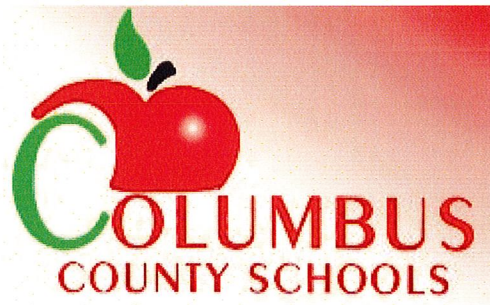


COLUMBUS COUNTY BOARD OF EDUCATION



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

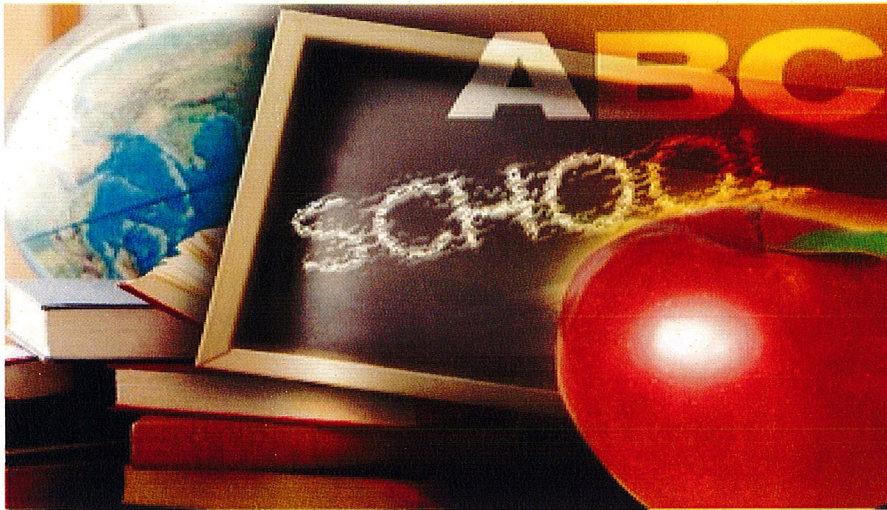
JUNE 30, 2015

Columbus County Board of Education
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Financial Section

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Government-wide Financial Statements**
- **Fund Financial Statements**
- **Notes to Financial Statements**



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

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

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Members

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Columbus County Board of Education, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, State Public School Fund, and Federal Grant 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 43 and 44, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provided us will sufficient evident to express and opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 on our consideration of Columbus County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbus County Board of Education's internal control over financial reporting and compliance.

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

Whiteville, NC

November 4, 2015

Management's Discussion and Analysis

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

Financial Highlights

- The Board experienced a decrease in enrollment of 224 students from the previous year.
- The Board is working diligently with the Columbus County Board of Commissioners to find ways to fund increases required for the continuing improvement of educational services for Columbus County students.

Overview of the Financial Statements

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

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

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

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

Government-wide Statements

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

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

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

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

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

Columbus County Board of Education has three types of funds:

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

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

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

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

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

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

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,020,341 as of June 30, 2015. The largest component of net position is investment in capital assets, of \$39,127,560, which is greater than the total net position because of the implementation of GASB 68.

Following is a summary of the Statement of Net Position:

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30	June 30	June 30	June 30	June 30	June 30
	2015	2014	2015	2014	2015	2014
Current assets	\$ 7,025,378	\$ 6,944,221	\$ 862,609	\$ 975,435	\$ 7,887,987	\$ 7,919,656
Capital assets	39,183,506	40,566,977	64,577	49,285	39,248,083	40,616,262
Total assets	46,208,884	47,511,198	927,186	1,024,720	47,136,070	48,535,918
Deferred outflows of resources	2,439,703	-	94,070	-	2,533,773	-
Current liabilities	2,018,973	1,969,331	97,185	110,661	2,116,158	2,079,992
Long-term liabilities	5,953,873	3,811,588	254,030	173,879	6,207,903	3,985,467
Total liabilities	7,972,846	5,780,919	351,215	284,540	8,324,061	6,065,459
Deferred inflows of resources	8,980,594	11,805	344,847	-	9,325,441	11,805
Net investment in capital assets	39,062,983	40,008,559	64,577	49,285	39,127,560	40,057,844
Restricted net position	836,140	877,448	-	-	836,140	877,448
Unrestricted net position	(8,203,976)	832,467	260,617	690,895	(7,943,359)	1,523,362
Total net position	\$ 31,695,147	\$ 41,718,474	\$ 325,194	\$ 740,180	\$ 32,020,341	\$ 42,458,654

