAR ENDED JUNE 30, 2012**

	<u>Elementary Schools</u>	<u>Junior High</u>	<u>Senior High</u>	<u>Totals 2012</u>
<u>Assets</u>				
Cash & Investments	\$ 33,348	\$ 15,502	\$ 25,312	\$ 74,162
Total Assets	<u>\$ 33,348</u>	<u>\$ 15,502</u>	<u>\$ 25,312</u>	<u>\$ 74,162</u>
<u>Fund Balances</u>				
Fund Balance - Undesignated	\$ 33,348	\$ 15,502	\$ 25,312	\$ 74,162
Total Liabilities and Fund Balance	<u>\$ 33,348</u>	<u>\$ 15,502</u>	<u>\$ 25,312</u>	<u>\$ 74,162</u>

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
INDIVIDUAL SCHOOLS FUND - MAJOR
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR YEAR ENDED JUNE 30, 2012**

	<u>Elementary Schools</u>	<u>Junior High</u>	<u>Senior High</u>	<u>Totals 2011</u>
Revenues:				
Fund Raising and Clubs	<u>180,354</u>	<u>125,650</u>	<u>188,027</u>	<u>494,031</u>
Total Revenues	<u>180,354</u>	<u>125,650</u>	<u>188,027</u>	<u>494,031</u>
Expenditures:				
Co-Curricular: Clubs and Organizations	<u>171,088</u>	<u>121,813</u>	<u>185,072</u>	<u>477,973</u>
Total Expendable Trust Expenditures	<u>171,088</u>	<u>121,813</u>	<u>185,072</u>	<u>477,973</u>
Excess of Revenues Over Expenditures	9,266	3,837	2,955	16,058
Fund Balance, Beginning of Year, June 30, 2011	<u>24,082</u>	<u>11,665</u>	<u>22,357</u>	<u>58,104</u>
Fund Balance, End of Year June 30, 2012	<u>\$ 33,348</u>	<u>\$ 15,502</u>	<u>\$ 25,312</u>	<u>\$ 74,162</u>

**BERTIE COUNTY BOARD OF EDUCATION, NORTH CAROLINA
ENTERPRISE FUNDS - CHILD NUTRITION PROGRAM - MAJOR
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2012**

	Major Fund		
	Child Nutrition Program		
	Budget	Actual	Variance
OPERATING REVENUES			
Food Sales	\$ 383,646	\$ 348,298	\$ (35,348)
Total Operating Revenues	383,646	348,298	(35,348)
OPERATING EXPENSES			
Workshops, Printing, Contracted Repairs, Travel	32,368	5,972	26,396
Food Costs	831,414	753,436	77,978
Commodities	-	90,211	(90,211)
Salaries & Benefits	1,030,244	1,044,046	(13,802)
Contract Services	6,426	2,940	3,486
Supplies	65,398	28,706	36,692
Equipment	32,228	-	32,228
Maintenance	14,864	15,540	(676)
Non Capitalized Equipment	974	3,630	(2,656)
Total Operating Expenses	2,013,916	1,944,481	69,435
OPERATING LOSS	(1,630,270)	(1,596,183)	34,087
NON-OPERATING REVENUES			
U.S. Government Agencies	1,505,715	1,596,101	90,386
Commodities	124,460	90,211	(34,249)
Interest Income	95	-	(95)
Total Non-Operating Revenues	1,630,270	1,686,312	56,042
Income (Loss) Before Contributions and Transfers:	-	\$ 90,129	\$ 90,129
Contributions	-	4,698	4,698
EXCESS DEFICIENCY OF REVENUE OVER EXPENDITURES - BUDGETARY (NonGAAP) BASIS	\$ -	94,827	\$ 94,827
Reconciliation from Budgetary (Non-GAAP) basis to GAAP:			
Excess (Deficiency) of Revenues and Other Sources over Expenditures			
Depreciation			
Equipment			
Decrease in Compensated Absences Payable		14,208	
Decrease in Inventory		(22,143)	
Change in Net Assets		\$ 86,892	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDITING OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Bertie County Board of Education
Windsor, North Carolina

I have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bertie County Board of Education, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the Bertie County Board of Education, North Carolina's basic financial statements and have issued my report thereon date May 29, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Bertie County Board of Education's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

My consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over the financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of finding and questioned costs, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and another deficiency that I consider to be a significant deficiency.

