

**EDENTON-CHOWAN
BOARD OF EDUCATION
Edenton, North Carolina**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA

List of Principal Officials

June 30, 2015

BOARD OF EDUCATION

John Guard, Chairman

Glorious Elliott

Kay Wright, Vice Chairman

Gene Jordan

Jean Bunch

Gil Burroughs

Ricky Browder

OFFICE OF THE SUPERINTENDENT

Dr. Rob Jackson
Superintendent

Emma Berry
Finance Officer

INDIVIDUAL SCHOOLS

Principals

Shelia Evans
John A. Holmes High School

Tanya Turner
Chowan Middle School

Jaime Bowers
D. F. Walker Elementary School

Michelle White
White Oak Elementary School

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA

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DONNA H. WINBORNE, CPA, P.C.

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DONNA H. WINBORNE, C.P.A.

Independent Auditor's Report

To the Members of the Board
Edenton-Chowan Board of Education
Edenton, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edenton-Chowan Board of Education, North Carolina, as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Edenton-Chowan Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MEMBER OF:

THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NORTH CAROLINA
ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edenton-Chowan Board of Education, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund 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 40 and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provided me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Edenton-Chowan Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2015 on my consideration of Edenton-Chowan Board of Education's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Edenton-Chowan Board of Education's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Susan H. Wilborne, CPA, PC." The signature is written in a cursive, flowing style.

Elizabeth City, North Carolina
October 15, 2015

Management's Discussion and Analysis

This section of the Edenton-Chowan Board of Education's financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2015. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The ongoing fiscal difficulties and the loss of revenue from state, federal, and local sources since the 2008-2009 school year continues to place a strain on the school district's operating budget. Significant cuts have been enforced and the allocation of fiscal reserves have been necessary to balance the current expense budget. Despite these difficulties, the school system has continued to secure additional resources wherever possible.

Overview of the Financial Statements

The audited financial statements of the Edenton-Chowan Board of Education consist of four components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis*
- *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 outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the board's net position and how it has changed. Net position – the difference between the board's assets and deferred outflows 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 is 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.

Edenton-Chowan 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, and the Federal Grants Fund.

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of

accounting as the government-wide statements. Edenton-Chowan Board of Education has one proprietary fund – an enterprise fund – the School Food Service Fund.

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

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Edenton-Chowan Board of Education has two fiduciary funds –

- Project Graduation Fund – This consists of funds used to plan and support a chemical free celebration. This activity is not a school-sponsored event, but rather a project for the children undertaken by the parents. The funds are for the benefit of students in the district. This is accounted for as a private purpose trust fund.
- The Edenton-Chowan Educational Foundation, Inc. – This is a non-profit corporation. The affairs of the corporation are managed by a Board of Directors consisting of community members approved by the Edenton-Chowan Board of Education, together with the Superintendent of the Edenton-Chowan Schools. The purpose for which this corporation was organized is to promote and carry on educational, literary, scientific and charitable instruction and educational facilities both directly and by the application of the corporation's assets to the use of the Edenton-Chowan Schools Administrative Unit, or to any other corporation, trust, fund or foundation whose purposes and operations are dedicated to the promotion of means and opportunities for the education of the people of Chowan County.

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

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,952,142 as of June 30, 2015. The largest component of net position is net investment in capital assets, of \$22,193,972. It comprises 117.11% of the total net position.

Following is a summary of the Statement of Net Position:

Table 1 Condensed Statement of Net Position as of June 30, 2015						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Current assets	\$ 1,981,393	\$ 1,983,346	\$ 402,068	\$ 434,546	\$ 2,383,461	\$ 2,417,892
Capital assets	22,172,821	23,000,242	21,151	25,186	22,193,972	23,025,428
Total assets	24,154,214	24,983,588	423,219	459,732	24,577,433	25,443,320
Deferred outflows of resources	1,132,104	-	35,014	-	1,167,118	-
Current liabilities	1,009,066	914,924	23,785	24,470	1,032,851	939,394
Long-term liabilities	1,534,660	548,449	40,593	6,803	1,575,253	555,252
Total liabilities	2,543,726	1,463,373	64,378	31,273	2,608,104	1,494,646
Deferred inflows of resources	4,060,443	178,267	123,862	-	4,184,305	178,267
Net investment in capital assets	22,172,821	22,958,937	21,151	25,186	22,193,972	22,984,123
Restricted net position	377,656	756,842	-	-	377,656	756,842
Unrestricted net position	(3,968,328)	(373,831)	246,842	403,273	(3,619,486)	29,442
Total net position	\$ 18,662,149	\$ 23,341,948	\$ 269,993	\$ 428,459	\$ 18,952,142	\$ 23,770,407

Note that net position decreased during the year, indicating a decline in the financial condition of the Board. The decrease in net position (20.27%) was largely due to the decrease in unrestricted net position in the governmental activities. Unrestricted net position decreased in the business-type activities primarily because of a decrease in unrestricted net position in the School Food Service fund. Also note that the Board carries capital assets for which Chowan 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						
as of June 30, 2015						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Revenues:						
Program revenues:						
Charges for services	\$ 663,016	\$ 754,959	\$ 215,477	\$ 264,864	\$ 878,493	\$ 1,019,823
Operating grants and contributions	15,621,681	16,414,383	914,347	939,271	16,536,028	17,353,654
Capital grants and contributions	105,002	147,316	-	-	105,002	147,316
General revenues:						
Other revenues	5,431,877	5,541,258	7	97	5,431,884	5,541,355
Total revenues	21,821,576	22,857,916	1,129,831	1,204,232	22,951,407	24,062,148
Expenses:						
Governmental activities:						
Instructional services	15,398,894	17,424,613	-	-	15,398,894	17,424,613
Instructional programs	-	-	-	-	-	-
System-wide support services	5,291,611	6,026,748	-	-	5,291,611	6,026,748
Supporting services	-	-	-	-	-	-
Ancillary services	19,228	94,283	-	-	19,228	94,283
Community service	-	-	-	-	-	-
Non-programmed charges	169,503	-	-	-	169,503	-
Interest on long-term debt	-	-	-	-	-	-
Depreciation	858,743	867,185	-	-	858,743	867,185
Business-type activities:						
Food service	-	-	1,242,793	1,277,775	1,242,793	1,277,775
Child care	-	-	-	86,152	-	86,152
Total expenses	21,737,979	24,412,829	1,242,793	1,363,927	22,980,772	25,776,756
Transfers in (out)	(98,163)	(171,442)	98,163	171,442	-	-
Increase (decrease) in net position	(14,566)	(1,726,355)	(14,799)	11,747	(29,365)	(1,714,608)
Net position, beginning	23,341,948	25,068,303	428,459	416,712	23,770,407	25,485,015
Restatement	(4,645,233)	-	(143,667)	-	(4,788,900)	-
Net position, beginning, restated	18,696,715	-	284,792	-	18,981,507	-
Net position, ending	\$ 18,682,149	\$ 23,341,948	\$ 269,993	\$ 428,459	\$ 18,952,142	\$ 23,770,407