Note that net position decreased during the year, indicating a decline in the financial condition of the Board. Both the government-wide and business-type activities experienced an increase in net position, but this was overshadowed by the restatement of net position related to the implementation of GASB 68. The decrease in net position was due to the implementation of GASB 68, which resulted in a restatement of net position for the government-wide and business-type activities in the amounts of \$10,948,727 and \$420,455, respectively. Unrestricted net position decreased in the business-type activities by 62.28%, because of the implementation of GASB 68 as mentioned previously. Also note that the Board carries capital assets for which Columbus County carries the offsetting debt.

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,757,735	\$ 2,027,454	\$ 491,905	\$ 788,100	\$ 3,249,640	\$ 2,815,554
Operating grants and contributions	48,134,850	45,615,300	4,012,081	3,454,417	52,146,931	49,069,717
Capital grants and contributions	123,710	2,483,934	-	-	123,710	2,483,934
General revenues:						
Other revenues	7,342,470	6,942,173	143	432	7,342,613	6,942,605
Total revenues	<u>58,358,765</u>	<u>57,068,861</u>	<u>4,504,129</u>	<u>4,242,949</u>	<u>62,862,894</u>	<u>61,311,810</u>
Expenses:						
Governmental activities:						
Instructional programs	44,619,525	43,526,916	-	-	44,619,525	43,526,916
System-wide Support	12,219,679	11,912,482	-	-	12,219,679	11,912,482
Ancillary services	49,536	54,186	-	-	49,536	54,186
Non-programmed charges	526,279	349,516	-	-	526,279	349,516
Interest on long-term debt	18,346	19,263	-	-	18,346	19,263
Business-type activities:						
Food service	-	-	4,498,660	4,290,700	4,498,660	4,290,700
Total expenses	<u>57,433,365</u>	<u>55,862,363</u>	<u>4,498,660</u>	<u>4,290,700</u>	<u>61,932,025</u>	<u>60,153,063</u>
Increase (decrease) in net position	925,400	1,206,498	5,469	(47,751)	930,869	1,158,747
Net position, beginning	41,718,474	40,511,976	740,180	787,931	42,458,654	41,299,907
Restatement	(10,948,727)	-	(420,455)	-	(11,369,182)	-
Net position, beginning, restated	30,769,747	40,511,976	319,725	787,931	31,089,472	41,299,907
Net position, ending	<u>\$ 31,695,147</u>	<u>\$ 41,718,474</u>	<u>\$ 325,194</u>	<u>\$ 740,180</u>	<u>\$ 32,020,341</u>	<u>\$ 42,458,654</u>