A control deficiency exists when designed or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

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principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 12-01, 12-02, 12-03, 12-04, 12-05, 12-06, 12-07, 12-08, 12-09, 12-10, 12-11, 12-12, 12-13, 12-14, 12-15, and 12-16 to be significant deficiencies in internal control over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

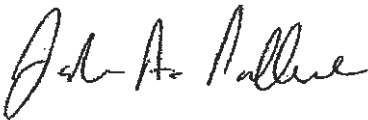
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider item 12-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 12-01, 12-02, 12-03, 12-04, 12-05, 12-06, 12-07, 12-08, 12-09, 12-10, 12-11, 12-12, 12-13, 12-14, 12-15, and 12-16.

The Board's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Board's responses and accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of the management, others within the entity, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



John A. Pollard CPA PLLC
May 29, 2013
Tarboro, North Carolina

John A. Pollard CPA PLLC

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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 Superintendent and
Bertie County Board of Education
Windsor, North Carolina

Compliance

I have audited the Bertie County Board of Education, Windsor, North Carolina compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (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 Bertie County Board of Education's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Bertie County Board of Education's management. My responsibility is to express an opinion on the Bertie County Board of Education's compliance based on my audit.

I conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States and Local Governments and Nonprofit 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 non-compliance 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. I believe that the audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Bertie County's Board of Education's compliance with those requirements.

In my opinion, the Bertie County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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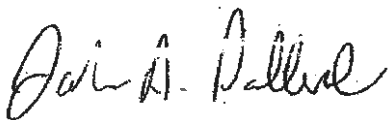
Internal Control Over Compliance

The management of the Bertie County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirement of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Bertie County's Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A – 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

My consideration of the 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 that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, others within the organization, members of Bertie County Board of Education, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



John A. Poland CPA PLLC

May 29, 2013

John A. Pollard CPA PLLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Superintendent and
Bertie County Board of Education
Windsor, North Carolina

Compliance

I have audited the compliance of the Bertie County Board of Education, Windsor, North Carolina, 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 its major State programs for the year ended June 30, 2012. Bertie County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Bertie County Board of Education's management. My responsibility is to express an opinion on the Bertie County Board of Education's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of 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 County Board of Education's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Bertie County Board of Education's compliance with those requirements.

In my opinion, Bertie County Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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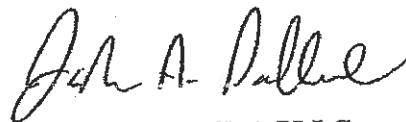
Internal Control Over Compliance

The management of the Bertie County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing the audit, I considered the Bertie County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing my opinion on compliance, and to test and report on internal control over compliance with applicable sections of OMB Circular A – 133 and the State Single Audit Implementation Act, 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 County Board of Education'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 present, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, others within the organization, members of Bertie County Board of Education, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



John A. Pollard CPA PLLC

May 29, 2013

**BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant Deficiency identified that are not considered to be material Weaknesses	Yes
Noncompliance material to financial statements noted	Yes

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified	No
• Significant deficiency(ies) identified that are not Considered to be material weaknesses	No
Type of auditors’ report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	Yes

**BERTIE COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results (continued)

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

<p>84.010 84.389</p>	<p>Title I Cluster: Title I, Educationally Deprived Children Title I, Educationally Deprived Children – ARRA</p>
<p>84.027A 84.391 84.027 84.173A 84.392 84.027 84.027 84.323</p>	<p>Special Education Cluster: Grants to States Grants to States – ARRA IDEA Targeted Grant - VIB Preschool Grants Preschool Grants – ARRA Targeted Assistance for Preschool IDEA VIB – Capacity Building IDEA VIB – State Improvement</p>
<p>10.555 10.555 10.553 10.559</p>	<p>Child Nutrition Cluster: NonCash Assitance Commodities National School Lunch Program School Breakfast Program Summer Food Service</p>
<p>84.394</p>	<p>State Fiscal Stabilization Fund – Education State Grants ARRA</p>
<p>84.048</p>	<p>Education Job Fund</p>

Dollar threshold used to distinguish between Type A and Type B Programs

\$300,000

Auditee qualified as low-risk auditee?