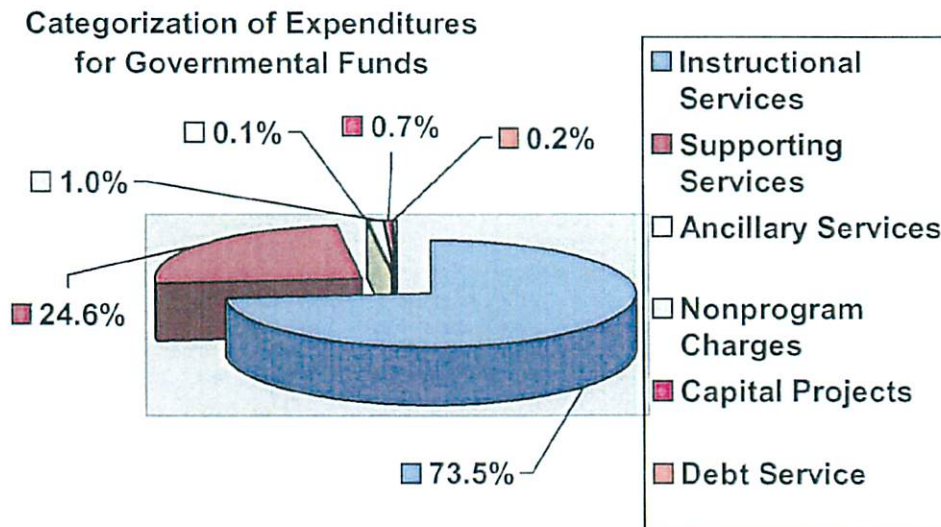
Total governmental activities generated revenues of \$21.8 million while expenses in this category totaled \$21.7 million for the year ended June 30, 2015. Comparatively, revenues were \$22.8 million and expenses totaled \$24.4 million for the year ended June 30, 2014. After transfers to the business-type activities, the decrease in net position stands at \$14,566 compared to a decrease in net position of \$1,726,355 in 2014. Instructional services expenses comprised 71% of total governmental-type expenses while system-wide support services made up 24% of those expenses. County funding comprised 16.2% of total governmental revenue while unrestricted State funding added another 8.2% for 2015. In 2014, county funding was 15.5% and unrestricted State funding added 8.2%. Much of the remaining 75.6% of total governmental revenue consists of restricted State and federal money. This revenue represented 76.3% of total revenue in 2014. Business-type activities generated revenue of \$1.1 million and had expenses of \$1.2 million. Net position decreased in the business-type activities by \$14,799 after transfers in from the governmental activities of \$98,163.

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Edenton-Chowan Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$1,727,903, a \$59,315 decrease over last year. The Board's General Fund had expenditures and other uses that exceeded revenues and other financing sources. The General Fund had an excess of expenditures over revenues of \$27,763; however, after a transfer out of \$46,166, the fund balance decreased by \$73,929. The Federal Grant Fund's revenues and expenditures decreased by \$830,492 over last year, while the State Public School Fund had an increase of \$297,742 over last year. The Capital Outlay Fund experienced an excess of revenue and other sources over expenditures of \$0. The Individual School Funds had an excess of expenditures over revenues of \$185.

Proprietary Funds: The School Food Service Fund reflected a decrease in net position over last year. Revenues in the School Food Service Fund decreased by \$18,142. Expenses decreased by \$34,982 in the School Food Service Fund. Non-operating revenue decreased by \$25,014 in the School Food Service Fund.



Expenditures presented on modified accrual basis of accounting.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to modify appropriations in light of the changes in revenue estimates. Increases in estimated revenues and corresponding increases in appropriations totaled \$914,780 in the General Fund.

Capital Assets

Capital assets decreased by \$831,456 (or 3.6%) from the previous 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, 2015						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Land	\$ 285,604	\$ 285,604	\$ -	\$ -	\$ 285,604	\$ 285,604
Buildings	20,800,280	21,574,982	-	-	20,800,280	21,574,982
Equipment and furniture	231,844	239,327	-	-	231,844	239,327
Vehicles	855,093	900,329	-	-	855,093	900,329
Food service equipment	-	-	21,151	25,186	21,151	25,186
Total	\$ 22,172,821	\$ 23,000,242	\$ 21,151	\$ 25,186	\$ 22,193,972	\$ 23,025,428

Debt Outstanding

The Board is limited by North Carolina General Statute with regards to the 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

County funding is a major source of income for the Board, therefore the County's economic outlook directly affects that of the schools. The following factors have affected the economic outlook of Edenton-Chowan Schools. The unemployment rate for Chowan County is 7.4% compared to 6.1% for the state. Sufficient local funds were appropriated to meet the non-supplanting requirement for Low Wealth and Small County Supplemental Funds.

Requests for Information

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

Emma Berry, Finance Officer
Edenton-Chowan Board of Education
P.O. Box 206
Edenton, NC 27932

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Edenton-Chowan Board of Education, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,973,212	\$ 298,422	\$ 2,271,634
Due from other governments	-	40,907	40,907
Accounts receivable	5,188	-	5,188
Inventories	-	62,739	62,739
Restricted cash	2,993	-	2,993
Capital assets			
Land and construction in progress	285,604	-	285,604
Other capital assets, net of depreciation	21,887,217	21,151	21,908,368
Total capital assets	22,172,821	21,151	22,193,972
Total assets	24,154,214	423,219	24,577,433
DEFERRED OUTFLOWS OF RESOURCES	1,132,104	35,014	1,167,118
LIABILITIES			
Accounts payable and accrued expenses	194,882	-	194,882
Due to fiduciary fund	2,993	-	2,993
Long term liabilities			
Net pension liability	1,092,554	33,790	1,126,344
Due within one year	811,191	23,785	834,976
Due in more than one year	442,106	6,803	448,909
Total liabilities	2,543,726	64,378	2,608,104
DEFERRED INFLOWS OF RESOURCES	4,060,443	123,862	4,184,305
NET POSITION			
Net investment in capital assets	22,172,821	21,151	22,193,972
Restricted for:			
Individual Schools	251,680	-	251,680
Stabilization by State Statute	5,188	-	5,188
School Capital Outlay	120,788	-	120,788
Unrestricted	(3,868,328)	248,842	(3,619,486)
Total net position	\$ 18,682,149	\$ 269,993	\$ 18,952,142

