

COLUMBUS COUNTY BOARD OF EDUCATION
FINANCIAL REPORT
June 30, 2016

Columbus County Board of Education
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FINANCIAL SECTION



Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on the Financial Statements

We 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 Columbus County Board of Education, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Columbus County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Columbus County Board of Education, North Carolina as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and State Public School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 and the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 42 and 43, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provided us will sufficient evident to express and opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016 on our consideration of Columbus County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbus County Board of Education's internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2016

Management's Discussion and Analysis

This section of the Columbus County Board of Education's (the Board) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2016. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board experienced a decrease in enrollment of 103 students from the previous year.
- The Board is working diligently with the Columbus County Board of Commissioners to find ways to fund increases required for the continuing improvement of educational services for Columbus County students.

Overview of the Financial Statements

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

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

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds, proprietary funds, and fiduciary 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 and fiduciary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

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

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

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

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

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

The government-wide statements are shown as Exhibits 1 and 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 unit 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 has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

Columbus County Board of Education has three types of funds:

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

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Columbus County Board of Education has two proprietary funds, the School Food Service and Child Care Service Funds.

The proprietary fund statements are shown as Exhibits 6,7, and 8 of this report.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Columbus County Board of Education has one fiduciary fund – the Scholarship Fund, which is a scholarship fund under the control of the administrative unit. This is accounted for as a private purpose trust fund.

The fiduciary fund statements are shown as Exhibits 9 and 10 of this report.

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,998,477 as of June 30, 2016. The largest component of net position is investment in capital assets, of \$41,674,985, which is greater than the total net position because of the implementation of GASB 68.

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30	June 30	June 30	June 30	June 30	June 30
	2016	2015	2016	2015	2016	2015
Current assets	\$ 6,441,773	\$ 7,025,378	\$ 958,309	\$ 862,609	\$ 7,400,082	\$ 7,887,987
Capital assets	42,103,141	39,183,506	58,641	64,577	42,161,782	39,248,083
Total assets	<u>48,544,914</u>	<u>46,208,884</u>	<u>1,016,950</u>	<u>927,186</u>	<u>49,561,864</u>	<u>47,136,070</u>
Deferred outflows of resources	3,164,376	2,439,703	128,209	94,070	3,292,585	2,533,773
Current liabilities	2,369,959	2,018,973	104,034	97,185	2,473,993	2,116,158
Long-term liabilities	11,693,251	5,953,873	481,799	254,030	12,175,050	6,207,903
Total liabilities	<u>14,063,210</u>	<u>7,972,846</u>	<u>585,833</u>	<u>351,215</u>	<u>14,649,043</u>	<u>8,324,061</u>
Deferred inflows of resources	2,122,023	8,980,594	84,906	344,847	2,206,929	9,325,441
Net investment in capital assets	41,616,344	39,062,983	58,641	64,577	41,674,985	39,127,560
Restricted net position	3,595,541	836,140	-	-	3,595,541	836,140
Unrestricted net position	<u>(9,687,828)</u>	<u>(8,203,976)</u>	<u>415,779</u>	<u>260,617</u>	<u>(9,272,049)</u>	<u>(7,943,359)</u>
Total net position	<u>\$ 35,524,057</u>	<u>\$ 31,695,147</u>	<u>\$ 474,420</u>	<u>\$ 325,194</u>	<u>\$ 35,998,477</u>	<u>\$ 32,020,341</u>

Note that net position increased during the year, indicating an improvement in the financial condition of the Board. Both the government-wide and business-type activities experienced an increase in net position. The increase in net position (12.42%) was largely because of the increase in capital assets in the governmental activities due to the new school construction. Unrestricted net position in the business-type activities increased by 59.54%, primarily because of an increase in current assets in the School Food Service Fund. Also note that the Board carries capital assets for which Columbus County carries the offsetting debt.

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

Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/16	6/30/15	6/30/16	6/30/15	6/30/16	6/30/15
Revenues:						
Program revenues:						
Charges for services	\$ 2,183,424	\$ 2,757,735	\$ 429,129	\$ 491,905	\$ 2,612,553	\$ 3,249,640
Operating grants and contributions	47,248,637	48,134,850	4,399,391	4,012,081	51,648,028	52,146,931
Capital grants and contributions	104,622	123,710	-	-	104,622	123,710
General revenues:						
Other revenues	11,170,528	7,342,470	63	143	11,170,591	7,342,613
Total revenues	60,707,211	58,358,765	4,828,583	4,504,129	65,535,794	62,862,894
Expenses:						
Governmental activities:						
Instructional programs	44,140,473	44,619,525	-	-	44,140,473	44,619,525
System-wide Support	12,159,460	12,219,679	-	-	12,159,460	12,219,679
Ancillary services	47,552	49,536	-	-	47,552	49,536
Non-programmed charges	529,375	526,279	-	-	529,375	526,279
Interest on long-term debt	1,441	18,346	-	-	1,441	18,346
Business-type activities:						
Food service	-	-	4,679,357	4,498,660	4,679,357	4,498,660
Total expenses	56,878,301	57,433,365	4,679,357	4,498,660	61,557,658	61,932,025
Increase (decrease) in net position	3,828,910	925,400	149,226	5,469	3,978,136	930,869
Net position, beginning	31,695,147	41,718,474	325,194	740,180	32,020,341	42,458,654
Restatement	-	(10,948,727)	-	(420,455)	-	(11,369,182)
Net position, beginning, restated	31,695,147	30,769,747	325,194	319,725	32,020,341	31,089,472
Net position, ending	\$ 35,524,057	\$ 31,695,147	\$ 474,420	\$ 325,194	\$ 35,998,477	\$ 32,020,341

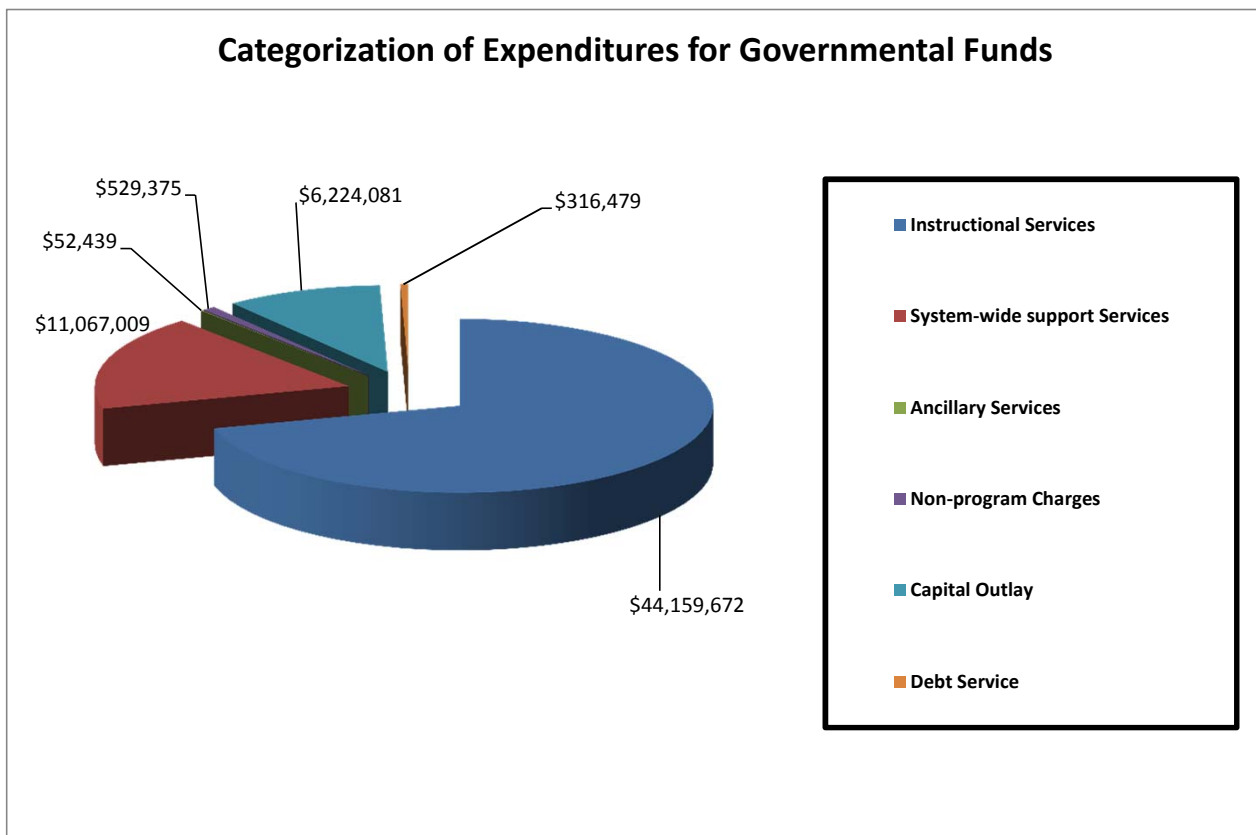
Total governmental activities generated revenues of \$60,707,211 while expenses in this category totaled \$56,878,301. Comparatively, revenues were \$58,358,765 and expenses totaled \$57,433,365 for the year ended June 30, 2015. The increase in net position stands at \$3,828,910, compared with an increase of \$925,400 in 2015. Instructional services comprised 78% of total governmental-type expenses while system-wide support services made up 21% of those expenses for 2016. County funding comprised 12.86% of total governmental revenue. In 2015, County funding was 11.39%. Much of the remaining 87.14% of total governmental revenue for 2016 consists of restricted State and federal money. This money represented 88.09% of total revenue in 2015. Business-type activities generated revenue of \$4,828,583 and had expenses of \$4,679,357. Net position increased in the business-type activities by \$149,226, primarily because indirect cost was not charged to the School Food Service program for the year.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Columbus 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 \$4,048,392, a \$957,703 decrease from the prior year. The General Fund had expenditures in excess of revenues of \$828,768, the Capital Outlay Fund had expenditures in excess of revenues of \$98,101, and the Other Restricted Fund had expenditures in excess of revenues of \$121,878. The individual schools had combined revenues in excess of expenditures in the amount of \$94,866. Expenditures increased over the prior year, and included \$4,077,728 in capitalizable assets.

Proprietary Funds: The Board's School Food Service Fund reflected an increase of \$147,902 in net position over last year, and the Child Care Service Fund reflected an increase of \$1,324. Revenues and expenses increased during the current year. The School participated in a program where all students in grades K-8 received free meals, which resulted in a decline in charged meals but in increase in federal funding.