Yes

**BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

State Awards

Internal control over Major State Programs:

- **Material weakness(es) identified** **No**
- **Significant deficiency(ies) identified that are not
Considered to be material weaknesses** **No**

**Type of auditors’ report issued on compliance for major
federal programs** **Unqualified**

**Any audit findings disclosed that are required to be reported
in accordance with the State Single Audit Implementation Act** **Yes**

Identification of major State programs:

Program Name
State Public School Fund
State Months of Employment
More at Four

**BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Page 4 of 16

For the Fiscal Year Ended June 30, 2012

Section II – Financial Statement Findings

Finding 12-01

MATERIAL WEAKNESS

Budget Violations

- Criteria:** North Carolina General Statute 115C-441 states that all monies expended should be included in the budget resolution.
- Condition:** During the year, the Board incurred expenditures within the State Public School Fund, Federal Grants, Special Fund, Capital Outlay and the General Fund that exceeded appropriations. The violations reported in Note 2 are based on interim budget approved by School Board. However, prior to amendments being approved by the Board, the State Public School Fund, Federal Grants, Special Fund, Capital Outlay and the General Fund had expenditures in excess of appropriations.
- Effect:** The Board was in violation of State law.
- Cause:** Budget amendments were not submitted to the Board for approval. Only an initial interim budget was presented.
- Recommendation:** I recommend that budget amendments be prepared as needed.
- Management Response:** Management agrees with the finding.

Section II – Financial Statement Findings (continued)

Finding 12-02
SIGNIFICANT DEFICIENCY
Segregation of Duties

Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.
Condition:	There is a lack of segregation of duties within the cash disbursement cycle for general disbursements and payroll disbursements.
Effect:	The lack of segregation of duties increases the potential for misappropriation of assets to occur.
Cause:	Insufficient attention was given to the internal control environment as it relates to cash disbursements.
Recommendation:	Cash disbursement duties should be separated as much as possible to obtain a sufficient level of internal control over the cash disbursement cycle.
Management Response:	Management agrees with the finding.

Section II – Financial Statement Findings (continued)

**Finding 12-03
SIGNIFICANT DEFICIENCY
Violation: GS 115C-425(a)**

Criteria: North Carolina General Statute states that a governmental fund cannot exceed statutory limit.

Condition: The Major Special revenue Restricted Fund was overspent by \$26,814.

Effect: The Board was in violation of GS 115C-425(a) – statutory limit.

Cause: Excess expenditures had to be covered by other funds of Cash in Bank.

Recommendation: I recommend care be taken by management and the Board to monitor expenditures more closely and not exceed revenues.

Management Response: Management agrees with the finding.

**Finding 12-04
Violation of GS 115C-436(a)(1)**

Criteria: Bank reconciliations should be prepared timely, as well as bookkeeping prepared timely.

Condition: Neither the bank reconciliations or bookkeeping were prepared timely.

Effect: The Board of Education was in violation of State General Statutes.

Cause: Absence of timely records causes many errors and violations occur.

Recommendation: Bank reconciliations should be prepared monthly.

Management Response: Management agrees with the finding.

**BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Section II – Financial Statement Findings (continued)

Finding 12-05

Violation of GS 115C-427(b)

- Criteria:** Budget, together with a budget message, must be submitted to the Board of Education by May 1.
- Condition:** The budget message was not given to the Board of Education until October, 2012.
- Effect:** The Board of Education was in violation of State General Statutes.
- Cause:** The staff and Board of Education was not able to adequately perform their jobs because of absence of budget.
- Recommendation:** Budget should be submitted as GS 115.
- Management Response:** Management agrees with the recommendation.

Section II – Financial Statement Findings (continued)

Finding 12-06

Violation of GS 115C-425(a)

- Criteria:** The annual budget resolution should be balanced in each fund, which is the sum of estimated net revenues and appropriated fund balances equal to total appropriations.
- Condition:** Since the expenses and revenues per budget should be equal, it leaves a questionable situation as to whether the spending will be according to revenue or expenditures.
- Effect:** The Board of Education is in violation of GS 115C-425(a)
- Cause:** The Board did not receive a balanced budget of revenues equaling expenditures, so the person performing the preparation of the budget had inadequate training.
- Recommendation:** Management should be aware and use due diligence in making sure each fund is balanced.
- Management Response:** Management agrees with the finding.