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

Edenton-Chowan Board of Education, North Carolina
Statement of Activities
For the Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital Grants	Primary Government		
		Services	Grants and Contributions	and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 9,200,599	\$ 46,201	\$ 8,174,067	\$ -	\$ (980,331)	\$ -	\$ (980,331)
Special populations	2,030,326	-	2,143,442	-	113,116	-	113,116
Alternative programs	1,162,469	-	1,223,963	-	61,494	-	61,494
School leadership	1,100,046	-	687,171	-	(412,875)	-	(412,875)
School-based support	1,905,454	616,815	1,106,376	55,165	(127,098)	-	(127,098)
System-wide support services:							
Support and development	446,028	-	138,221	-	(307,807)	-	(307,807)
Special populations support and development	160,628	-	281,106	-	120,478	-	120,478
Alternative programs and services support and development	63,336	-	214,692	-	151,356	-	151,356
Technology support	257,358	-	-	-	(257,358)	-	(257,358)
Operational support	3,443,071	-	47,652	49,837	(3,345,582)	-	(3,345,582)
Financial and human resources	466,813	-	1,107,116	-	640,303	-	640,303
Accountability	62,459	-	208,072	-	145,613	-	145,613
System-wide pupil support	-	-	75,456	-	75,456	-	75,456
Policy, leadership, and public relations	391,918	-	143,369	-	(248,549)	-	(248,549)
Ancillary services	19,228	-	-	-	(19,228)	-	(19,228)
Non-programmed charges	169,503	-	70,978	-	(98,525)	-	(98,525)
Unallocated depreciation expense	858,743	-	-	-	(858,743)	-	(858,743)
Total governmental activities	21,737,979	663,016	15,621,681	105,002	(5,348,280)	-	(5,348,280)
Business-type activities:							
School food service	1,242,793	215,477	914,347	-	-	(112,969)	(112,969)
Total business-type activities	1,242,793	215,477	914,347	-	-	(112,969)	(112,969)
Total primary government	\$ 22,980,772	\$ 878,493	\$ 16,536,028	\$ 105,002	(5,348,280)	(112,969)	(5,461,249)
General revenues:							
Unrestricted county appropriations - operating					3,421,929	-	3,421,929
Unrestricted county appropriations - capital					108,027	-	108,027
Unrestricted State appropriations - operating					1,750,470	-	1,750,470
Unrestricted State appropriations - capital					41,305	-	41,305
Unrestricted federal grants					62,078	-	62,078
Investment earnings, unrestricted					116	7	123
Miscellaneous, unrestricted					47,952	-	47,952
Transfers					(98,163)	98,163	-
Total general revenues and transfers					5,333,714	98,170	5,431,884
Change in net position					(14,566)	(14,799)	(29,365)
Net position, beginning					23,341,948	428,459	23,770,407
Restatement					(4,645,233)	(143,667)	(4,788,900)
Net position, beginning, restated					18,696,715	284,792	18,981,507
Net position, ending					\$ 18,682,149	\$ 269,993	\$ 18,952,142

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

FUND FINANCIAL STATEMENTS

Edenton-Chowan Board of Education, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Non-major Funds	Total Governmental Funds
	General	State Public School	Individual Schools	Other Governmental	
ASSETS					
Cash and cash equivalents	\$ 1,600,744	\$ -	\$ 251,680	\$ 120,788	\$ 1,973,212
Accounts receivable	5,188	-	-	-	5,188
Restricted cash	2,993	-	-	-	2,993
Total assets	<u>\$ 1,608,925</u>	<u>\$ -</u>	<u>\$ 251,680</u>	<u>\$ 120,788</u>	<u>\$ 1,981,393</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued expenses	\$ 194,882	\$ -	\$ -	\$ -	\$ 194,882
Due to fiduciary fund	2,993	-	-	-	2,993
Total liabilities	<u>197,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,875</u>
DEFERRED INFLOWS OF RESOURCES	<u>55,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,615</u>
Fund balances:					
Restricted:					
Individual Schools	-	-	251,680	-	251,680
Stabilization by State Statute	5,188	-	-	-	5,188
School Capital Outlay	-	-	-	120,788	120,788
Assigned:					
Subsequent years expenditures	50,000	-	-	-	50,000
Committed:					
Medicaid	389,246	-	-	-	389,246
1:1 Learning Initiative Sustainability	259,068	-	-	-	259,068
Unassigned:	651,933	-	-	-	651,933
Total fund balance	<u>1,355,435</u>	<u>-</u>	<u>251,680</u>	<u>120,788</u>	<u>1,727,903</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,608,925</u>	<u>\$ -</u>	<u>\$ 251,680</u>	<u>\$ 120,788</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	22,172,821
Deferred outflows of resources related to pensions	1,132,104
Some liabilities, including bonds payable and accrued interest, are not due in the current period and therefore are not reported in the funds (Note 4).	(1,253,297)
Net pension liability	(1,092,554)
Deferred inflows of resources related to pensions	(4,004,828)
Net position of governmental activities	<u>\$ 18,682,149</u>

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

Edenton-Chowan Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds			Non-major Funds	Total Governmental Funds
	General	State Public School	Individual Schools	Other Governmental	
REVENUES					
State of North Carolina	\$ 562,651	\$ 15,077,938	\$ -	\$ 91,142	\$ 15,731,731
Chowan County	3,421,929	-	-	108,027	3,529,956
U. S. Government	427,866	-	-	1,301,174	1,729,040
Contributions and donations	-	-	55,165	-	55,165
Other	288,719	-	616,815	-	905,534
Total revenues	4,701,165	15,077,938	671,980	1,500,343	21,951,426
EXPENDITURES					
Current:					
Instructional services					
Regular instructional	1,125,459	8,210,176	-	298,296	9,633,931
Special populations	99,116	1,558,904	-	464,136	2,122,156
Alternative programs	318,820	509,841	-	415,629	1,244,290
School leadership	138,463	1,014,159	-	-	1,152,622
School-based support	99,950	1,165,286	672,165	15,670	1,953,071
System-wide support services					
Support and development	181,280	277,446	-	3,966	462,692
Special populations support and development	20,280	148,928	-	-	169,208
Alternative programs and services support and development	-	-	-	65,764	65,764
Technology support	82,568	182,615	-	-	265,183
Operational support	2,114,784	1,355,738	-	-	3,470,522
Financial and human resources	91,627	393,027	-	-	484,654
Accountability	108	75,456	-	-	75,564
Policy, leadership, and public relations	261,664	134,836	-	-	396,500
Ancillary services	19,696	-	-	-	19,696
Non-programmed charges	175,113	(471)	-	37,713	212,355
Capital outlay:					
Real property and buildings	-	-	-	50,732	50,732
Furniture and equipment	-	-	-	19,755	19,755
Vehicles	-	-	-	87,377	87,377
Debt service:					
Principal	-	-	-	41,305	41,305
Total expenditures	4,728,928	15,025,941	672,165	1,500,343	21,927,377
Excess (deficiency) of revenues over expenditures	(27,763)	51,997	(185)	-	24,049
OTHER FINANCING SOURCES (USES)					
Transfer (to) from other funds	(46,166)	(51,997)	-	-	(98,163)
Net change in fund balances	(73,929)	-	(185)	-	(74,114)
Fund balances - beginning	1,429,364	-	251,865	120,788	1,802,017
Fund balances - ending	\$ 1,355,435	\$ -	\$ 251,680	\$ 120,788	\$ 1,727,903

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

Edenton-Chowan Board of Education, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

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

Net changes in fund balances - total governmental funds	\$ (74,114)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(827,421)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,132,107
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions has any effect on net position. also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt	41,305
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(452,152)
Compensated absences	165,709
Total changes in net position of governmental activities	<u>\$ (14,566)</u>