General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget to account for changes in expenditure expectations. The total General Fund Budget increased \$861,869 during the year.

Capital Assets

Capital assets increased by \$2,913,699 (or 7.42%) over the previous year. Capitalized costs exceeded depreciation expense for the year.

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, 2016**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>
Land	\$ 3,614,609	\$ 3,614,609	\$ -	\$ -	\$ 3,614,609	\$ 3,614,609
Construction in progress	4,765,012	540,505	-	-	4,765,012	540,505
Buildings	64,763,800	64,465,359	-	-	64,763,800	64,465,359
Equipment and furniture	4,713,148	4,766,978	608,395	607,020	5,321,543	5,373,998
Vehicles	8,480,919	7,780,481	-	-	8,480,919	7,780,481
Less accumulated depreciation	(44,234,347)	(41,984,426)	(549,754)	(542,443)	(44,784,101)	(42,526,869)
Total	\$ 42,103,141	\$ 39,183,506	\$ 58,641	\$ 64,577	\$ 42,161,782	\$ 39,248,083

Debt Outstanding

During the year the Board's outstanding debt increased by \$366,274. This was a result of receiving new buse leases and paying installment payments for buses and energy lease payments. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

Economic Factors

The Board anticipates enrollment will decrease slightly over the next several years due to the enrollment in charter schools and will need a relatively steady or increasing stream of income in order to maintain existing facilities and equipment and to update and improve instructional efforts. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. The following economic factors must be considered when viewing the County's ability to provide the required level of funding.

- Columbus County has experienced an unemployment rate of approximately 6.4% as compared to the statewide average of 5.2%.
- Two primary elements of the local economy, textiles and agriculture, have experienced significant losses in the past few years, resulting in a bleak economic outlook.
- The County administration is actively cultivating new alternatives to offset the dwindling impact of textiles and agriculture on the local economy. However, these efforts are more long range in nature and are not likely to produce significant improvements in the short term.

Requests for Information

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

Terry Dudney, Finance Officer
Columbus County Board of Education
P.O. Box 729
Whiteville, NC 28472
910-642-5168

BASIC FINANCIAL STATEMENTS

**Columbus County Board of Education
Statement of Net Position
June 30, 2016**

Exhibit 1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,603,621	\$ 714,704	\$ 5,318,325
Due from other governments	1,845,283	155,909	2,001,192
Receivables (net)	704	410	1,114
Internal balances	(7,835)	4,835	(3,000)
Inventories	-	82,451	82,451
Capital assets (Note 1)			
Land, improvements, and construction in progress	8,379,621	-	8,379,621
Other capital assets, net of depreciation	<u>33,723,520</u>	<u>58,641</u>	<u>33,782,161</u>
Total capital assets	<u>42,103,141</u>	<u>58,641</u>	<u>42,161,782</u>
Total assets	<u>\$ 48,544,914</u>	<u>\$ 1,016,950</u>	<u>\$ 49,561,864</u>
DEFERRED OUTFLOWS OF RESOURCES	\$ 3,164,376	\$ 128,209	\$ 3,292,585
LIABILITIES			
Accounts payable and accrued liabilities	\$ 371,468	\$ 2,712	\$ 374,180
Accrued salaries and wages payable	1,998,491	96,738	2,095,229
Accrued interest payable	-	-	-
Prepaid meals	-	4,584	4,584
Long-term liabilities			
Net pension liability	8,006,371	324,388	8,330,759
Due within one year	190,359	-	190,359
Due in more than one year	<u>3,496,521</u>	<u>157,411</u>	<u>3,653,932</u>
Total liabilities	<u>\$ 14,063,210</u>	<u>\$ 585,833</u>	<u>\$ 14,649,043</u>
DEFERRED INFLOWS OF RESOURCES	\$ 2,122,023	\$ 84,906	\$ 2,206,929
NET POSITION			
Net Investment in capital assets	\$ 41,616,344	\$ 58,641	\$ 41,674,985
Restricted:			
Individual Schools	876,847	-	876,847
Stabilization by State Statute	48,186	-	48,186
School Capital Outlay	2,670,508	-	2,670,508
Unrestricted	<u>(9,687,828)</u>	<u>415,779</u>	<u>(9,272,049)</u>
Total net position	<u>\$ 35,524,057</u>	<u>\$ 474,420</u>	<u>\$ 35,998,477</u>

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

**Columbus County Board of Education
Statement of Activities
For the Year Ended June 30, 2016**

Exhibit 2

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary government							
Governmental Activities:							-
Instructional programs:							
Regular	\$ 22,955,839	\$ -	\$ 22,497,206	\$ -	\$ (458,633)	\$ -	\$ (458,633)
Special	5,355,229	-	5,345,624	-	(9,605)	-	(9,605)
Alternative programs	6,493,763	-	6,214,415	-	(279,348)	-	(279,348)
School leadership	3,032,671	-	2,903,564	-	(129,107)	-	(129,107)
Co-curricular	2,428,371	2,120,355	-	-	(308,016)	-	(308,016)
School-based support	3,874,600	-	3,843,096	-	(31,504)	-	(31,504)
System-wide support services:							
Support and development	455,076	-	414,963	-	(40,113)	-	(40,113)
Special populations	288,047	-	305,209	-	17,162	-	17,162
Alternative programs	278,124	-	272,562	-	(5,562)	-	(5,562)
Technology support	283,689	-	264,293	-	(19,396)	-	(19,396)
Operational support	9,301,258	43,450	4,134,366	104,622	(5,018,820)	-	(5,018,820)
Financial and human resource	423,501	-	376,005	-	(47,496)	-	(47,496)
Accountability	83,640	-	89,252	-	5,612	-	5,612
System-wide pupil support	-	-	-	-	-	-	-
Policy, leadership, and public relations	1,046,125	-	498,409	-	(547,716)	-	(547,716)
Ancillary services	47,552	19,619	46,223	-	18,290	-	18,290
Non-programmed charges	529,375	-	43,450	-	(485,925)	-	(485,925)
Debt service:							
Interest on long-term debt	1,441	-	-	-	(1,441)	-	(1,441)
Total Governmental activities	<u>56,878,301</u>	<u>2,183,424</u>	<u>47,248,637</u>	<u>104,622</u>	<u>(7,341,618)</u>	<u>-</u>	<u>(7,341,618)</u>
Business-type activities:							
School Food Service	4,660,735	409,183	4,399,391	-	-	147,839	147,839
Child Care Service	18,622	19,946	-	-	-	1,324	1,324
Total business-type activities	<u>4,679,357</u>	<u>429,129</u>	<u>4,399,391</u>	<u>-</u>	<u>-</u>	<u>149,163</u>	<u>149,163</u>
Total primary government	<u>\$ 61,557,658</u>	<u>\$ 2,612,553</u>	<u>\$ 51,648,028</u>	<u>\$ 104,622</u>	<u>\$ (7,341,618)</u>	<u>\$ 149,163</u>	<u>\$ (7,192,455)</u>
General revenues:							
Unrestricted county appropriations - operating					5,184,334	-	5,184,334
Unrestricted county appropriations - capital					2,621,680	-	2,621,680
Miscellaneous, unrestricted					3,349,243	-	3,349,243
Gain(loss) on disposal					6,672	-	6,672
Investment earnings, unrestricted					8,599	63	8,662
Total general revenues					<u>11,170,528</u>	<u>63</u>	<u>11,170,591</u>
Change in net position					3,828,910	149,226	3,978,136
Net position - beginning					31,695,147	325,194	32,020,341
Net position - ending					<u>\$ 35,524,057</u>	<u>\$ 474,420</u>	<u>\$ 35,998,477</u>

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

**Columbus County Board of Education
Balance Sheet
Governmental Funds
June 30, 2016**

Exhibit 3

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State Public School Fund	Capital Outlay Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 509,862	\$ -	\$ 2,809,094	\$ 1,284,665	\$ 4,603,621
Due from other governments	40,953	1,415,878	134,911	253,541	1,845,283
Accounts receivable	-	-	704	-	704
Inventory	-	-	-	-	-
Due from other funds	-	721	-	52,572	53,293
Total assets	\$ 550,815	\$ 1,416,599	\$ 2,944,709	\$ 1,590,778	\$ 6,502,901
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 93,242	\$ -	\$ 239,790	\$ 38,436	\$ 371,468
Due to other funds	3,511	-	34,411	23,206	61,128
Accrued salaries and wages payable	314,005	1,415,135	-	269,351	1,998,491
Total liabilities	\$ 410,758	\$ 1,415,135	\$ 274,201	\$ 330,993	\$ 2,431,087
Deferred inflows of resources:	\$ -	\$ 1,463	\$ -	\$ 24,959	\$ 26,422
Fund balances:					
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:					
Stabilization by State Statute	48,186	-	-	-	48,186
School Capital Outlay	-	-	2,670,508	-	2,670,508
Individual Schools	-	-	-	876,847	876,847
Committed:					
Other Restricted Funds	-	-	-	357,980	357,980
Assigned:					
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned	91,871	-	-	-	91,871
Total fund balances	140,057	-	2,670,508	1,234,827	4,045,392
Total liabilities, deferred inflows of resources, and fund balances	\$ 550,815	\$ 1,416,598	\$ 2,944,709	\$ 1,590,779	\$ 6,502,901

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

**Columbus County Board of Education
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2016**

Exhibit 3a

Total fund balance, governmental funds	\$	4,045,392
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		42,103,141
Deferred outflows of resources related to pensions		3,164,376
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, and Long-term Compensated Absences), are not due and payable in the current period and are not included in the funds.		(3,686,880)
Net pension liability		(8,006,371)
Deferred inflows of resources related to pensions		(2,095,601)
Net Position of Governmental Activities	<u>\$</u>	<u>35,524,057</u>