Section II – Financial Statement Findings (continued)

Finding 12-07

Violation of GS 115C-447

- Criteria:** The Board of Education of Bertie County Public Schools and its accounts should be audited within 4 months of close of fiscal year.
- Condition:** Since Bertie County Board of Education was not audited for June 30, 2011 until December 31, 2012, the year's findings could not be corrected promptly, leading to problems in the following two years.
- Effect:** The Board of Education is in violation of GS 115C-447.
- Cause:** The Superintendent at that time, Dr. Zullinger, was not leading the Board of Education, or keeping them informed.
- Recommendation:** Audits for the Board and all accounts concerning Bertie schools should be done within a timely manner.
- Management Response:** Management agrees with the recommendation.

**BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012**

Page 10 of 16

Section II – Financial Statement Findings (continued)

Finding 12-08

Violation of GS 115C-428(A)

Criteria: Superintendent should publish a statement in the newspaper that the budget was to be submitted and giving the time, date, and place of budget hearing.

Condition: The public was not notified by the Superintendent of a budget message and date. It did not allow for citizens or students input.

Effect: The Bertie County Board of Education was in violation of State General Statutes.

Cause: The Superintendent, Dr. Zullinger, was not leading the Board or citizens in the proper manner, violating State General Statutes.

Recommendation: Time, date, and place of budget hearing should be published in the newspaper by the Superintendent.

Management Response: Management agrees with the finding.

Section II – Financial Statement Findings (continued)

Finding 12-09

Violation of GS115 432(b)(2)

- Criteria:** The full amount of prior year deficit in any fund should be appropriated in the next year's budget.
- Condition:** The full amount of the deficit was not appropriated in the Fund 8 budget.
- Effect:** By not appropriating the deficit in the budget, the fund could be overspent in the next year.
- Cause:** By not appropriating for the deficit, the Fund 8 was overspent in the next year also.
- Recommendation:** Every year's budget should contain the full amount of the prior year's deficit.
- Management Response:** Management agrees with the finding.

Section II – Financial Statement Findings (continued)

Finding 12-10

Violation of GSC 432(d)

- Criteria:** The budget ordinance was not entered into the minutes of the Board of Education and within 5 days after adoption filed with Superintendent and School Finance Officer.
- Condition:** There was no evidence that a budget ordinance was approved by the Board of Education. Nothing but an interim budget was mentioned in the minutes until October, 2012.
- Effect:** Since the Board was in violation of the Stature, the staff could also not perform their duties until the budget was presented.
- Cause:** Since the Board did not approve a budget, spending of all funds was in violation.
- Recommendation:** Proper procedure should be taken when entering in the minutes.
- Management Response:** Management agrees with the recommendation.

Section II – Financial Statement Findings (continued)

Finding 12-11

Violation of GS 433(a) and GS 433(d)

- Criteria:** The budget amendments should be entered into the Board of Education minutes, and approved by the Board.
- Condition:** In reading the minutes of the Board of Education for the fiscal year ending June 30, 2012, there were no amendments were entered into the minutes of the Board, however, they were on the books of record.
- Effect:** Since the amendments were not approved by the Board of Education, they could not be considered as an adjustment to the original budget. Therefore, the expenditures may have been significantly over budget.
- Cause:** This occurred because of oversight by the Board, as well as the superintendent.
- Recommendation:** All amendments should be entered into the minutes, and become approved by the Board.
- Management Response:** Management agrees with the finding.

Section II – Financial Statement Findings (continued)

**Finding 12-12
Violation of GS 433(c)**

Criteria: Transfer of funds between funds should be reported to the Board of Education and entered into the minutes of the Board.

Condition: In reviewing the minutes of the Board of Education for the fiscal year ending June 30, 2012, there was no reference to any transfer of funds in the Board minutes.

Effect: The transfer transactions should not be considered if not approved by the Board of Education.

Cause: This occurred because of oversight of the Superintendent.

Recommendation: All transfers should be entered into the minutes and reported to the Board.

Management Response: Management agrees with the finding.

**Finding 12-13
Violation of GS 115c-434**

Criteria: If approving the budget resolution is delayed, an interim budget should be approved before salaries are paid after July 1. Therefore, the interim budget should be presented prior to July 1.