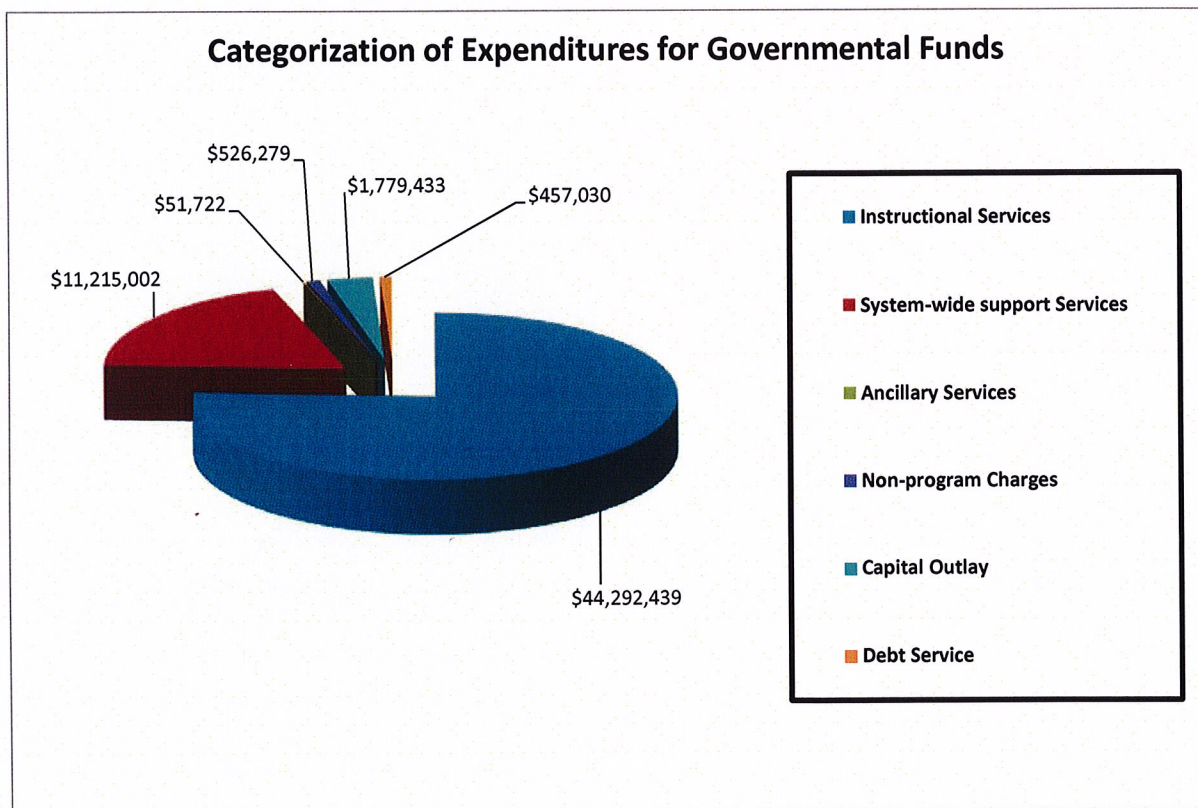
Total governmental activities generated revenues of \$58,358,765 while expenses in this category totaled \$57,433,365. Comparatively, revenues were \$57,068,861 and expenses totaled \$55,862,363 for the year ended June 30, 2015. The increase in net position stands at \$925,400, compared with an increase of \$1,206,498 in 2014. Instructional services comprised 78% of total governmental-type expenses while system-wide support services made up 21% of those expenses for 2015. County funding comprised 11.39% of total governmental revenue. In 2014, County funding was 11.62%. Much of the remaining 88.09% of total governmental revenue for 2015 consists of restricted State and federal money. This money represented 87.5% of total revenue in 2014. Business-type activities generated revenue of \$4,504,129 and had expenses of \$4,498,660. Net position increased in the business-type activities by \$5,469.

Financial Analysis of the Board's Funds

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

The Board's governmental funds reported a combined fund balance of \$5,006,095, a \$41,811 increase over the prior year. The General Fund had revenues in excess of expenditures of \$211,098, the Capital Outlay Fund had expenditures in excess of revenues of \$144,257, and the Other Restricted Fund had expenditures in excess of revenues of \$20,690. The individual schools had combined revenues in excess of expenditures in the amount of \$7,615. Expenditures increased over the prior year, and included \$987,874 in capitalizable assets.

Proprietary Funds: The Board's School Food Service Fund reflected an increase of \$5,469 in net position over last year. Revenues and expenses increased during the current year. The School participated in a program where all students in grades K-8 received free meals, which resulted in a decline in charged meals but in increase in federal funding.



General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget to account for changes in expenditure expectations. However, the total General Fund Budget did not change in total during the year.

Capital Assets

Capital assets decreased by \$1,368,179 (or 3.37%) from the previous year. Depreciation exceeded capitalized cost of assets for the year.

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

Table 3
Summary of Capital Assets
As of June 30, 2015

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/14</u>
Land	\$ 3,614,609	\$ 3,614,609	\$ -	\$ -	\$ 3,614,609	\$ 3,614,609
Construction in progress	540,505	1,516,651	-	-	540,505	1,516,651
Buildings	64,465,359	62,669,387	-	-	64,465,359	62,669,387
Equipment and furniture	4,766,978	4,929,994	607,020	596,488	5,373,998	5,526,482
Vehicles	7,780,481	7,692,433	-	-	7,780,481	7,692,433
Less accumulated depreciation	(41,984,426)	(39,856,097)	(542,443)	(547,203)	(42,526,869)	(40,403,300)
Total	\$ 39,183,506	\$ 40,566,977	\$ 64,577	\$ 49,285	\$ 39,248,083	\$ 40,616,262

Debt Outstanding

During the year the Board's outstanding debt decreased by \$437,895. This was a result of paying installment payments for buses and energy lease payments. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