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

Columbus County Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

Exhibit 4

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State Public School Fund	Capital Outlay Fund	Other Governmental Funds	
REVENUES					
State of North Carolina	\$ 6,897	\$ 38,924,932	\$ 104,622	\$ 2,187,032	\$ 41,223,483
U.S. Government	-	-	-	6,136,673	6,136,673
Columbus County	5,184,334	-	2,621,680	-	7,806,014
Other	151,107	-	3,035,256	2,354,918	5,541,281
Total	5,342,338	38,924,932	5,761,558	10,678,623	60,707,451
EXPENDITURES					
Current:					
Instructional services:					
Regular	506,826	21,761,822	-	836,577	23,105,225
Special	1,507	4,242,524	-	1,108,782	5,352,813
Alternative programs	4,664	1,209,749	-	5,253,919	6,468,332
School leadership	132,066	2,903,564	-	-	3,035,630
Co-curricular	316,771	-	-	2,025,489	2,342,260
School-based support	11,187	2,945,998	-	898,227	3,855,412
System-wide support services					
Support and development	43,667	333,663	-	85,383	462,713
Special population	5,057	172,215	-	132,994	310,266
Alternative programs	-	-	-	272,562	272,562
Technology support	12,101	227,962	-	36,331	276,394
Operational support	4,003,853	4,117,560	-	17,678	8,139,091
Financial and human resources	65,925	376,005	-	-	441,930
Accountability services	1,635	89,252	-	-	90,887
System-wide pupil support	-	-	-	-	-
Policy, leadership, and public relations	574,229	498,402	-	535	1,073,166
Ancillary services	5,693	46,216	-	530	52,439
Non-programmed charges	485,925	-	-	43,450	529,375
Debt service:					
Principal	-	-	314,627	-	314,627
Interest and other charges	-	-	1,852	-	1,852
Capital outlay					
Real property and buildings	-	-	4,917,399	-	4,917,399
Furniture and equipment	-	-	590,889	-	590,889
Buses and motor vehicles	-	-	715,793	-	715,793
Total Expenditures	6,171,106	38,924,932	6,540,560	10,712,457	62,349,055
Excess (deficiency) of revenues over expenditures	(828,768)	-	(779,002)	(33,834)	(1,641,604)
OTHER FINANCING SOURCES					
Transfers from (to) other funds	-	-	-	-	-
Installment purchase obligations issued	-	-	680,901	-	680,901
Total other financing sources and (uses)	-	-	680,901	-	680,901
Net change in fund balances	(828,768)	-	(98,101)	(33,834)	(960,703)
Fund balances - beginning	968,825	-	2,768,609	1,268,661	5,006,095
Fund balances - ending	\$ 140,057	\$ -	\$ 2,670,508	\$ 1,234,827	\$ 4,045,392

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

Columbus County Board of Education
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Exhibit 4a

Net change in fund balances - total governmental funds: \$ (960,703)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation exceeded capital outlay additions in the current period. 2,919,874

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 2,850,393

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (366,274)

Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) 411

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Pension expense	(761,513)
Compensated absences	146,961
Gain (loss) on disposal of assets	(239)

Total changes in net position of governmental activities \$ 3,828,910

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

Columbus County Board of Education
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
June 30, 2016

Exhibit 5

	General Fund				State Public School Fund			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
State of North Carolina	\$ -	\$ -	\$ 6,897	\$ 6,897	\$ 38,704,554	\$ 39,404,234	\$ 38,924,932	\$ (479,302)
U.S. Government	-	-	-	-	-	-	-	-
Columbus County	5,441,834	5,184,334	5,184,334	-	-	-	-	-
Other	-	208,700	151,107	(57,593)	-	-	-	-
Total revenues	<u>5,441,834</u>	<u>5,393,034</u>	<u>5,342,338</u>	<u>(50,696)</u>	<u>38,704,554</u>	<u>39,404,234</u>	<u>38,924,932</u>	<u>(479,302)</u>
EXPENDITURES								
Current:								
Instructional								
Regular	186,278	519,632	506,826	12,806	22,832,898	21,981,406	21,761,822	219,584
Special	-	1,507	1,507	-	3,819,808	4,265,143	4,242,524	22,619
Alternative programs	7,000	6,346	4,664	1,682	1,005,060	1,391,592	1,209,749	181,843
School leadership	77,150	132,159	132,066	93	2,672,969	2,880,106	2,903,564	(23,458)
Co-curricular	364,900	319,768	316,771	2,997	-	-	-	-
School-based support	9,500	14,762	11,187	3,575	2,451,302	3,011,271	2,945,998	65,273
System-wide support								
Support and development	80,610	68,439	43,667	24,772	765,699	333,663	333,663	-
Special population	3,678	5,057	5,057	-	159,124	172,217	172,215	2
Alternative programs	-	-	-	-	-	-	-	-
Technology support	-	12,504	12,101	403	-	228,012	227,962	50
Operational support	3,542,963	4,062,452	4,003,853	58,599	3,691,158	4,130,948	4,117,560	13,388
Financial and human resources	26,000	85,562	65,925	19,637	337,731	376,005	376,005	-
Accountability	-	1,635	1,635	-	66,759	89,252	89,252	-
System-wide pupil support	-	-	-	-	500,000	-	-	-
Policy, leadership, and public relations	614,140	585,350	574,229	11,121	355,994	498,402	498,402	-
Ancillary services	3,115	2,182	5,693	(3,511)	46,052	46,217	46,216	1
Non-programmed charges	526,500	486,348	485,925	423	-	-	-	-
Total Expenditures	<u>5,441,834</u>	<u>6,303,703</u>	<u>6,171,106</u>	<u>132,597</u>	<u>38,704,554</u>	<u>39,404,234</u>	<u>38,924,932</u>	<u>479,302</u>
Revenues over (under) expenditures	-	(910,669)	(828,768)	81,901	-	-	-	-
OTHER FINANCING SOURCES								
Transfers from (to) other funds	-	-	-	-	-	-	-	-
Fund balance appropriated	-	910,669	-	(910,669)	-	-	-	-
Total other financing sources and (uses)	-	910,669	-	(910,669)	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(828,768)</u>	<u>\$ (828,768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning			968,825				-	
Fund balances - ending			<u>\$ 140,057</u>				<u>\$ -</u>	

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

**Columbus County Board of Education
Statement of Net Position
Proprietary Funds
June 30, 2016**

Exhibit 6

	Enterprise Funds		
	Major Fund	Non-Major Fund	
	School Food Service	Child Care Service Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 714,704	\$ -	\$ 714,704
Due from other governments	155,909	-	155,909
Receivables (net)	410	-	410
Due from other funds	3,511	1,324	4,835
Inventories	82,451	-	82,451
Total current assets	956,985	1,324	958,309
Non-current assets:			
Capital Assets:			
Equipment	608,395	-	608,395
Less accumulated depreciation	(549,754)	-	(549,754)
Total non-current assets	58,641	-	58,641
Total assets	\$ 1,015,626	\$ 1,324	\$ 1,016,950
DEFERRED OUTFLOWS OF RESOURCES	\$ 128,209	\$ -	\$ 128,209
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,712	\$ -	\$ 2,712
Due to other funds	-	-	-
Accrued salaries and wages payable	96,738	-	96,738
Prepaid meal balance	4,584	-	4,584
Total current liabilities	104,034	-	104,034
Non-current liabilities:			
Net pension liability	324,388	-	324,388
Compensated absences	157,411	-	157,411
Total non-current liabilities:	481,799	-	481,799
Total liabilities	585,833	-	585,833
DEFERRED INFLOWS OF RESOURCES	84,906	-	84,906
NET POSITION			
Net investment in capital assets	58,641	-	58,641
Unrestricted	414,455	1,324	415,779
Total net position	\$ 473,096	\$ 1,324	\$ 474,420

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

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

Exhibit 7

	Enterprise Funds		Total
	Major Fund	Non-Major Fund	
	School Food Service	Child Care Service Fund	
OPERATING REVENUES:			
Charges for Services	\$ 406,103	\$ 19,946	\$ 426,049
Miscellaneous local revenues	3,080		3,080
Total operating revenues	409,183	19,946	429,129
OPERATING EXPENDITURES:			
Business support services:			
Purchase of food	1,748,897	-	1,748,897
Donated commodities	215,492	-	215,492
Salaries and benefits	2,114,398	18,309	2,132,707
Indirect cost	302,695	-	302,695
Materials and supplies	179,966	313	180,279
Repairs and maintenance	23,133	-	23,133
Contracted services	27,406	-	27,406
Depreciation	14,463	-	14,463
Capital Outlay	-	-	-
Other	34,285	-	34,285
Total business support services	4,660,735	18,622	4,679,357
Total operating expenditures	4,660,735	18,622	4,679,357
Operating income (loss)	(4,251,552)	1,324	(4,250,228)
NON-OPERATING REVENUES (EXPENSES):			
Federal reimbursements	3,864,136	-	3,864,136
Federal commodities used	232,560	-	232,560
Interest earned	63	-	63
Indirect cost not paid	302,695	-	302,695
Disposition of School Assets	-	-	-
Total operating revenues (expenses)	4,399,454	-	4,399,454
Change in net position	147,902	1,324	149,226
Total net position, beginning	325,194	-	325,194
Total net position, ending	\$ 473,096	\$ 1,324	\$ 474,420

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

Columbus County Board of Education
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit 8
Page 1 of 2

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	School Food Service	Child Care Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 403,114	19,946	423,060
Cash paid for goods and services	(2,016,665)	(313)	(2,016,978)
Cash paid to employees for services	(2,171,073)	(18,309)	(2,189,382)
Other operating revenues	3,080	-	3,080
Net cash used by operating activities	<u>(3,781,544)</u>	<u>1,324</u>	<u>(3,780,220)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal reimbursements	3,899,735	-	3,899,735
Due to / from other funds	(3,511)	(1,324)	(4,835)
Total cash provided by noncapital financing activities	<u>3,896,224</u>	<u>(1,324)</u>	<u>3,894,900</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(8,527)	-	(8,527)
Disposition of capital assets	-	-	-
Total cash provided (used) by capital and related financing activities	<u>(8,527)</u>	<u>-</u>	<u>(8,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	63	-	63
Net increase/(decrease) in cash and cash equivalents	106,216	-	106,216
Cash and cash equivalents, July 1	608,488	-	608,488
Cash and cash equivalents, June 30	<u>\$ 714,704</u>	<u>-</u>	<u>714,704</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (4,251,552)	1,324	(4,250,228)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	14,463	-	14,463
Donated commodities consumed	215,492	-	215,492
Indirect costs not paid	302,695	-	302,695
Changes in assets, deferred inflows and outflows of resources, and liabilities:			
(Increase)/decrease in accounts receivable	(304)	-	(304)
(Increase)/decrease in inventory	(2,876)	-	(2,876)
(Increase)/decrease in deferred outflows	(34,139)	-	(34,139)
Increase/(decrease) in accounts payable	(102)	-	(102)
Increase/(decrease) in accrued liabilities	9,636	-	9,636
Increase/(decrease) in prepaid meals	(2,685)	-	(2,685)
Increase/(decrease) in deferred inflows	(259,941)	-	(259,941)
Increase/(decrease) in net pension liability	228,908	-	228,908
Increase/(decrease) in compensated absences	(1,139)	-	(1,139)
Total adjustments	<u>470,008</u>	<u>-</u>	<u>470,008</u>
Net cash used by operating activities	<u>\$ (3,781,544)</u>	<u>1,324</u>	<u>(3,780,220)</u>