Condition: Since the interim budget was presented to the Board in September, 2011, all salaries paid prior to that date were in violation of general statute.

Effect: The Board of Education was in violation GS 115-434.

Cause: This occurred because of oversight of the Superintendent.

Recommendation: Management should take notice of when the interim budget is presented, and be confident that it will be presented prior to July 1.

Management Response: Management agrees with the recommendation.

Section II – Financial Statement Findings (continued)

Finding 12-14

Violation of GS 115c-436(a)(4)

- Criteria:** The Board of Education should be kept up to date on the financial condition monthly of the financial health of the system.
- Condition:** The Board of Education members were not kept current with the financial condition of the financial health of the system.
- Effect:** The Board of Education was in violation of GS 115c-436(a)(4).
- Cause:** The Board of Education was unaware of the expenditures and revenue pursuit to the financial condition of the School System, but to the lack of attention by the Superintendent.
- Recommendation:** Financial health of the system should always be closely monitored by the Board.
- Management Response:** Management agrees with the finding.

Finding 12-15

Violation of GS 115c-439

- Criteria:** The Board of Education should give appropriate approval with a resolution to charge the finance officer or other employee with custody of machines or other devices.
- Condition:** There was no indication in any of the minutes of the Board that the finance officer was charged with custody of the machines or other devices.
- Effect:** The Board of Education in in violation of GS 115c-439.
- Cause:** The previous Superintendent was not attentive to the details involved in the general statutes.
- Recommendation:** The Board should implement the appropriate procedure for handling custody of machines or devices.
- Management Response:** Management agrees with the finding.

Section II – Financial Statement Findings (continued)

Finding 12-16

Violation of GS 115c-448(a)

- Criteria:** The individual schools should keep complete records on all money in their charge.
- Condition:** Not all schools, Bertie Academy in particular, did not keep a complete set of records on all money their charge.
- Effect:** The Board of Education was in violation of GS 115c-448(a).
- Cause:** The Superintendent, principal and bookkeepers were not attentive to the general statues which indicated that a full set of books should be kept.
- Recommendation:** Each school should take individual responsibility of all money under their care.
- Management Response:** Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs: None

Section IV – State Award Findings and Questioned Costs: None

**BERTIE COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2012**

Finding 12-01:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: Budgets will be reviewed on a monthly basis and any necessary budget amendments will be presented to the Board for approval in a timely manner.

Proposed Completion Date: Immediately.

Finding 12-02:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education plans to implement additional procedures to strengthen internal controls over cash disbursements.

Proposed Completion Date: Immediately.

Finding 12-03:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education plans to implement additional procedures to strengthen internal controls over cash disbursements.

Proposed Completion Date: Immediately.

Finding 12-04:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education plans to implement additional procedures to strengthen internal controls over cash disbursements.

Proposed Completion Date: Immediately.

Finding 12-05:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education plans to implement additional procedures to prepare budget timely.

Proposed Completion Date: Immediately.

Finding 12-06:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education plans to implement additional procedures to strengthen internal controls preparing the budget, insuring a balanced budget.

Proposed Completion Date: Immediately.

Finding 12-07:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls.

Proposed Completion Date: Immediately.

Finding 12-08:

Name of Contact Person: Pearline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls.

Proposed Completion Date: Immediately.

**BERTIE COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2012**

Finding 12-09:

Name of Contact Person: Pearlline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls. The finance officer will make sure that the deficit balance is appropriated in the FY ending June 2014.

Proposed Completion Date: Immediately

Finding 12-10:

Name of Contact Person: Pearlline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls.

Proposed Completion Date: Immediately

Finding 12-11:

Name of Contact Person: Pearlline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date: Immediately

Finding 12-12:

Name of Contact Person: Pearlline Bunch

Corrective Action Plan: The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date: Immediately

**BERTIE COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2012**

Finding 12-13:

Name of Contact Person:

Pearline Bunch

Corrective Action Plan:

The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date:

Immediately

Finding 12-14:

Name of Contact Person:

Pearline Bunch

Corrective Action Plan:

The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date:

Immediately

Finding 12-15:

Name of Contact Person:

Pearline Bunch

Corrective Action Plan:

The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date:

Immediately

Finding 12-16:

Name of Contact Person:

Pearline Bunch

Corrective Action Plan:

The Board of Education has implemented procedures to strengthen controls. The current finance officer is aware the amendment must be presented to the Board.