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

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

	General Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State of North Carolina	\$ -	\$ 987,433	\$ 562,651	\$ (424,782)
Chowan County	3,601,929	3,421,929	3,421,929	-
U. S. Government	-	236,175	427,866	191,691
Other	401,085	218,054	288,719	70,665
Total revenues	<u>4,003,014</u>	<u>4,863,591</u>	<u>4,701,165</u>	<u>(162,426)</u>
EXPENDITURES				
Current:				
Instructional services				
Regular instructional	725,550	1,306,484	1,125,459	181,025
Special populations	68,548	102,968	99,116	3,852
Alternative programs	338,169	330,749	318,820	11,929
School leadership	202,584	201,608	138,463	63,145
School-based support	70,461	100,461	99,950	511
System-wide support services				
Support and development	531,084	380,171	181,280	198,891
Special populations support and development	9,816	20,816	20,280	536
Technology support	82,624	82,624	82,568	56
Operational support	1,900,810	2,128,310	2,114,784	13,526
Financial and human resources	99,514	94,035	91,627	2,408
Accountability	1,500	1,500	108	1,392
Policy, leadership, and public relations	321,153	321,153	261,664	59,489
Ancillary services	51,201	71,801	19,696	52,105
Non-programmed charges	50,000	225,113	175,113	50,000
Total expenditures	<u>4,453,014</u>	<u>5,367,793</u>	<u>4,728,928</u>	<u>638,865</u>
Revenues over (under) expenditures	<u>(450,000)</u>	<u>(504,202)</u>	<u>(27,763)</u>	<u>476,439</u>
Other financing sources (uses)				
Fund balance appropriated	450,000	504,202	-	(504,202)
Transfers to other funds	-	-	(46,166)	(46,166)
Total other financing sources (uses)	<u>450,000</u>	<u>504,202</u>	<u>(46,166)</u>	<u>(550,368)</u>
Net change in fund balance	<u>\$ -</u>	<u>0.01</u>	<u>(73,929)</u>	<u>\$ (73,929)</u>
Fund balance - beginning			1,429,364	
Fund balance - ending			<u>\$ 1,355,435</u>	

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

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

	<u>State Public School Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
State of North Carolina	\$ 14,941,186	\$ 15,479,873	\$ 15,077,938	\$ (401,935)
EXPENDITURES				
Current:				
Instructional services				
Regular instructional	8,471,974	8,673,408	8,210,176	463,232
Special populations	1,484,252	1,514,479	1,558,904	(44,425)
Alternative programs	629,604	659,720	509,841	149,879
School leadership	994,487	994,487	1,014,159	(19,672)
School-based support	1,036,528	1,036,528	1,165,286	(128,758)
System-wide support services				
Support and development	290,766	293,881	277,446	16,435
Special populations support and development	146,561	146,561	148,928	(2,367)
Technology support	135,754	165,363	182,615	(17,252)
Operational support	1,120,572	1,314,780	1,355,738	(40,958)
Financial and human resources	385,584	385,584	393,027	(7,443)
Accountability	59,500	59,500	75,456	(15,956)
Policy, leadership, and public relations	135,626	135,626	134,836	790
Ancillary services	49,978	99,956	-	99,956
Non-programmed charges	-	-	(471)	471
Total expenditures	<u>14,941,186</u>	<u>15,479,873</u>	<u>15,025,941</u>	<u>453,932</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>51,997</u>	<u>51,997</u>
Other financing sources (uses)				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(51,997)</u>	<u>(51,997)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

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

Edenton-Chowan Board of Education, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Fund	
	Major Fund	
	School Food	
	Service	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 298,422	\$ 298,422
Due from other governments	40,907	40,907
Inventories	62,739	62,739
Total current assets	<u>402,068</u>	<u>402,068</u>
Noncurrent assets:		
Capital assets:		
Food service equipment, net	21,151	21,151
Total assets	<u>423,219</u>	<u>423,219</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>35,014</u>	<u>35,014</u>
LIABILITIES		
Current liabilities:		
Compensated absences	<u>23,785</u>	<u>23,785</u>
Noncurrent liabilities:		
Net pension liability	33,790	33,790
Compensated absences	6,803	6,803
Total noncurrent liabilities	<u>40,593</u>	<u>40,593</u>
Total liabilities	<u>64,378</u>	<u>64,378</u>
DEFERRED INFLOWS OF RESOURCES	<u>123,862</u>	<u>123,862</u>
NET POSITION		
Net investment in capital assets	21,151	21,151
Unrestricted	248,842	248,842
Total net position	<u>\$ 269,993</u>	<u>\$ 269,993</u>

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

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

	Enterprise Fund	
	Major Fund	
	School Food	
	Service	Total
OEPRATING REVENUES		
Food sales	\$ 215,477	\$ 215,477
Total operating revenues	<u>215,477</u>	<u>215,477</u>
OPERATING EXPENSES		
Food cost:		
Purchase of food	420,165	420,165
Donated commodities	69,384	69,384
Salaries and benefits	594,184	594,184
Indirect costs	86,998	86,998
Materials and supplies	57,292	57,292
Contracted services	212	212
Depreciation	4,035	4,035
Travel	7,486	7,486
Workshop	1,112	1,112
Other	1,925	1,925
Total operating expenses	<u>1,242,793</u>	<u>1,242,793</u>
Operating (loss)	<u>(1,027,316)</u>	<u>(1,027,316)</u>
NONOPERATING REVENUES		
Federal reimbursements	842,592	842,592
Federal commodities	69,384	69,384
State reimbursement for breakfast	2,371	2,371
Interest earned	7	7
Total nonoperating revenues	<u>914,354</u>	<u>914,354</u>
 (Loss) before transfers	 (112,962)	 (112,962)
OTHER FINANCING SOURCES		
Transfer from other funds	98,163	98,163
Change in net position	<u>(14,799)</u>	<u>(14,799)</u>
 Total net position, beginning	 428,459	 428,459
Restatement	<u>(143,667)</u>	<u>(143,667)</u>
Total net position, beginning, restated	<u>284,792</u>	<u>284,792</u>
 Total net position, ending	 <u>\$ 269,993</u>	 <u>\$ 269,993</u>

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

Edenton-Chowan Board of Education, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Fund	
	Major Funds	
	School Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 215,477	\$ 215,477
Cash paid for goods and services	(571,678)	(571,678)
Cash paid to employees for services	(517,735)	(517,735)
Net cash used from operating activities	(873,936)	(873,936)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal reimbursements	850,090	850,090
State reimbursements	2,371	2,371
Net cash provided from noncapital financing activities	852,461	852,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7	7
Net decrease in cash and cash equivalents	(21,468)	(21,468)
Balances - beginning of year	319,890	319,890
Balances - end of year	\$ 298,422	\$ 298,422
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (1,027,316)	\$ (1,027,316)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,035	4,035
Pension expense	13,984	13,984
Donated commodities consumed	69,384	69,384
Salaries paid by special revenue fund	98,163	98,163
Indirect cost not paid	-	-
Changes in assets and liabilities:		
Decrease in inventory	3,513	3,513
Increase in deferred outflows of resources for pension plan contributions in current fiscal year	(35,014)	(35,014)
Decrease in compensated absences	(685)	(685)
Total adjustments	153,380	153,380
Net cash used by operating activities	\$ (873,936)	\$ (873,936)

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

Edenton-Chowan Board of Education, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

Noncash investing, capital, and financing activities:

The General Fund paid salaries and benefits of \$46,165 to administrative personnel of the School Food Service Fund during the fiscal year. The State Public School Fund paid salaries and benefits of \$51,997 to administrative personnel of the School Food Service Fund during the year. These payments are reflected by a transfer in and an operating expense on Exhibit 8.