Economic Factors

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

- Columbus County has experienced an unemployment rate of approximately 7.9% as compared to the statewide average of 5.8%.
- Two primary elements of the local economy, textiles and agriculture, have experienced significant losses in the past few years, resulting in a bleak economic outlook.
- The County administration is actively cultivating new alternatives to offset the dwindling impact of textiles and agriculture on the local economy. However, these efforts are more long range in nature and are not likely to produce significant improvements in the short term.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

**Columbus County Board of Education
Statement of Net Position
June 30, 2015**

Exhibit 1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,312,841	\$ 608,489	\$ 5,921,330
Due from other governments	1,694,512	174,440	1,868,952
Receivables (net)	555	105	660
Internal balances	(3,000)	-	(3,000)
Inventories	20,470	79,575	100,045
Capital assets (Note 1)			
Land, improvements, and construction in progress	4,155,114	-	4,155,114
Other capital assets, net of depreciation	35,028,392	64,577	35,092,969
Total capital assets	39,183,506	64,577	39,248,083
Total assets	<u>\$ 46,208,884</u>	<u>\$ 927,186</u>	<u>\$ 47,136,070</u>
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,439,703	\$ 94,070	\$ 2,533,773
LIABILITIES			
Accounts payable and accrued liabilities	\$ 233,417	\$ 2,814	\$ 236,231
Accrued salaries and wages payable	1,785,145	87,102	1,872,247
Accrued interest payable	411	-	411
Prepaid meals	-	7,269	7,269
Long-term liabilities			
Net pension liability	2,486,306	95,480	2,581,786
Due within one year	443,358	-	443,358
Due in more than one year	3,024,209	158,550	3,182,759
Total liabilities	<u>\$ 7,972,846</u>	<u>\$ 351,215</u>	<u>\$ 8,324,061</u>
DEFERRED INFLOWS OF RESOURCES	\$ 8,980,594	\$ 344,847	\$ 9,325,441
NET POSITION			
Net Investment in capital assets	\$ 39,062,983	\$ 64,577	\$ 39,127,560
Restricted:			
Individual Schools	781,981	-	781,981
Stabilization by State Statute	54,159	-	54,159
School Capital Outlay	2,748,139	-	2,748,139
Unrestricted	(10,952,115)	260,617	(10,691,498)
Total net position	<u>\$ 31,695,147</u>	<u>\$ 325,194</u>	<u>\$ 32,020,341</u>

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

**Columbus County Board of Education
Statement of Activities
For the Year Ended June 30, 2015**

Exhibit 2

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary government							
Governmental Activities:							
Instructional programs:							
Regular	\$ 22,729,346	\$ -	\$ 22,591,323	\$ -	\$ (138,023)	\$ -	\$ (138,023)
Special	5,223,374	-	5,194,691	-	(28,683)	-	(28,683)
Alternative programs	6,701,201	-	6,490,928	-	(210,273)	-	(210,273)
School leadership	2,937,389	-	2,795,272	-	(142,117)	-	(142,117)
Co-curricular	3,140,659	2,714,581	-	-	(426,078)	-	(426,078)
School-based support	3,887,556	-	3,847,064	-	(40,492)	-	(40,492)
System-wide support services:							
Support and development	471,218	-	404,503	-	(66,715)	-	(66,715)
Special populations	294,256	-	295,633	-	1,377	-	1,377
Alternative programs	280,861	-	271,209	-	(9,652)	-	(9,652)
Technology support	599,107	-	576,951	-	(22,156)	-	(22,156)
Operational support	9,027,197	43,154	4,628,330	123,710	(4,232,003)	-	(4,232,003)
Financial and human resource	423,503	-	372,476	-	(51,027)	-	(51,027)
Accountability	80,652	-	86,731	-	6,079	-	6,079
System-wide pupil support	-	-	-	-	-	-	-
Policy, leadership, and public relations	1,042,885	-	484,063	-	(558,822)	-	(558,822)
Ancillary services	49,536	-	49,542	-	6	-	6
Non-programmed charges	526,279	-	46,134	-	(480,145)	-	(480,145)
Debt service:							
Interest on long-term debt	18,346	-	-	-	(18,346)	-	(18,346)
Total Governmental activities	57,433,365	2,757,735	48,134,850	123,710	(6,417,070)	-	(6,417,070)
Business-type activities:							
School Food service	4,498,660	491,905	4,012,081	-	-	5,326	5,326
Total business-type activities	4,498,660	491,905	4,012,081	-	-	5,326	5,326
Total primary government	\$ 61,932,025	\$ 3,249,640	\$ 52,146,931	\$ 123,710	\$ (6,417,070)	\$ 5,326	\$ (6,411,744)
General revenues:							
Unrestricted county appropriations - operating					5,082,680	-	5,082,680
Unrestricted county appropriations - capital					1,561,999	-	1,561,999
Miscellaneous, unrestricted					677,817	-	677,817
Gain(loss) on disposal					15,096	-	15,096
Investment earnings, unrestricted					4,878	143	5,021
Total general revenues					7,342,470	143	7,342,613
Change in net position					925,400	5,469	930,869
Net position - beginning					41,718,474	740,180	42,458,654
Restatement					(10,948,727)	(420,455)	(11,369,182)
Net position - beginning, restated					30,769,747	319,725	31,089,472
Net position - ending					\$ 31,695,147	\$ 325,194	\$ 32,020,341