Proposed Completion Date:

Immediately

**BERTIE COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012**

Finding 11-01:

Status: Not Corrected. Reported as item 12-01

Finding 11-02:

Status: Not corrected. Reported as item 12-02

Finding 11-03:

Status: Not corrected. Reported as item 12-03

Finding 11-04:

Status: Not Corrected. Reported as item 12-04

Finding 11-05:

Status: Not corrected. Reported as item 12-05

Finding 11-06:

Status: Corrected.

BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2012

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>PRC</u> <u>Number</u>	<u>Federal</u> <u>CFDA</u> <u>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:			
Noncash Assistance (Commodities):			
National School Lunch Program		10.555	\$ 90,211
Cash Assistance:			
School Breakfast Program		10.553	232,197
National School Lunch Program		10.555	1,353,676
Summer Food Service Program for Children		10.559	10,228
Cash Assistance Subtotal			<u>\$ 1,596,101</u>
Total Child Nutrition Cluster			<u>\$ 1,686,312 *</u>
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Title I Cluster:			
Educationally Deprived Children	(50)	84.010	931,591
Educationally Deprived Children – ARRA	(141)	84.389	8,009
Total Title I Cluster			<u>\$ 939,600 *</u>
School Improvement	(117)	84.377	25
Migrant Education (Title I of IASA)	(51)	84.011	33,024
Safe and Drug Free Schools	(48)	84.186	5,334
Rural and Low Income Schools	(109)	84.358	57,132
Title V Abstinence Ed.	(101)	93.235	57,210

* Major Fund

BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2012

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>PRC Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Improving Teacher Quality	(103)	84.367A	94,726
State Fiscal Stabilization Fund – Education State Grants ARRA	(140)	84.394	318,613 *
ESCA Title I – School Improvement	(105)	84.010X	21,613
Title I – Even Start	(65)	84.213	29,587
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	(60)	84.027A	808,027
Special Education – Grants to States – ARRA	(144)	84.391	32,167
Special Education – Preschool Grants	(049)	84.173A	27,630
Special Education – Preschool Grants – ARRA	(145)	84.392	5,030
IDEA Targeted Grant – VI B	(118)	84.027	6,249
Targeted Assistance for Preschool	(119)	84.027	1,320
IDEA VI B – Capacity Building	(44)	84.027	17,077
IDEA VI B – State Improvement	(82)	84.323	11,681
Total Special Education Cluster			<u>909,181 *</u>
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	(17)	84.048	50,630
Vocational Education – Federal Tech. Prep.	(023)	84.243A	271
Education Technology State Grant – Cluster – Department of Education Direct Programs			
AARA Education Technology State Grant, Recovery Act	(146)	84.386	7,352
Education Technology	(107)	84.318X	7,053
Total Department of Education Direct Program			<u>65,306</u>

BERTIE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2012

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>PRC</u> <u>Number</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
Education Jobs Fund	(155)	84.048	428,690 *
Race to the Top ARRA	(156)	84.412	242,891
Regional Leadership Academy	(157)	84.395	90,479
 <u>U.S. Department of Defense</u>			
Direct Program:			
ROTC		None	<u>27,698</u>
Total Federal Assistance			<u>\$ 5,007,421</u>
 State Grants:			
 <u>N.C. Department of Public Instruction:</u>			
State Public School Fund			\$18,330,174
Vocational Education Program Support Funds			189,768
Vocational Education State Months of Employment			749,793
Even Start			45,076
Behavior Reading -- Willie M			64,931
School Technology			3,114
Family Literacy			90,000
Textbooks (noncash)			<u>5,518</u>
Total N.C. Department of Public Instruction			<u>\$ 19,478,374</u>
 <u>N.C. Department of Health and Human Services</u>			
Division of Child Development			
More at Four			711,975
Total N.C. Department of Health and Human Services			<u>711,975</u>
Total State Assistance			<u>\$ 20,190,349</u>
Total Federal and State Assistance			<u>\$25,197,770</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2012

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Bertie County Board of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.