The School Food Service Fund received donated commodities with a value of \$69,384 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$69,384 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 8.

Edenton-Chowan Board of Education, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Private Purpose Trust Fund Education Foundation</u>	<u>Agency Fund Project Graduation</u>
Assets		
Cash and cash equivalents	\$ 653,694	\$ -
Due from other funds	2,993	2,993
Total assets	<u>\$ 656,687</u>	<u>\$ 2,993</u>
Liabilities and Net Position		
Miscellaneous liabilities	\$ -	\$ 2,993
Total liabilities	<u>-</u>	<u>2,993</u>
Net Position		
Assets held in trust for private purpose	656,687	-
Total liabilities and net position	<u>\$ 656,687</u>	<u>\$ 2,993</u>

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

Exhibit 11

Edenton-Chowan Board of Education, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust Fund Education Foundation</u>
Additions:	
Contributions and other revenue	<u>\$ 30,185</u>
Deductions:	
Scholarships	8,500
Other	<u>8,525</u>
Total deductions	<u>17,025</u>
Change in net position	13,160
Net position, beginning	643,527
Net position, ending	<u><u>\$ 656,687</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

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

B. Basis of Presentation – Fund Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the 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.

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

The Board reports the following major enterprise funds:

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

The Board reports the following fiduciary funds:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Board holds on behalf of others. The Board maintains the following agency funds: *Project Graduation Fund.* The purpose of Project Graduation is to plan and support a chemical free celebration. This activity is not a school-sponsored event, but rather a project for the children undertaken by parents. The money is for the benefit of students in the district.

Private Purpose Trust Fund - The Board has a private purpose trust fund, the Edenton-Chowan Educational Foundation, Inc. This is a non-profit corporation. The affairs of the corporation are managed by a Board of Directors consisting of the duly elected members of the Edenton-Chowan Board of Education, together with the Superintendent of the Edenton-Chowan Schools. The purpose for which this corporation was organized is to promote and carry on educational, literary, scientific and charitable instruction and educational facilities both directly and by the application of the corporation's assets to the use of the Edenton-Chowan Schools Administrative Unit, or to any other corporation, trust, fund or foundation whose purposes and operations are dedicated to the promotion of means and opportunities for the education of the people of Chowan County.

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.

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D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all funds. The superintendent is authorized by the governing board to transfer appropriations within a fund between sub-functions and objects of expenditures within a function without limitations on amount transferred. Such transfers must be reported to the governing board at its next regular meeting. Transfers between funds require governing board approval. Amendments which alter the county appropriation or transfer moneys to or from the Capital Projects Fund also require the approval of the Chowan County Board of Commissioners. The budgeted amounts reflected in the accompanying financial statements recognize budget revisions made for the year as approved. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

1. Deposit and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; 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 is operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no realized 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.

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

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1983 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. Land and buildings have been restated as of June 30, 1986 to reflect estimated historical cost. The total of these estimates is not considered large enough that any errors would be material when fixed 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Chowan 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	50
Fencing	25
Improvements	20
Activity buses	20
School buses	15
Equipment and furniture	10
Vehicles	6
Computer equipment	5

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

5. Deferred 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 one item that meet this criterion – contributions made to the pension plan in the current fiscal year. The statement of net 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

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recognized as revenue until then. The Board has several items that meet this criterion – a prefunded flexible spending account 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. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2015 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records, of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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 are collected

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Committed fund balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of the 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 purposes requires majority action by the governing bodies that approved the original action.

Assigned fund balance – portion of fund balance that Edenton-Chowan 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.

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$16,954,246 consists of several elements as follows:

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)	\$ 38,252,834
Less - Accumulated Depreciation	<u>(16,080,013)</u>
Net capital assets	22,172,821
 Pension related deferred outflows of resources	
Contributions made to the pension plan in current fiscal year	1,132,104
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated Absences	(1,253,297)
Net pension liability	(1,092,554)
Deferred inflows of resources related to pensions	
Differences between Board contributions and proportionate share of contributions	(58,818)
Differences between expected and actual experience	(254,668)
Difference between projected and actual earnings on plan investments	<u>(3,691,342)</u>
Total adjustment	<u>\$ 16,954,246</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$59,545 as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 139,501
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.	(966,922)
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	41,305
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,132,104
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	(452,152)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	165,709
Total adjustment	<u>\$ 59,545</u>

10. Defined Benefit Pension Plans

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

II. Stewardship, Compliance, and Accountability

There are no statute violations.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2015, the Board had deposits with banks with a carrying amount of \$2,274,577 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$2,438,042 and \$503,329, respectively. Of these balances, \$500,000 was covered by federal depository insurance, and \$1,938,042 was covered by collateral held by authorized escrow agents in the name of the State Treasurer. At June 30, 2015, the Board had \$50 cash on hand.

2. Investments

Interest Rate Risk. The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate. At June 30, 2015, the Board of Education had \$653,694 invested with the State Treasurer in the Short Term Investment Fund (STIF). The Department of State Treasurer Short Term Investment Fund had a weighted maturity of 1.5 years as of June 30, 2015.

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

3. Accounts Receivable

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

	Due from other governments	Other	Total
Governmental activities:			
General Fund	\$ -	\$ 5,188	\$ 5,188
Business-type activities			
School Food Service	\$ 40,907	\$ -	\$ 40,907

Due from other governments consists of the following:

Business-type activities:	
School Food Service Fund	<u>\$ 40,907</u> USDA reimbursement

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4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 285,604	\$ -	\$ -	\$ 285,604
Total capital assets not being depreciated	<u>285,604</u>	<u>-</u>	<u>-</u>	<u>285,604</u>
Capital assets being depreciated:				
Buildings	34,072,583	-	-	34,072,583
Equipment and furniture	769,985	52,124	-	822,109
Vehicles	2,985,161	87,377	-	3,072,538
Total capital assets being depreciated	<u>37,827,729</u>	<u>139,501</u>	<u>-</u>	<u>37,967,230</u>
Less accumulated depreciation for:				
Buildings	12,497,601	774,702	-	13,272,303
Equipment and furniture	530,658	59,607	-	590,265
Vehicles	2,084,832	132,613	-	2,217,445
Total accumulated depreciation	<u>15,113,091</u>	<u>966,922</u>	<u>-</u>	<u>16,080,013</u>
Total capital assets being depreciated,	<u>22,714,638</u>			<u>21,887,217</u>
Governmental activity capital assets, net	<u>\$ 23,000,242</u>			<u>\$ 22,172,821</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 858,743
Operational support services	<u>108,179</u>
Total	<u>\$ 966,922</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Food service equipment	\$ 530,819	\$ -	\$ -	\$ 530,819
Total capital assets being depreciated	<u>530,819</u>	<u>-</u>	<u>-</u>	<u>530,819</u>
Less accumulated depreciation for:				
Food service equipment	505,633	4,035	-	509,668
Total accumulated depreciation	<u>505,633</u>	<u>4,035</u>	<u>-</u>	<u>509,668</u>
School Food Service capital assets, net	<u>\$ 25,186</u>			<u>\$ 21,151</u>

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B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

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

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contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$1,167,120 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Board reported a liability of \$1,126,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2014, the Board's proportion was .096%, which was a decrease of .002% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Board recognized pension expense of \$466,134. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 262,545
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,805,508
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	60,637
Board contributions subsequent to the measurement date	1,167,118	-
Total	<u>\$ 1,167,118</u>	<u>\$ 4,128,690</u>

\$1,167,118 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (1,036,649)
2017	(1,036,649)
2018	(1,036,649)
2019	(1,018,742)
2020	-
Thereafter	-
	<u>\$ (4,128,689)</u>

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

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

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

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

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

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

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

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

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of

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certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate (7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 8,085,685	\$ 1,126,345	\$ (4,749,804)

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 post retirement benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Director and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employees making contributions to the Plan.