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

**Columbus County Board of Education
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

Exhibit 8
Page 2 of 2

Noncash investing, capital, and financing activities:

Indirect costs of \$302,885 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund consumed donated commodities with a value of \$232,560 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The fund recorded the consumption of \$215,492 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

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

**Columbus County Board of Education
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2016**

Exhibit 9

	Private Purpose Trust
ASSETS	
Cash and cash equivalents	\$ 9,771
Due from other funds	3,000
Total assets	12,771
 LIABILITIES	
Due to other funds	-
Total liabilities	-
 NET POSITION	
Assets held in trust for private purpose	\$ 12,771

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

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

Exhibit 10

	Private Purpose Trust
ADDITIONS:	
Contributions and other revenue	\$ 1
Total	<u>1</u>
DEDUCTIONS:	
Scholarship payments	-
Total Expenditures	<u>-</u>
Change in net position	1
Net position, beginning	<u>12,770</u>
Net position, ending	<u><u>\$ 12,771</u></u>

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

Columbus County Board of Education
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

I. Summary of Significant Accounting Policies

The accounting policies of Columbus 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 Columbus 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 Columbus County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

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

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

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

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

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 Columbus County appropriations, proceeds of Columbus County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

The Board reports the following fiduciary fund:

Scholarship Fund. The Scholarship Fund is used to account for scholarship money under the control of the board for the benefit of students in the district.

C. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary 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 position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by 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, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. Deposits and Investments

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

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventory of the Capital Outlay and Individual Schools Fund consist of the cost associated with building houses that will be sold in the subsequent year. Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

4. Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. 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.

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

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

	<u>Years</u>
Buildings	40
Equipment and furniture	10
Vehicles	5
Computer equipment	5

5. Deferred outflows and inflows of resources

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

6. Long-term obligations

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

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2016 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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.

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

Assigned fund balance - portion of fund balance that Columbus 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.

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

Columbus 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 position.

The governmental fund balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$31,478,665 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 86,337,488
Less Accumulated Depreciation	<u>(44,234,347)</u>
Net Capital Assets	42,103,141
Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	332,687
Contributions made to the pension plan in current fiscal year	2,831,689
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:	
Bonds, leases, and installment financing	(486,797)
Compensated absences	(3,200,083)
Net pension liability	(8,006,371)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(910,326)
Differences between contributions and proportional share of contributions and changes in proportion	(317,853)
Difference between projected and actual earnings on plan investments	<u>(867,422)</u>
Total Adjustment	<u>\$ 31,478,665</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,789,613 as follows:

Description	Amount
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.	\$ (2,329,604)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	5,249,478
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(680,901)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	314,627
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,850,393
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense	(761,513)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	411
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	146,961
Gain(Loss) on disposal of assets	(239)
Total Adjustment	<u>\$ 4,789,613</u>

10. Defined Benefit Pension Plans

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

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2015, the Board reported expenditures within the Capital Outlay Fund that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance by \$187,825. This is because the total amount was not appropriated for the installment agreement for new buses received during the year. Management will monitor budgets monthly and make necessary amendments to ensure that all lease agreements are properly budgeted and recorded.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2016, the Board had deposits with financial institutions with a carrying amount of \$4,802,704 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$5,522,776 and \$1,351,471, respectively. Of these balances, \$750,000 was covered by federal depository insurance and \$4,772,776 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2016, the Board's investment balances were as follows:

The Board had \$525,391 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable.

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

	Due from other funds (Internal Balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ (3,511)	\$ 40,953	\$ -
Other governmental activities	(4,324)	1,804,330	704
Total	<u>\$ (7,835)</u>	<u>\$ 1,845,283</u>	<u>\$ 704</u>
Business-type activities:			
School Food Service	\$ 3,511	\$ 155,909	\$ 410
Child Care Service	1,324	-	-
Total	<u>\$ 4,835</u>	<u>\$ 155,909</u>	<u>\$ 410</u>
Fiduciary activities:			
Scholarship Fund	\$ 3,000	\$ -	\$ -
Total	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>

Due from other governments consists of the following:

Governmental Activities:		
General Fund	\$ 13,628	Fines and Forfeitures from County
General Fund	6,897	Sales tax refund receivable
General Fund	20,428	Various other reimbursements
State Public School Fund	1,415,136	Operating Funds from DPI
State Public School Fund	742	Sales tax refund receivable
Federal Grants Fund	194,172	Federal Grants Fund
Federal Grants Fund	6,797	Sales tax refund receivable
Capital Outlay Fund	50,792	Sales tax refund receivable
Capital Outlay Fund	84,119	Allocations and Sales Tax from County
Individual Schools	11,427	Sales tax refund receivable
Other Restricted Funds	6,699	JROTC
Other Restricted Funds	4,696	Other local governments
Other Restricted Funds	29,750	Sales tax refund receivable
Total	<u>\$ 1,845,283</u>	
Business-type activities:		
School Food Service Fund	\$ 1,482	Sales tax refund receivable
School Food Service Fund	154,427	USDA
Total	<u>\$ 155,909</u>	

4. Capital Assets

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,614,609	\$ -	\$ -	\$ -	\$ 3,614,609
Construction in Process	<u>540,505</u>	<u>4,224,507</u>	<u>-</u>	<u>-</u>	<u>4,765,012</u>
Total capital assets not being depr.	<u>4,155,114</u>	<u>4,224,507</u>	<u>-</u>	<u>-</u>	<u>8,379,621</u>
Capital assets being depreciated:					
Buildings	64,465,359	298,441	-	-	64,763,800
Equipment and furniture	4,766,978	21,360	(75,190)	-	4,713,148
Vehicles	<u>7,780,481</u>	<u>705,170</u>	<u>(4,732)</u>	<u>-</u>	<u>8,480,919</u>
Total capital assets being depreciated	<u>77,012,818</u>	<u>1,024,971</u>	<u>(79,922)</u>	<u>-</u>	<u>77,957,867</u>
Less accumulated depreciation for:					
Capital assets being depreciated	<u>41,984,426</u>	<u>2,329,604</u>	<u>(79,683)</u>	<u>-</u>	<u>44,234,347</u>
Total accumulated depreciation	<u>41,984,426</u>	<u>2,329,604</u>	<u>(79,683)</u>	<u>-</u>	<u>44,234,347</u>
Total capital assets being depreciated, net	<u>35,028,392</u>	<u>\$ (1,304,633)</u>	<u>\$ (239)</u>	<u>\$ -</u>	<u>33,723,520</u>
Governmental activity capital assets, net	<u>\$ 39,183,506</u>				<u>\$ 42,103,141</u>

Depreciation was charged to governmental functions as follows:

Instructional programs	\$ 1,918,560
Supporting services	<u>411,044</u>
Total	<u>\$ 2,329,604</u>

Business-type activities:

School Food Service Fund:					
Capital assets being depreciated:					
Furniture and office equipment	\$ <u>607,020</u>	\$ <u>8,527</u>	\$ <u>(7,152)</u>	\$ <u>608,395</u>	
Total capital assets being depreciated	<u>607,020</u>	<u>8,527</u>	<u>(7,152)</u>	<u>608,395</u>	
Less accumulated depreciation for:					
Capital assets being depreciated	<u>542,443</u>	<u>14,463</u>	<u>(7,152)</u>	<u>549,754</u>	
Total accumulated depreciation	<u>542,443</u>	<u>\$ 14,463</u>	<u>\$ (7,152)</u>	<u>549,754</u>	
Business-type activity capital assets, net	<u>\$ 64,577</u>			<u>\$ 58,641</u>	

Construction Commitments

Columbus County had the following active construction projects as of June 30, 2016.

	<u>Contract</u> <u>Amount</u>	<u>Amount</u> <u>Spent</u>	<u>Remaining</u> <u>Commitment</u>
Old Dock Renovations	\$ <u>4,719,826</u>	\$ <u>3,823,664</u>	\$ <u>896,162</u>
Total Commitments	<u>\$ 4,719,826</u>	<u>\$ 3,823,664</u>	<u>\$ 896,162</u>

B. Liabilities

1. Pension Plan And Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 12 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serves as ex-officio members. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contributions rate for the year ended June 30, 2016, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$2,946,418 for the year ended June 30, 2016.

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

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

At June 30, 2016, the Board reported a liability of \$9,372,733 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2015 and at June 30, 2014, the Board's proportion was .0023% and .0022%, respectively.

For the year ended June 30, 2016, the Board recognized pension expense of \$792,367. At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 947,209
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	902,567
Changes in proportion and differences between Board contributions and proportionate share of contributions	346,166	330,731
Board contributions subsequent to the measurement date	<u>2,946,418</u>	-
Total	<u>\$ 3,292,584</u>	<u>\$ 2,180,507</u>

\$2,946,418 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (1,107,370)
2018	(1,107,370)
2019	(1,048,245)
2020	1,428,639
2021	-
Thereafter	-
	<u>\$ (1,834,346)</u>

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

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

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
<i>Total</i>	100.0%	

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

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 25,073,284	\$ 8,330,759	\$ (5,877,205)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Post-employment Benefits

1. Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the 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 basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2016, 2015, and 2014 the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$1,803,258, \$1,789,827, and \$1,645,986, respectively. These contributions represented 5.60%, 5.49%, and 5.40% of covered payroll, respectively.

2. Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit 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 or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for 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 employees must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

The monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, 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 for 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 benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$132,024, \$133,667, and \$134,117, respectively. These contributions represented .41%, .41%, and .44% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as June 30, 2016, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>
Governmental Activities:			
General	\$ 93,242	\$ 314,005	\$ -
Other Governmental	278,226	1,684,486	-
Total governmental activities	<u>\$ 371,468</u>	<u>\$ 1,998,491</u>	<u>\$ -</u>
Business-type Activities			
School Food Service	\$ 2,712	\$ 96,738	\$ -
Total business-type activities	<u>\$ 2,712</u>	<u>\$ 96,738</u>	<u>\$ -</u>

3. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at year-end is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sales tax refunds receivable (special revenue funds)	\$ -	\$ 26,422
Change in proportion and difference between employer contributions and proportionate share of contributions	346,166	330,731
Contributions subsequent to the measurement date	2,946,418	
Difference between project and actual earnings on plan investments	-	947,209
Difference between expected and actual experience	-	902,567
Totals	<u>\$ 3,292,584</u>	<u>\$ 2,206,929</u>

4. 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 and errors and omissions coverage of \$1 million per claim. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. 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 for errors and omissions and general liability coverage. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Excess reinsurance is purchased through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake. The Board does not have a separate flood insurance policy, as their properties are not located in areas susceptible to flooding.