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

Funding Policy: The Comprehensive Major Medical Plan is administered by the Executive Administrator and the Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2015, 2014, and 2013, the School Board paid all annual required contribution to the Plan for postemployment healthcare benefits of \$700,272, \$706,174, and \$724,828, respectively. These contributions represented 5.49%, 5.40%, and 5.30% of covered payroll, respectively.

2. Long-term Disability Benefits

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

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

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

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135 Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separate from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$52,297, \$57,540, and \$60,174, respectively. These contributions represented 0.41%, 0.44%, and 0.44% of covered payroll, respectively.

3. Accounts Payable

Accounts payable as of June 20, 2015, are as follows:

	<u>Vendors</u>
Governmental activities:	
General Fund	\$ 194,882
	<u>\$ 194,882</u>

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

4. Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and differences between Board contributions and proportionate share of contributions	\$ -	\$ 58,818
Contributions made to the pension plan in the current year	1,132,104	
Difference between projected and actual earnings on plan investments		3,691,342
Difference between expected and actual experience		254,668
Prefunded flexible spending account (General Fund)		55,615
Totals	<u>\$ 1,132,104</u>	<u>\$ 4,060,443</u>

5. Risk Management

The Board is exposed to various risks of losses to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Trust has annual aggregate limit for general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omission claims. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing administered by the North Carolina Department of Public Instruction. This insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

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

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

6. Long-Term Liabilities

a. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<i>Governmental activities:</i>					
Installment purchase	\$ 41,305	\$ -	\$ 41,305	\$ -	\$ -
Net pension liability	5,747,556	-	4,655,002	1,092,554	-
Compensated absences	1,419,006	811,191	976,900	1,253,297	811,191
Total	<u>\$ 7,207,867</u>	<u>\$ 811,191</u>	<u>\$ 5,673,207</u>	<u>\$ 2,345,851</u>	<u>\$ 811,191</u>
<i>Business-type activities:</i>					
Net pension liability	\$ 177,759	\$ -	\$ 143,969	\$ 33,790	\$ -
Compensated absences	31,273	30,682	31,367	30,588	23,785
Total	<u>\$ 209,032</u>	<u>\$ 30,682</u>	<u>\$ 175,336</u>	<u>\$ 64,378</u>	<u>\$ 23,785</u>

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

b. Interfund Balances and Activity

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

	Amount
From the General Fund to the School Food Service Fund for administrative costs.	\$ 46,166
From the State Public School Fund to the School Food Service Fund for administrative costs.	51,997
	<u>\$ 98,163</u>

c. Fund Balance

The Board of Education has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: revenues restricted as to use and then from general unrestricted revenues. For purpose of 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.

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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	\$ 1,355,435
Less:	
Stabilization for State Statute	5,188
Appropriated Fund Balance for 2016 budget	50,000
Reserved for Medicaid	389,246
Reserved for 1:1 Learning Initiative Sustainability	259,068
Remaining Fund Balance	\$ 651,933

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. Change in Accounting Principles/Restatement

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Commission during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$4,645,233 and \$143,667, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Edenton-Chowan Board of Education, North Carolina
Schedules of Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability
Teachers' and State Employees' Retirement System
For the Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.960%	0.980%
Board's proportionate share of the net pension liability (asset)	\$ 1,126,345	\$ 5,925,315
Board's covered-employee payroll	\$ 13,238,114	\$ 13,721,638
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.508%	43.182%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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

Edenton-Chowan Board of Education, North Carolina
Schedules of Required Supplementary Information
Schedule of Board Contributions
Teachers' and State Employees' Retirement System
Last 2 Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,167,120	\$ 1,136,415
Contributions in relation to the contractually required contribution	<u>1,167,120</u>	<u>1,136,415</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 12,755,411	\$ 13,077,294
Contributions as a percentage of covered-employee payroll	9.15%	8.69%

**COMBINING AND INDIVIDUAL
STATEMENTS AND SCHEDULES**

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

	2015		Positive (Negative) Variance
	Budget	Actual	
Revenues			
State of North Carolina:			
Other	\$ 987,433	\$ 562,651	\$ (424,782)
U. S. Government	236,175	427,866	191,691
Chowan County:			
Appropriation from county	3,421,929	3,421,929	-
Other:			
Activity bus fund	18,500	15,810	(2,690)
Fines and forfeitures	90,000	37,417	(52,583)
Indirect cost allocations	60,000	129,850	69,850
Interest earned on investments	-	116	116
Miscellaneous revenue	4,500	10,535	6,035
NERESA regional dues	15,054	15,054	-
Sales tax	30,000	33,736	3,736
Tuition and fees	-	46,201	46,201
Total	218,054	288,719	70,665
Total revenues	4,863,591	4,701,165	(162,426)
Expenditures:			
Instructional services			
Regular instructional	1,306,484	1,125,459	181,025
Special populations	102,968	99,116	3,852
Alternative programs	330,749	318,820	11,929
School leadership	201,608	138,463	63,145
Co-curricular	-	-	-
School-based support	100,461	99,950	511
Total	2,042,270	1,781,808	260,462
System-wide support services			
Support and development	380,171	181,280	198,891
Special populations support and development	20,816	20,280	536
Technology support	82,624	82,568	56
Operational support	2,128,310	2,114,784	13,526
Financial and human resource	94,035	91,627	2,408
Accountability	1,500	108	1,392
Policy, leadership, and public relations	321,153	261,664	59,489
Total	3,028,609	2,752,311	276,298

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

	2015		
	Budget	Actual	Positive (Negative) Variance
Ancillary services	71,801	19,696	52,105
Non-programmed charges	225,113	175,113	50,000
Total expenditures	5,367,793	4,728,928	638,865
Excess of revenues over expenditures	(504,202)	(27,763)	476,439
Other financing sources (uses)			
Fund balance appropriated	504,202	-	(504,202)
Operating transfer in (out)	-	(46,166)	(46,166)
Total	504,202	(46,166)	(550,368)
Net change in fund balance	-	(73,929)	\$ (73,929)
Fund balance, beginning		1,429,364	
Fund balance, ending		<u>\$ 1,355,435</u>	