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. In addition, employees had the option of receiving health care benefits through one of the health maintenance organizations (HMOs) offering coverage to teachers and State employees. Effective October 1, 2001, HMOs were no longer offered to Board employees. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

5. Contingent Liabilities

At June 30, 2016, 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.

6. Long-Term Obligations

a. Capital Leases

As authorized in State law [G.S.115C-47(28a)], the Board entered into a lease agreement to finance energy conservation measures that will reduce its operating costs. The leasing arrangements for the energy conservation measures were made for quarterly payments over twelve years. At the conclusion of the lease, ownership is transferred to the Board. The lease agreement qualifies as a capital lease for accounting purposes; therefore, the obligations have been recorded at the present value of the future minimum lease payments as of the date of inception.

As authorized in State law [G.S. 115C-528(a)], the Board entered into a lease agreement to lease the Waterford software program. The leasing arrangements for the software were made for four annual payments. At the conclusion of the lease, ownership is transferred to the Board. The lease agreement qualifies as a capital lease for accounting purposes; therefore, the obligations have been recorded at the present value of the future minimum lease payments as of the date of inception.

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

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Guaranteed energy savings contract	\$ 1,997,627	\$ 1,243,957	\$ 753,670
Waterford software contract	846,064	676,850	169,214
Total Leased Assets	<u>\$ 2,843,691</u>	<u>\$ 1,920,807</u>	<u>\$ 922,884</u>

There were no remaining payments on the lease due at June 30, 2016.

b. Operating Leases

The Board entered into several individual contracts with Lenovo to lease Chromebooks. Required payments are \$216,064 per year for three years. The first payment was made during the year ended June 30, 2016, so there are two remaining payments.

c. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). The State has accepted the bid to purchase buses through a special third party financing arrangement by BANC of America Public Capital Corp. In February 2016, the board entered into an installment purchase contract to finance the purchase of five school buses. The financing contract requires only principal payments of \$104,623 due at the beginning of each contract year.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). The Board has financed the purchase of three activity buses with Daimler Truck Financial in the amount of \$172,296. The financing contract requires payments of \$58,679, with the first payment due at the time of purchase, and subsequent payments due on or before November 6 each year for two years. At June 30, 2016, the remaining balance was \$113,617.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). The Board has financed the purchase of one activity buses with Daimler Truck Financial in the amount of \$90,115. The financing contract requires payments of \$30,804, with payments due on or before November 6 each year for three years. At June 30, 2016, the remaining balance was \$59,311.

The future minimum payments of the installment purchases as of June 30, 2016 are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2017	\$ 190,359	\$ 3,746
2018	191,815	2,290
2019	104,623	-
Total	<u>\$ 486,797</u>	<u>\$ 6,036</u>

d. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2016:

Governmental activities:	Balance	Increases	Decreases	Balance	Current Portion
	July 01, 2015			June 30, 2015	
Capitalized leases	\$ 120,523	\$ -	\$ 120,523	\$ -	\$ -
Installment purchases	-	680,901	194,104	486,797	190,359
Net pension liability	2,486,306	5,520,065	-	8,006,371	-
Compensated absences	<u>3,347,044</u>	<u>-</u>	<u>146,961</u>	<u>3,200,083</u>	<u>-</u>
Total	<u>\$ 5,953,873</u>	<u>\$ 6,200,966</u>	<u>\$ 461,588</u>	<u>\$ 11,693,251</u>	<u>\$ 190,359</u>
Business-type activities:					
Net pension liability	\$ 95,480	\$ 228,908	\$ -	\$ 324,388	\$ -
Compensated absences	<u>158,550</u>	<u>-</u>	<u>1,139</u>	<u>157,411</u>	<u>-</u>
Total	<u>\$ 254,030</u>	<u>\$ 228,908</u>	<u>\$ 1,139</u>	<u>\$ 481,799</u>	<u>\$ -</u>

Compensated absences are typically liquidated by the general and other governmental funds and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activity

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

	Amount
From the General Fund to the School Food Service Fund for adult meal cost required to be reimbursed	\$ 3,511
From the Other Restricted Fund to the State Fund for sales tax refund reimbursements not made for previous years	721
From the Other Restricted Fund to the Federal Grant Fund for sales tax refund reimbursements not made for previous years	18,161
From the Other Restricted Fund to the Scholarship Fund for scholarship funds posted to the wrong account	3,000
From the Individual School Fund (Hallsboro) to the Child Care Service Fund for FY 2016 receipts not yet transferred to the Child Care Service Fund	1,324
From the Capital Outlay Fund to the Individual School Funds (South Columbus) for proceeds from the sale of the ag house	<u>34,411</u>
Total interfund balances	<u>\$ 61,128</u>

D. Fund Balance

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

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

Total fund balance - General Fund	\$ 140,057
Less:	
Inventories	-
Stabilization by State Statute	48,186
Appropriated Fund Balance in 2017 Budget	-
Remaining Fund Balance	\$ 91,871

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Federal Grants Fund</u>	<u>Capital Outlay</u>	<u>Other Restricted Funds</u>
Encumbrances	\$ 7,233	\$ -	\$ 39,256	\$ 179,095	\$ -

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

Fines, Forfeitures and Supplemental School Tax

Based on the following data, the Board has estimated its additional liability for next year to be \$802.68 per student enrolled in a charter day school. For the fiscal year ended June 30, 2016, the average number of students enrolled in charter schools throughout the state was 602.

Total County Appropriation Revenue 2015-2016	\$ 5,184,334
Total Fines and Forfeitures Revenue 2015-2016	<u>151,107</u>
Total Revenue	<u>\$ 5,335,441</u>
Total ADM for 2015-2016	6,647
Total per-pupil revenue	\$ 802.68

For the year ended June 30, 2016, Columbus County Schools remitted \$813.59 per student to the Charter Schools. The total for fines and forfeitures was less at year-end than what was estimated in the beginning figures. This lower rate for fines and forfeitures is used in the calculation of per pupil amounts for the subsequent year, so no adjustment should be needed. All invoices were paid through June, so there should not be an additional liability for charter school obligations.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Columbus County Board of Education
Schedules of Required Supplementary Information
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' and State Employees' Retirement System
Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's proportionate share of the net pension liability (asset)	0.226%	0.220%	0.231%
Board's proportionate share of the net pension liability (asset)	\$ 8,330,759	\$ 2,581,788	\$ 2,648,801
Board's covered-employee payroll	\$ 32,601,590	\$ 30,481,216	\$ 32,047,567
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.55%	8.47%	8.27%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

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

**Columbus County Board of Education
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,946,418	\$ 2,983,045	\$ 2,648,801
Contributions in relation to the contractually required contribution	<u>2,946,418</u>	<u>2,983,045</u>	<u>2,648,801</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 32,201,029	\$ 32,601,590	\$ 30,481,216
Contributions as a percentage of covered-employee payroll	9.15%	9.15%	8.69%

**Combining and Individual Fund
Statements and Schedules**

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

Exhibit B-1

	2016		Positive (Negative) Variance
	Budget	Actual	
REVENUES			
State of North Carolina			
Other	\$ -	\$ 6,897	\$ 6,897
Total	<u>-</u>	<u>6,897</u>	<u>6,897</u>
Columbus County	<u>5,184,334</u>	<u>5,184,334</u>	<u>-</u>
Other:			
Fines and forfeitures	176,200	151,107	(25,093)
Miscellaneous local operating revenues	32,500	-	(32,500)
Total	<u>208,700</u>	<u>151,107</u>	<u>(57,593)</u>
Total revenues	<u>5,393,034</u>	<u>5,342,338</u>	<u>(50,696)</u>
EXPENDITURES			
Instructional services:			
Regular Instructional services:			
Regular curricular services		506,023	
CTE curricular services		803	
Total	<u>519,632</u>	<u>506,826</u>	<u>12,806</u>
Special Populations services:			
Children with Disabilities		1,507	
Total	<u>1,507</u>	<u>1,507</u>	<u>-</u>
Alternative programs and services:			
Attendance and Social Work services		4,664	
Total	<u>6,346</u>	<u>4,664</u>	<u>1,682</u>
School leadership services	<u>132,159</u>	<u>132,066</u>	<u>93</u>
Co-curricular services	<u>319,768</u>	<u>316,771</u>	<u>2,997</u>
School-based support services:			
Educational Media services		7,513	
Guidance services		-	
Health services		3,674	
Total	<u>14,762</u>	<u>11,187</u>	<u>3,575</u>
Total instructional services	<u>994,174</u>	<u>973,021</u>	<u>21,153</u>

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

Exhibit B-1

	2016		Positive (Negative) Variance
	Budget	Actual	
System-wide support services:			
Support and development services:			
Regular curricular support and development services		39,731	
CTE curricular support and development		3,936	
Total	68,439	43,667	24,772
Special population support and development	5,057	5,057	-
Technology support	12,504	12,101	403
Operational support services:			
Communication services		514,938	
Public Utility and Energy services		1,594,477	
Custodial / Housekeeping services		397,619	
Warehouse and delivery		307,085	
Maintenance services		1,189,734	
Total	4,062,452	4,003,853	58,599
Financial and human resource services:			
Financial services		57,885	
Human resource services		8,040	
Total	85,562	65,925	19,637
Accountability	1,635	1,635	-
Policy, leadership and public relations			
Board of education		471,878	
Legal services		36,085	
Audit services		24,500	
Leadership services		41,766	
Total	585,350	574,229	11,121
Total supporting services	4,820,999	4,706,467	114,532

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

Exhibit B-1

	2016		Positive (Negative) Variance
	Budget	Actual	
Ancillary services	2,182	5,693	(3,511)
Nonprogram charges			
Payments to charter schools	486,348	485,925	423
Total	486,348	485,925	423
Total expenditures	6,303,703	6,171,106	132,597
Excess of revenues over (under) expenditures	(910,669)	(828,768)	81,901
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Fund balance appropriated	910,669	-	(910,669)
Total other financing sources and (uses)	910,669	-	(910,669)
NET CHANGE IN FUND BALANCE	\$ -	(828,768)	\$ (828,768)
Fund Balance, beginning		968,825	
Fund Balance, ending		<u>\$ 140,057</u>	