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

	<u>Federal Grants</u>	<u>Total Special Revenue Fund</u>	<u>Capital Outlay</u>	<u>Total Non-major Governmental Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 120,788	\$ 120,788
Total current assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,788</u>	<u>\$ 120,788</u>
LIABILITIES				
Fund balances:				
Restricted:				
School Capital Outlay	\$ -	\$ -	\$ 120,788	\$ 120,788
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,788</u>	<u>\$ 120,788</u>

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

	Federal Grants	Total Special Revenue Funds	Capital Outlay	Total Non-major Governmental Funds
Revenues				
Chowan County:				
County appropriation	\$ -	\$ -	\$ 108,027	\$ 108,027
U. S. Government	1,301,174	1,301,174	-	1,301,174
State of North Carolina:				
Appropriation for buses	-	-	41,305	41,305
Public School Building Capital Fund - Lottery	-	-	49,837	49,837
Total State of North Carolina	-	-	91,142	91,142
Total revenues	1,301,174	1,301,174	199,169	1,500,343
Expenditures:				
Instructional services				
Regular instructional	298,296	298,296	-	298,296
Special populations	464,136	464,136	-	464,136
Alternative programs	415,629	415,629	-	415,629
School-based support	15,670	15,670	-	15,670
Total	1,193,731	1,193,731	-	1,193,731
System-wide support services				
Support and development	3,966	3,966	-	3,966
Alternative programs and services				
support and development	65,764	65,764	-	65,764
Operational support	-	-	-	-
Total	69,730	69,730	-	69,730
Non-programmed charges	37,713	37,713	-	37,713
Capital outlay:				
Real property and buildings	-	-	50,732	50,732
Furniture and equipment	-	-	19,755	19,755
Buses and motor vehicles	-	-	87,377	87,377
Total	-	-	157,864	157,864
Debt service	-	-	41,305	41,305
Total expenditures	1,301,174	1,301,174	199,169	1,500,343
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	120,788	120,788
Fund balances, ending	\$ -	\$ -	\$ 120,788	\$ 120,788

Edenton-Chowan Board of Education, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Federal Grants Fund
For the Fiscal Year Ended June 30, 2015

	2015		Variance
	Budget	Actual	Positive (Negative)
Revenues			
U. S. Government	\$ 1,900,790	\$ 1,301,174	\$ (599,616)
Expenditures:			
Instructional services			
Regular instructional	309,326	298,296	11,030
Special populations	605,084	464,136	140,948
Alternative programs	654,605	415,629	238,976
School-based support	76,650	15,670	60,980
Total	<u>1,645,665</u>	<u>1,193,731</u>	<u>451,934</u>
System-wide support services			
Support and development	4,415	3,966	449
Alternative programs and services			
support and development	<u>71,290</u>	<u>65,764</u>	<u>5,526</u>
Total	<u>75,705</u>	<u>69,730</u>	<u>5,975</u>
Non-programmed charges	<u>179,420</u>	<u>37,713</u>	<u>141,707</u>
Total expenditures	<u>1,900,790</u>	<u>1,301,174</u>	<u>599,616</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

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

	2015		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Chowan County:			
County Appropriation-Land Transfer Tax	\$ 203,000	\$ -	\$ (203,000)
State of North Carolina:			
State appropriation-buses	41,305	41,305	-
Total revenues	<u>244,305</u>	<u>41,305</u>	<u>(203,000)</u>
Expenditures:			
Capital Outlay:			
Land and buildings	88,000	50,732	37,268
Furniture and equipment	20,000	19,755	245
Vehicles	95,000	87,377	7,623
Debt service:			
Principal	41,305	41,305	-
Total expenditures	<u>244,305</u>	<u>199,169</u>	<u>45,136</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>(157,864)</u>	<u>\$ 157,864</u>
Non-budgeted reconciling items:			
Allocation from Chowan County for capital outlay		108,027	
Public School Building Capital Fund - Lottery		<u>49,837</u>	
		-	
Fund balance, beginning		120,788	
Fund balance, ending		<u>\$ 120,788</u>	

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

	2015		Variance
	Budget	Actual	Positive (Negative)
Operating revenues, food sales	\$ 364,000	\$ 215,477	\$ (148,523)
Operating expenditures:			
Business support services:			
Purchase of food	-	416,653	-
Donated commodities	-	69,384	-
Salaries and benefits	-	591,429	-
Indirect costs	-	86,998	-
Materials and supplies	-	57,292	-
Contracted services	-	212	-
Travel	-	7,486	-
Workshops	-	1,112	-
Other	-	1,925	-
Total operating expenditures	1,463,983	1,232,491	231,492
Operating loss	(1,099,983)	(1,017,014)	82,969
Nonoperating revenues:			
Federal reimbursements	932,300	842,592	(89,708)
Federal commodities	69,385	69,384	(1)
State reimbursement for breakfast	-	2,371	2,371
Interest earned	-	7	7
Total nonoperating revenues (expenditures)	1,001,685	914,354	(87,331)
Excess of revenues (under) expenditures before other financing sources	(98,298)	(102,660)	(4,362)
Other financing sources:			
Transfer from other funds	98,298	98,163	(135)
Excess of revenues and other sources (under) expenditures	\$ -	(4,497)	\$ (4,497)
Reconciliation from modified accrual to full accrual:			
Reconciling items:			
Depreciation		(4,035)	
Contributions to the pension plan in the current year		35,014	
Decrease in inventory		(3,512)	
Pension plan expense		(13,984)	
Decrease in vacation pay		(23,785)	
Change in net position (full accrual)		\$ (14,799)	

Edenton-Chowan Board of Education, North Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
Project Graduation				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,993	-	-	2,993
Total assets	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,993	-	-	2,993
Total assets	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 2,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,993</u>

COMPLIANCE

DONNA H. WINBORNE, CPA, P.C.

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DONNA HOLLOWELL WINBORNE, C.P.A.

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

Independent Auditor's Report

To the Members of the Board
Edenton-Chowan Board of Education
Edenton, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edenton-Chowan Board of Education, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Edenton-Chowan Board of Education's basic financial statements, and have issued my report thereon dated October 15, 2015.

Internal Control Over Financial Reporting

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

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

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

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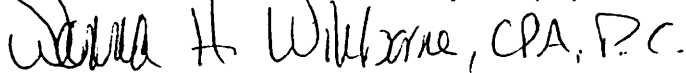
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Compliance and Other Matters

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

Purpose of this Report

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

 Susan H. Wilkerson, CPA, P.C.

Elizabeth City, North Carolina
October 15, 2015

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT
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DONNA HOLLOWELL WINBORNE, C.P.A.

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

Independent Auditors' Report

To the Members of the Board
Edenton-Chowan Board of Education
Edenton, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

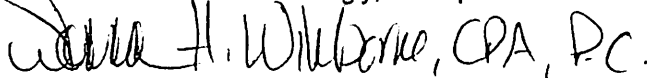
In my opinion, the Edenton-Chowan Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Elizabeth City, North Carolina
October 15, 2015

DONNA H. WINBORNE, CPA, P.C.

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DONNA HOLLOWELL WINBORNE, C.P.A.