**Columbus County Board of Education
State Public School Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

Exhibit B-2

	2016		Positive (Negative) Variance
	Budget	Actual	
REVENUES			
State of North Carolina	\$ 39,404,234	\$ 38,924,932	\$ (479,302)
EXPENDITURES			
Instructional services:			
Regular instructional services:			
Regular curricular services		19,429,184	
CTE curricular services		2,332,638	
Total	21,981,406	21,761,822	219,584
Special Populations			
Children with Disabilities curricular services		3,077,613	
Special populations CTE curricular services		57,726	
Pre-K Children with Disabilities		467,216	
Speech and Language services		109,262	
Audiology services		5,596	
AIG Curricular services		332,022	
Limited English Proficiency services		193,089	
Total	4,265,143	4,242,524	22,619
Alternative programs and services:			
Alternative Instructional services K-12		333,455	
Attendance and Social Work		274,193	
Remedial and Supplemental		421,476	
Total	1,391,592	1,209,749	181,843
School leadership services	2,880,106	2,903,564	(23,458)
School-based support services:			
Educational media services		959,186	
Student Accounting		257,865	
Guidance Services		923,374	
Health Support services		232,724	
Safety and Security support services		490,685	
Instructional Technology		82,164	
Parent Involvement Services		0	
Total	3,011,271	2,945,998	65,273
System-wide support services			
Support and development services:			
Regular curricular support and development		205,496	
CTE curricular support and development		128,167	
Total	333,663	333,663	-
Special population support and development services	172,217	172,215	2
Technology support services	228,012	227,962	50
Operational support services:			
Custodial / Housekeeping services		1,603,220	
Warehouse and delivery services		2,454,481	
Maintenance		59,859	
Total	4,130,948	4,117,560	13,388
Financial and human resource services	376,005	376,005	-
Accountability services	89,252	89,252	-
Policy, leadership and public relations services			
Leadership services		498,402	
Total	498,402	498,402	-
Ancillary services	46,217	46,216	1
Nonprogram charges	-	-	-
Total Expenditures	39,404,234	38,924,932	479,302
Net Change in Fund Balance	\$ -	-	\$ -
Fund balances - beginning			-
Fund balances - ending		\$ -	

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

Exhibit B-3

	2016		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Public school capital fund - lottery	\$ -	\$ -	\$ -
State appropriations - buses	423,378	104,622	(318,756)
Total State of North Carolina	423,378	104,622	(318,756)
Columbus County:			
County appropriation	1,750,000	1,747,394	(2,606)
Local government sales tax	1,045,725	874,286	(171,439)
Appropriations from County issued Installment purchase - QSCB	-	-	-
Total Columbus County	2,795,725	2,621,680	(174,045)
Interest earned on investments	8,599	8,599	-
Contributions and Donations	-	-	-
Miscellaneous local operating revenues	48,157	95	(48,062)
Sale of Property	57,225	6,911	(50,314)
Insurance settlement on school property	3,019,651	3,019,651	-
Total revenues	6,352,735	5,761,558	(591,177)
EXPENDITURES			
Capital outlay:			
Buildings and real property	5,123,867	4,917,399	206,468
Furnishings and equipment	556,265	590,889	(34,624)
School buses and other vehicles	356,124	715,793	(359,669)
Debt service:			
Principal payments	314,627	314,627	-
Interest and other charges	1,852	1,852	-
Total expenditures	6,352,735	6,540,560	(187,825)
Excess of revenues over (under) expenditures	-	(779,002)	(779,002)
OTHER FINANCING SOURCES (USES)			
Installment purchase obligations issued	-	680,901	680,901
Transfers from other funds	-	-	-
Fund balance appropriated	-	-	-
Total other financing sources and (uses)	-	680,901	680,901
NET CHANGE IN FUND BALANCE	\$ -	(98,101)	\$ (98,101)
Fund Balance, Beginning		2,768,609	
Fund Balance, Ending		<u>\$ 2,670,508</u>	

**Columbus County Board of Education
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Federal Grant Fund	Other Restricted Funds	Individual Schools	
ASSETS				
Cash and cash equivalents	\$ -	\$ 437,404	\$ 847,261	\$ 1,284,665
Due from other governments	200,969	41,145	11,427	253,541
Accounts receivable	-	-	-	-
Due from other funds	18,161	-	34,411	52,572
Total assets	<u>\$ 219,130</u>	<u>\$ 478,549</u>	<u>\$ 893,099</u>	<u>\$ 1,590,778</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 23,508	\$ 14,928	\$ 38,436
Due to other funds	-	21,882	1,324	23,206
Accrued salaries and benefits	194,172	75,179	-	269,351
Total liabilities	<u>\$ 194,172</u>	<u>\$ 120,569</u>	<u>\$ 16,252</u>	<u>\$ 330,993</u>
Deferred Inflows of Resources	<u>\$ 24,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,959</u>
Fund balances:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted:				
Individual Schools	-	-	876,847	876,847
Committed:				
Other Restricted Funds	-	357,980	-	357,980
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>357,980</u>	<u>876,847</u>	<u>1,234,827</u>
Total liabilities and fund balances	<u>\$ 219,131</u>	<u>\$ 478,549</u>	<u>\$ 893,099</u>	<u>\$ 1,590,779</u>

Columbus County Board of Education
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Federal Grant Fund	Other Restricted Fund	Individual Schools	
REVENUES				
State of North Carolina	\$ -	\$ 2,187,032	\$ -	\$ 2,187,032
U.S. Government	5,929,577	207,096	-	6,136,673
Columbus County	-	-	-	-
Other	-	234,563	2,120,355	2,354,918
Total Revenues	<u>5,929,577</u>	<u>2,628,691</u>	<u>2,120,355</u>	<u>10,678,623</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular Instructional	524,143	312,434	-	836,577
Special Populations	1,103,025	5,757	-	1,108,782
Alternative Programs	3,123,353	2,130,566	-	5,253,919
School Leadership	-	-	-	-
Co-Curricular	-	-	2,025,489	2,025,489
School-Based Support	595,680	302,547	-	898,227
System-wide support services:				
Support and Development	81,245	4,138	-	85,383
Special Populations Support and Development	132,994	-	-	132,994
Alternative programs and Services Support	272,562	-	-	272,562
Technology Support	36,331	-	-	36,331
Operational Support	16,794	884	-	17,678
Financial and Human Resources Accountability	-	-	-	-
System-Wide Pupil Support Policy, Leadership, and Public Relations	-	535	-	535
Ancillary services	-	530	-	530
Non-Program Charges	43,450	-	-	43,450
Total Expenditures	<u>5,929,577</u>	<u>2,757,391</u>	<u>2,025,489</u>	<u>10,712,457</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(128,700)</u>	<u>94,866</u>	<u>(33,834)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	-	-	-
Installment purchase obligations issued	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(128,700)	94,866	(33,834)
Fund balances - beginning	-	486,680	781,981	1,268,661
Fund balances - ending	<u>\$ -</u>	<u>\$ 357,980</u>	<u>\$ 876,847</u>	<u>\$ 1,234,827</u>

**Columbus County Board of Education
Federal Grant Fund
Schedule of Revenues, Expenditures and
Change in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016**

Exhibit C-3

	2016		Positive (Negative) Variance
	Budget	Actual	
REVENUES			
U.S. Government	\$ 6,637,379	\$ 5,929,577	\$ (707,802)
EXPENDITURES			
Instructional services			
Regular instructional services:			
Regular curricular services		418,475	
CTE curricular services		105,668	
Total	527,730	524,143	3,587
Special Populations services:			
Children with Disabilities		736,847	
Special Populations		58	
Pre-K Children with Disabilities		79,365	
Speech and Language		267,914	
Audiology		0	
Limited English Proficiency		18,841	
Total	1,524,216	1,103,025	421,191
Alternative programs and services:			
Attendance and Social Work		-	
Remedial and Supplemental K-12		3,122,900	
Extended day / year instruction		453	
Total	3,225,081	3,123,353	101,728
School-based support services:			
Educational media		62,139	
Health Support Services		350,888	
Instructional Technology		145,620	
Parent Involvement		37,033	
Total	661,252	595,680	65,572
System-wide support services			
Support and development services:			
Regular curricular support and development services		81,245	
Total	81,245	81,245	-
Special population support and development services	154,658	132,994	21,664
Alternative programs and services support and development services	299,014	272,562	26,452
Technology support services	59,260	36,331	22,929
Operational support services:			
Warehouse and delivery services		16,794	
Total	17,996	16,794	1,202
Financial and human resource services:			
Financial services		-	
Human resource services		-	
Total	-	-	-
Ancillary services	36,774	-	36,774
Non-programmed charges	50,153	43,450	6,703
Total Expenditures	6,637,379	5,929,577	707,802
Net Change in Fund Balance	\$ -	-	\$ -
Fund balances - beginning		-	
Fund balances - ending		\$ -	

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

Exhibit C-4

	2016		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
State of North Carolina			
School Nurse Funding	\$ 250,000	\$ 250,000	\$ -
NC Pre-K Program	1,676,131	1,676,131	-
JCPC	47,405	47,405	-
NIJ Grant	283,112	176,922	-
Other	24,719	36,574	11,855
Total	<u>2,281,367</u>	<u>2,187,032</u>	<u>11,855</u>
U.S. Government			
Early Reading First	-	-	-
JROTC	125,256	131,955	6,699
Indian Education	75,141	75,141	-
Total	<u>200,397</u>	<u>207,096</u>	<u>6,699</u>
Other			
Tuition and fees	17,640	19,619	1,979
ABC Funds	28,962	33,313	4,351
Contributions and Donations	12,816	10,302	(2,514)
Arts Grants	31,200	31,200	-
UNCW Grant	-	-	-
Youth Violence	25,000	25,000	-
Indirect cost	43,450	43,450	-
Miscellaneous local operating revenues	76,831	71,679	(5,152)
Total	<u>235,899</u>	<u>234,563</u>	<u>(1,336)</u>
Total revenues	<u>2,717,663</u>	<u>2,628,691</u>	<u>17,218</u>
EXPENDITURES			
Instructional services:			
Regular instructional services			
Regular curricular services		312,434	
CTE curricular services		-	
Total	<u>365,523</u>	<u>312,434</u>	<u>53,089</u>