**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance; In Accordance With OMB
Circular A-133 and the State Single Audit Implementation Act**

Independent Auditor's Report

To the Members of the Board
Edenton-Chowan Board of Education
Edenton, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In my opinion, the Edenton-Chowan Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002. My opinion on each major state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that I consider to be significant deficiencies.

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

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



Steven H. Wilbur, CPA, PC.

Elizabeth City, North Carolina
October 15, 2015

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section I. Summary of Auditors' Results
--

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

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

Noncompliance material to financial
statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553, 10.555, & 10.559	Child Nutrition Cluster
84.027, 84.173, & 84.323	Special Education Cluster
84.334	Gear Up NC Grant

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

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

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section I. Summary of Auditors' Results (contd.)

State Awards

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

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

Identification of major State programs:

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

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section IV. State Award Findings and Questioned Costs
--

N.C. Department of Public Instruction
Program Name: State Public School Fund

FINDING: 2015-001

SIGNIFICANT DEFICIENCY

Criteria: Local Education Agencies should comply with all aspects of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act. This includes a requirement that each student athlete and a parent sign an information sheet related to concussion and head injuries. In addition, each coach, nurse, athletic director, first responder, and volunteer must have a signed information sheet on file.

Condition: At John A. Holmes High School, the concussion information sheet for one student was not signed by the student.

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

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

Recommendation: A procedure should be established to verify that there is a signed information sheet for all student athletes, coaches, nurses, athletic directors, first responders, and volunteers.

Views of responsible officials and planned corrective actions: We will monitor the forms for compliance to make sure we have signed concussion forms for all students and coaches.

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

FINDING: 2015-002

SIGNIFICANT DEFICIENCY

Criteria: Local Education Agencies should comply with all aspects of Session Law 2011-147, Gfellar-Waller Concussion Awareness Act. This includes a requirement for a venue-specific Emergency Action Plan (EAP) for each school. Each EAP should, among other requirements, be distributed to all appropriate personnel; be reviewed and rehearsed annually by all athletic trainers, first responders, coaches, nurses, athletic directors, and volunteers; and include a delineation of roles for each location.

Condition: John A. Holmes High School could not provide documentation that the EAP had been distributed to all appropriate personnel or that it had been reviewed and rehearsed by all appropriate personnel as required. In addition, the EAP did not include a delineation of roles for each location.

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

Cause: Documentation was not retained indicating distribution, review, and rehearsal of the plan. The plan did not include specific delineation of roles for each location.

Recommendation: There should be documentation, such as sign-in sheets to show that the EAP has been received, reviewed and rehearsed by all appropriate personnel. The EAP should be corrected to show delineation of roles for each location.

Views of responsible officials and planned corrective actions: The Athletic Trainer is working on updating the EAP and a sign-off procedure for documenting that the EAP has been received, reviewed and rehearsed by all appropriate personnel. The EAP will be corrected to show delineation of roles for each location. The Athletic Director is working with maintenance on waterproof covers to post the EAP at each location.

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2015

Section IV. State Award Findings and Questioned Costs
--

Finding: 2015-001

SIGNIFICANT DEFICIENCY

Name of contact person: Wes Mattera, Athletic Director

Corrective Action: We will monitor the forms for compliance to make sure we have signed concussion forms for all students and coaches.

Proposed Completion Date: November 10, 2015

Finding: 2015-002

SIGNIFICANT DEFICIENCY

Name of contact person: Wes Mattera, Athletic Director

Corrective Action: We will have a sign-off procedure for documenting that EAP has been received, reviewed, and rehearsed by all appropriate personnel. We will also correct the EAP to show delineation of roles for each location.

Proposed Completion Date: December 18, 2015

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015

Finding: 2014-001

This finding is repeated.

**EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants:			
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555		<u>69,384</u>
Non-Cash Assistance			<u>69,384</u>
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553		\$ 213,150
National School Lunch Program	10.555		631,744
After School Snack Program	10.555		1,001
Passed-through the N.C. Department of Health and Human Services:			
Division of Public Health:			
Summer Food Service Program for Children	10.559		<u>4,235</u>
Total Cash Assistance			<u>850,130</u>
Total U. S. Department of Agriculture			<u>919,514</u>
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
Title I, Part A Cluster			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	PRC 050	<u>505,725</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped	84.027	PRC 060	414,971
Special Education - Grants to States (IDEA, Part B) - Children with Disabilities - Risk Pool	84.027	PRC 114	23,872
Special Education - Grants to States (IDEA, Part B) - Special Needs Targeted Assistance	84.027	PRC 118	7,596
Special Education - Preschool Grants (IDEA Preschool) - Preschool Targeted Assistance	84.173	PRC 119	428
Special Education - Preschool Grants (IDEA Preschool) - Preschool Handicapped	84.173	PRC 049	21,802
Special Education - Grants to States (IDEA, Part B) - Special Education State Improvement Grant	84.323	PRC 082	<u>8,284</u>
Total Special Education Cluster			<u>476,953</u>
Career Technical Education			
- Federal - Program Improvement	84.048	PRC 017	32,923
- Federal - Capacity Building	84.048	PRC 058	<u>2,674</u>
Total Adult Education			<u>35,597</u>

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
Federal Grants (continued):			
ARRA - Race to the Top	84.395	PRC 156	49,604
ARRA - Race to the Top (Governor's Teacher Network)	85.395	PRC 154	24,572
Rural and Low Income Schools	84.358	PRC 109	45,126
Improving Teacher Quality State Grants	84.367	PRC 103	99,369
Title V - State Abstinence Education Grant Program	93.235	PRC 101	64,229
Total U. S. Department of Education			<u>1,301,175</u>
<u>U.S. Department of Education</u>			
Passed through UNC General Administration			
Gear Up NC Grant	84.334	PRC 311	<u>110,791</u>
<u>U.S. Department of Health and Human Services</u>			
Division of Social Services:			
Medical Assistance Program	93.999		<u>211,490</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	12.999	NC53	<u>56,890</u>
Total federal assistance			<u>2,599,860</u>
State Grants:			
Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
State Public School Fund			14,124,014
Driver Training - SPSF		PRC 012	26,285
School Technology Fund - SPSF		PRC 015	36,849
Vocational Education			
- State Months of Employment		PRC 013	743,284
- Program Support Funds		PRC 014	147,506
State Breakfast Program			2,371
Passed-through Chowan County:			
Public School Building Bonds - Lottery			<u>49,837</u>
Total N. C. Department of Public Instruction			15,130,146
<u>Golden LEAF Foundation</u>			
Golden LEAF STEM Initiative			35,999
1:1 NC Learning Technology Initiative			295,462
<u>N. C. Department of Health and Human Services:</u>			
School Nurse Grant			50,440
Division of Child Development:			
NC Pre-Kindergarten Program			299,898
<u>Department of Juvenile Justice:</u>			
Juvenile Crime Prevention Program			58,778

EDENTON-CHOWAN BOARD OF EDUCATION, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
State Grants (continued):			
Non-Cash Assistance			
<u>N. C. Department of Public Instruction:</u>			
Textbooks			7,636
Total State Assistance			15,878,359
Total federal and State Assistance			\$ 18,478,219

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

1. Basis of Presentation

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