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

Exhibit C-4

	2016		Variance Positive (Negative)
	Budget	Actual	
Special Populations services:			
Special populations CTE curricular services		2,829	
AIG Curricular services		2,928	
Total	7,932	5,757	2,175
Alternative Programs and services:			
Attendance and Social Work		286,584	
Pre-K Readiness		1,843,982	
Total	2,207,511	2,130,566	76,945
School leadership services	-	-	-
School-based support services:			
Educational Media services		2,561	
Guidance services		55,637	
Health services		244,349	
Total	317,686	302,547	15,139
Total instructional programs	2,898,652	2,751,304	147,348
System-wide support services:			
Support and development			
Regular		4,138	
CTE		-	
Total	15,292	4,138	11,154
Operational support services:			
Transportation services		884	
Total	917	884	33
Policy, leadership and public relations			
Board of education		535	
Total	900	535	365
Total supporting services	17,109	5,557	11,552
Ancillary services	530	530	-
Nonprogram charges			
Payments to other governmental units		-	
Total	-	-	-
Total expenditures	2,916,291	2,757,391	158,900
Excess of revenues over (under) expenditures	(198,628)	(128,700)	176,118

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

Exhibit C-4

	<u>2016</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Fund balance appropriated	<u>198,628</u>	<u>-</u>	<u>(198,628)</u>
Total other financing sources and (uses)	<u>198,628</u>	<u>-</u>	<u>(198,628)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>(128,700)</u></u>	<u><u>\$ (22,510)</u></u>
Fund Balance, Beginning		<u>486,680</u>	
Fund Balance, Ending		<u><u>\$ 357,980</u></u>	

Combining Balance Sheet and Statement of Revenues,
Expenditures, and Changes in Fund Balance – Individual
Schools

Columbus County Board of Education
Combining Balance Sheet
Individual Schools
June 30, 2016

Exhibit C-5

	Cash and Investments	Accounts Receivable	Due from Other Funds	Total Assets	Accounts Payable	Due to Other Funds	Fund Balance	Total Liabilities & Fund Balance
Acme-Delco Elementary	\$ 14,409	\$ 103	\$ -	\$ 14,512	\$ -	\$ -	\$ 14,512	\$ 14,512
Acme-Delco Middle	38,891	263	-	39,154	354	-	38,800	39,154
Cerro Gordo Elementary	8,731	645	-	9,376	-	-	9,376	9,376
Chadborn Elementary	12,798	168	-	12,966	-	-	12,966	12,966
Chadborn Middle	5,222	274	-	5,496	-	-	5,496	5,496
CCCA - Fair Bluff	24,883	185	-	25,068	-	-	25,068	25,068
East Columbus High	55,123	1,497	-	56,620	826	-	55,794	56,620
Evergreen Elementary	5,696	142	-	5,838	-	-	5,838	5,838
Guideway Elementary	13,316	167	-	13,483	217	-	13,266	13,483
Hallsboro/Artesia Elementary	1,027	784	-	1,811	-	1,324	487	1,811
Hallsboro Middle	59,481	709	-	60,190	581	-	59,609	60,190
Old Dock Elementary	119,854	366	-	120,220	-	-	120,220	120,220
South Columbus High	155,428	2,740	34,411	192,579	8,241	-	184,338	192,579
Tabor City Elementary	39,142	35	-	39,177	-	-	39,177	39,177
Tabor City Middle	30,569	154	-	30,723	-	-	30,723	30,723
West Columbus High	171,950	1,963	-	173,913	4,707	-	169,206	173,913
Williams Township	8,285	491	-	8,776	-	-	8,776	8,776
Nakina Middle School	59,783	661	-	60,444	-	-	60,444	60,444
SE Early College	22,672	79	-	22,751	-	-	22,751	22,751
Total	\$ 847,260	\$ 11,426	\$ 34,411	\$ 893,097	\$ 14,926	\$ 1,324	\$ 876,847	\$ 893,097

Columbus County Board of Education
Combining Statement of Revenues, Expenditures And
Changes in Fund Balance -- Individual Schools
For the Fiscal Year Ended June 30, 2016

Exhibit C-6

	<u>Revenues</u>	<u>Transfers and Expenditures</u>	<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>Fund Balance June 30, 2016</u>
Acme-Delco Elementary	\$ 41,463	\$ 49,817	\$ (8,354)	\$ 14,512
Acme-Delco Middle	33,525	36,269	(2,744)	38,800
Cerro Gordo Elementary	85,257	84,657	600	9,376
Chadbourn Elementary	21,988	23,376	(1,388)	12,966
Chadbourn Middle	48,736	50,765	(2,029)	5,496
CCCA - Fair Bluff	39,018	42,021	(3,003)	25,068
East Columbus High	269,109	254,853	14,256	55,794
Evergreen Elementary	37,414	40,124	(2,710)	5,838
Guideway Elementary	30,450	31,030	(580)	13,266
Hallsboro/Artesia Elementary	76,936	79,817	(2,881)	487
Hallsboro Middle	97,517	97,087	430	59,609
Old Dock Elementary	98,756	73,072	25,684	120,220
South Columbus High	474,743	462,450	12,293	184,338
Tabor City Elementary	98,515	106,038	(7,523)	39,177
Tabor City Middle	43,040	47,573	(4,533)	30,723
West Columbus High	318,239	254,117	64,122	169,206
Williams Township	170,357	169,975	382	8,776
Nakina Middle	113,306	103,391	9,915	60,444
SE Early College	21,986	19,057	2,929	22,751
Total	<u><u>\$ 2,120,355</u></u>	<u><u>\$ 2,025,489</u></u>	<u><u>\$ 94,866</u></u>	<u><u>\$ 876,847</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the government's council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government's council has decided that the periodic determination of net income is appropriate for accountability purposes.

School Food Service Fund -- This fund is used to account for the food service program within the school system.

Child Care Service Fund -- This fund provides after school care to students within the school system.

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

Exhibit D-1

	2016		Positive (Negative) Variance
	Budget	Actual	
OPERATING REVENUES:			
Food sales	\$ 677,417	\$ 406,103	\$ (271,314)
Miscellaneous local revenues	48,424	3,080	(45,344)
Total operating revenues	<u>725,841</u>	<u>409,183</u>	<u>(316,658)</u>
OPERATING EXPENDITURES:			
Business support services:			
Purchase of food		1,748,897	
Donated commodities		215,492	
Salaries and benefits		2,182,996	
Indirect cost		302,695	
Materials and supplies		179,966	
Repairs and maintenance		23,133	
Contracted services		27,406	
Other		34,285	
Total business support services	<u>5,183,444</u>	<u>4,714,870</u>	<u>468,574</u>
Capital outlay	<u>20,000</u>	<u>8,527</u>	<u>11,473</u>
Total operating expenditures	<u>5,203,444</u>	<u>4,723,397</u>	<u>480,047</u>
Operating income (loss)	(4,477,603)	(4,314,214)	163,389
NON-OPERATING REVENUES:			
Federal reimbursements	3,838,315	3,864,136	25,821
Federal commodities used	233,288	232,560	(728)
Investment earnings	1,000	63	(937)
Indirect cost not paid	305,000	302,695	(2,305)
State grants	-	-	-
Disposition of School Assets	-	-	-
Total operating revenues (expenditures)	<u>4,377,603</u>	<u>4,399,454</u>	<u>21,851</u>
Excess of revenues over (under) expenditures before other financing sources	(100,000)	85,240	185,240
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Fund balance appropriated	100,000	-	(100,000)
Total other financing sources and (uses)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>85,240</u>	<u>\$ 85,240</u>
Reconciliation from modified accrual to full accrual basis:			
Excess of revenue and other sources over expenditures:			
Reconciling items:			
Depreciation		(14,463)	
Contributions to the pension plan in current fiscal year		99,452	
Capital Outlay		8,527	
Pension expense		(30,854)	
Total Reconciling Items		<u>62,662</u>	
Change in net position (full accrual)		<u>\$ 147,902</u>	

Columbus County Board of Education
Enterprise Fund - Nonmajor
Combining Balance Sheet
For the Year Ended June 30, 2016

	<u>Nonmajor</u>	
	<u>Child Care</u>	<u>Total</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ -
Due from other funds	1,324	1,324
Total Current Assets	<u>1,324</u>	<u>1,324</u>
Capital Assets		
Equipment	-	-
Less Accumulated Depreciation	-	-
Net Capital Assets	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,324</u>	<u>\$ 1,324</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ -	\$ -
Due to other funds	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>
Non-current liabilities:		
Compensated Absences	-	-
Total Non-current liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Position		
Net investment in capital assets	-	-
Restricted	-	-
Unrestricted	1,324	1,324
Total Net Position	<u>\$ 1,324</u>	<u>\$ 1,324</u>

Columbus County Board of Education
Enterprise Fund - Nonmajor
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Non-Major Fund	
	<u>Child Care</u>	<u>Total</u>
OPERATING REVENUES		
Participant Fees	\$ 19,946	\$ 19,946
Total Operating Revenues	<u>19,946</u>	<u>19,946</u>
OPERATING EXPENSES		
Benefits	18,309	18,309
Services	-	-
Materials	313	313
Food Purchases	-	-
Other Expenses	-	-
Total Operating Expenses	<u>18,622</u>	<u>18,622</u>
OPERATING INCOME (LOSS)	1,324	1,324
NON-OPERATING REVENUES		
Other Revenue	-	-
Interest Revenue	-	-
Total Non-Operating Revenues	<u>-</u>	<u>-</u>
Change in net position	<u>1,324</u>	<u>1,324</u>
Total net position, beginning	<u>-</u>	<u>-</u>
Total net position, ending	<u>\$ 1,324</u>	<u>\$ 1,324</u>

Columbus County Board of Education
Enterprise Funds - Nonmajor
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

	<u>Non-major Fund</u>	
	<u>Child Care</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Participants	\$ 19,946	\$ 19,946
Cash Paid to Employees	(18,309)	(18,309)
Cash Paid to Suppliers	(313)	(313)
Net Cash Provided (Used) by Operating Activities	<u>1,324</u>	<u>1,324</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING		
Due to / from	(1,324)	(1,324)
Other Operating Revenues	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>(1,324)</u>	<u>(1,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ 1,324</u>	<u>\$ 1,324</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities		
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	-	-
Increase/(Decrease) in Salaries Payable	-	-
Increase/(Decrease) in Accounts Payable	-	-
Increase/(Decrease) in Compensated Absences	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Net Cash Provided (Used) in Operating Activities	<u>\$ 1,324</u>	<u>\$ 1,324</u>

Columbus County Board of Education
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Child Care Fund (Non-GAAP)
For the Year Ended June 30, 2016

	<u>2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
OPERATING REVENUES:			
After School Care Fees	\$ 18,309	\$ 19,946	\$ (1,637)
Total operating revenues	<u>18,309</u>	<u>19,946</u>	<u>(1,637)</u>
OPERATING EXPENDITURES:			
Salaries and Benefits	18,309	18,309	-
Contract Services	-	-	-
Supplies and Materials	-	313	(313)
Food Purchases	-	-	-
Other Expenses	-	-	-
Total operating expenditures	<u>18,309</u>	<u>18,622</u>	<u>(313)</u>
Operating income (loss)	-	1,324	(1,324)
NON-OPERATING REVENUES:			
Interest	-	-	-
Other revenue	-	-	-
Total Non-operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	1,324	<u>\$ (1,324)</u>
Reconciliation of modified accrual to full accrual basis:			
Excess of revenue and other sources over expenditures:			
Reconciling items:			
Depreciation		-	
Capital Outlay		-	
Total Reconciling Items		<u>-</u>	
Change in net position (full accrual)		<u>\$ 1,324</u>	

COMPLIANCE SECTION



**Report On Internal Control over Financial Reporting And On Compliance and Other
Matters Based On An Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbus County Board of Education as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Columbus County Board of Education's basic financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies [2016-01].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Education's Response to Findings

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

Purpose of this Report

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2016



Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Columbus County Board of Education's, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Columbus County Board of Education's major federal programs for the year ended June 30, 2016. The Columbus County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-02 and 2016-03. Our opinion on each major federal program is not modified with respect to these matters.

The Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-02 and 2016-03 that we consider to be significant deficiencies.

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

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2016



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

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on Compliance for Each Major State Program

We have audited the Columbus County Board of Education's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Columbus County Board of Education's major state programs for the year ended June 30, 2016. The Columbus County Board of Education's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Columbus County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we 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 Columbus County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 24, 2016

**Columbus County Board of Education
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2016**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant Deficiency(s) identified
that are not considered to be
material weaknesses _____ X _____ yes _____ none reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant Deficiency(s) identified
that are not considered to be
material weaknesses _____ X _____ yes _____ none reported

Noncompliance material to federal awards noted _____ yes X no

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

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

Identification of major federal programs:

CFDA Numbers Names of Federal Program or Cluster

	Child Nutrition Cluster	
10.553	School Breakfast Program	
10.555	National School Lunch Program	
10.555	Seamless Summer Program	
84.367	Improving Teacher Quality State Grants	

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

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

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

Auditee qualified as low-risk auditee _____ yes _____ X _____ no

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ yes _____ X _____ no

Significant Deficiency(s) identified that are not considered
to be material weaknesses _____ yes _____ X _____ none reported

Noncompliance material to State awards _____ yes _____ X _____ no

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

Any audit findings disclosed that are required to be reported in accordance
with State Single Audit Implementation Act _____ yes _____ X _____ no

Identification of major State programs:

Program Name

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

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section II. Financial Statement Findings

Finding 2016-01

SIGNIFICANT DEFICIENCY

Budgetary Violations

- Criteria: G.S. 115C-441 states that no obligation may be incurred by a local school administrative unit unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.
- Condition: During the fiscal year ended June 30, 2016, the Board reported expenditures that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance.
- Effect: Moneys were spent that had not been appropriated.
- Cause: Transaction obligations were incurred while insufficient, unencumbered budget balance remained to cover the obligations. This violation was as a result of an oversight to budget for the bus leases in the year that it was incurred.
- Recommendation: Budget ordinances should be adopted or amended as necessary to include an appropriation to include amounts sufficient to cover transaction obligations when the obligations are incurred.

Views of responsible officials and planned corrective actions:
The Board agrees with this finding.

Section III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture and U.S. Department of Education
Program Names: Child Nutrition Cluster: School Breakfast Program, National School Lunch Program
CFDA #'s: 10.553, 10.555

Finding 2016-02

SIGNIFICANT DEFICIENCY

Adult Meal Pricing

- Criteria: The price of an adult meal should cover the cost to produce the meal.
- Condition: Columbus County Schools currently charge \$3.30 per meal. It actually costs the schools \$3.53 per meal to produce the meal. LEA's are responsible for repaying the Child Nutrition Program for the difference.
- Effect: The Board did not refund the Child Nutrition Program for the excess of cost over what the adult's paid for their meals. An entry was proposed at year end to record the amount owed back to the Nutrition program.
- Cause: The Board uses an a la carte system as well as the meal price. The rate was not reviewed as it should have been.

Questioned Costs: \$3,511

This is the difference between the actual cost to prepare the meals of \$3.53 and the amount charged to adults for the meals of \$3.30 for 11,327 meals.

Recommendation: The board should increase the price charged for adult meals to cover the cost to produce the meal or offer only a-la-carte pricing only for the items they purchase.

Views of responsible officials and planned corrective actions:
The Board agrees with this finding. The program director will review the current price for adult meals and recommend changes to the Board as considered appropriate.

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section III. Federal Award Findings and Questioned Costs (continued)

Cross-Cutting Requirements
Program Name: Title 1
CFDA #'s: 84.010

Finding 2016-03

SIGNIFICANT DEFICIENCY
Purchase of Real Property

Criteria:

Per the Crosscutting Compliance supplement for Federal Programs, the Board should receive prior approval from DPI before purchasing equipment costing \$5,000 or more.

Condition:

The Board did not receive prior approval from DPI before purchasing a Learn on Demand Poster Maker with Title 1 funds.

Effect:

The Board purchased equipment that was not properly approved by DPI.

Cause:

The program director did not think that he was required to obtain approval because the base price was less than \$5,000. However, extra feature were added that increased the cost above the \$5,000 threshold.

Questioned Costs: \$6,501

This is the total cost of the equipment purchased without proper approval.

Recommendation:

The program director should make sure that the Board is following all program requirements before making equipment purchases over \$5,000.

Views of responsible officials and planned corrective actions:

The Board agrees with this finding. The program director will make sure that this requirement is addressed in future purchases.

****NOTE ON THIS FINDING:** Title I was not required to be tested as a major program this year. However, we tested the requirement for all federal programs per the Cross-Cutting supplement and identified the noncompliance noted above.

Section IV. State Award Findings and Questioned Costs

None reported.

**Columbus County Board of Education
Corrective Action Plan
For the Year Ended June 30, 2016**

Section II. Financial Statement Findings

2016-01 Budgetary Violations

Name of contact person: Terry Dudney, Finance Officer

Corrective Action: Financial reports and financial circumstances will be reviewed monthly by the Board and Finance Officer. Budget amendments will be made as needed to prevent future expenditures that exceed the adopted budget ordinance.

Proposed Completion Date: The Board will implement the above procedure immediately.

Section III. Federal Award Findings and Questioned Costs

2016-02 Adult Meal Pricing

Name of contact person: Donna Bartley, Child Nutrition Director

Corrective Action: Costs to produce adult meals will be analyzed. Recommendations will be made to the Board concerning revised adult meal prices or offering a la carte only to adults.

Proposed Completion Date: The Board will implement the above procedure immediately.

2016-03 Purchase of Real Property

Name of contact person: Kenwood Royal, Federal Programs Director

Corrective Action: Purchases of real property will be identified and proper approval will be obtained from DPI in the future before any purchases are made.

Proposed Completion Date: The Board will implement the above procedure immediately.

Section IV. State Award Findings and Questioned Costs

None reported.

**Columbus County Board of Education
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016**

No findings reported in the prior year.

**Columbus County Board of Education
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>2016 Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Food Distribution Cluster:			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
Commodity Supplemental Food Program	10.565		\$ 215,492
Non-Cash Assistance			215,492
Child Nutrition Cluster			
Cash Assistance:			
Passed-through the N. C. Department of Public Instruction:			
School Breakfast Program	10.553		1,393,400
National School Lunch Program	10.555		2,415,509
Seamless Summer Program	10.555		55,226
Total Cash Assistance			<u>3,864,135</u>
Total Child Nutrition Cluster			<u>3,864,135</u>
Total U. S. Department of Agriculture			<u>3,864,135</u>
<u>U. S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N. C. Department of Public Instruction:			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	<u>3,350,861</u>
Total Title I, Part A Cluster			3,350,861
Migrant Education (Title I of IASA)	84.011	PRC 051	326,299
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	1,496,761
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	PRC 049	151
IDEA VI-B, State Improvement	84.027	PRC 082	6,317
IDEA VI-B Special Needs, Targeted Assistance	84.027	PRC 118	13,971
Preschool Targeted Assistance	84.027	PRC 119	12,518
Total Special Education Cluster			<u>1,529,718</u>
Career and Technical Education - Basic Grants to States	84.048	PRC 017	105,726
Career and Technical Education - Capacity Building Grants	84.048A	PRC 058	-

**Columbus County Board of Education
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>2016 Expenditures</u>
English Language Acquisition Grants	84.365	PRC 104, 111	19,017
Rural Education	84.358	PRC 109	96,407
Improving Teacher Quality	84.367	PRC 103	501,549
Indian Ed - Formula Grants to Local Educational Agencies	84.060A	PRC 310	75,141
Total U.S. Department of Education			<u>6,004,718</u>
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC	None	PRC 301	<u>131,955</u>
<u>U. S. Department of Justice</u>			
National Institute of Justice Research, Evaluation, and Development	16.560	PRC 341	<u>176,922</u>
Total federal assistance			<u>\$ 10,393,222</u>
State Grants:			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund			\$ 36,563,374
Driver Training - SPSF		PRC 012	105,199
School Technology Fund - SPSF		PRC 015	115,467
Vocational Education			
-- State Months of Employment		PRC 013	2,040,970
-- Program Support Funds		PRC 014	<u>99,922</u>
Total N. C. Department of Public Instruction			<u>38,924,932</u>
<u>Office of the Governor</u>			
Passed through N.C. Department of Public Instruction			
NC Pre-Kindergarten Program		PRC 413	1,676,131
<u>N.C. Department of Health and Human Services</u>			
Division of Public Health			
School Nurse Funding Initiative			244,348
<u>N.C. Department of Public Safety</u>			
Community Based Alternatives			17,983

**Columbus County Board of Education
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>2016 Expenditures</u>
<u>N. C. Department of Public Instruction</u>			
School Bus Appropriation			104,622
Total State Assistance			40,968,016
Total Federal and State Assistance			\$ 51,361,238

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Columbus County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Columbus County Board of Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Columbus County Board of Education.

2 Summary of Significant Accounting Policies

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

3 Cluster of Programs

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