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

**Columbus County Board of Education
Balance Sheet
Governmental Funds
June 30, 2015**

Exhibit 3

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State Public School Fund	Federal Grant Fund	Capital Outlay Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 1,264,200	\$ -	\$ -	\$ 2,727,935	\$ 1,320,706	\$ 5,312,841
Due from other governments	54,159	1,419,278	193,244	161,023	60,052	1,694,512
Accounts receivable	-	-	-	555	-	555
Inventory	-	-	-	20,470	-	20,470
Due from other funds	-	-	-	3,697	-	3,697
Total assets	<u>\$ 1,318,359</u>	<u>\$ 1,419,278</u>	<u>\$ 193,244</u>	<u>\$ 2,913,680</u>	<u>\$ 1,380,758</u>	<u>\$ 7,032,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 52,223	\$ -	\$ -	\$ 145,071	\$ 36,123	\$ 233,417
Due to other funds	-	-	-	-	6,697	6,697
Accrued salaries and wages payable	297,311	1,418,557	175,083	-	69,277	1,785,145
Total liabilities	<u>\$ 349,534</u>	<u>\$ 1,418,557</u>	<u>\$ 175,083</u>	<u>\$ 145,071</u>	<u>\$ 112,097</u>	<u>\$ 2,025,259</u>
Deferred inflows of resources:	<u>\$ -</u>	<u>\$ 721</u>	<u>\$ 18,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721</u>
Fund balances:						
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ 20,470	\$ -	\$ 20,470
Restricted:						
Stabilization by State Statute	54,159	-	-	-	-	54,159
School Capital Outlay	-	-	-	2,748,139	-	2,748,139
Individual Schools	-	-	-	-	781,981	781,981
Committed:						
Other Restricted Funds	-	-	-	-	486,680	486,680
Assigned:						
Subsequent Year's Expenditures	50,000	-	-	-	-	50,000
Unassigned	864,666	-	-	-	-	864,666
Total fund balances	<u>968,825</u>	<u>-</u>	<u>-</u>	<u>2,768,609</u>	<u>1,268,661</u>	<u>5,006,095</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,318,359</u>	<u>\$ 1,419,278</u>	<u>\$ 175,083</u>	<u>\$ 2,913,680</u>	<u>\$ 1,380,758</u>	<u>\$ 7,032,075</u>

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

**Columbus County Board of Education
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2015**

Exhibit 3a

Total fund balance, governmental funds	\$ 5,006,095
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Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	39,183,506
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Deferred outflows of resources related to pensions	2,439,703
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, and Long-term Compensated Absences), are not due and payable in the current period and are not included in the funds.	(3,467,978)
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Net pension liability	(2,486,306)
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Deferred inflows of resources related to pensions	(8,979,873)
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Net Position of Governmental Activities	<u>\$ 31,695,147</u>
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 4

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State Public School Fund	Federal Grant Fund	Capital Outlay Fund	Other Governmental Funds	
REVENUES						
State of North Carolina	\$ 6,090	\$ 38,930,045	\$ -	\$ 123,710	\$ 2,048,274	\$ 41,108,119
U.S. Government	-	-	6,927,374	-	229,157	7,156,531
Columbus County	5,082,680	-	-	1,561,999	-	6,644,679
Other	175,620	-	-	406,497	2,872,270	3,454,387
Total	5,264,390	38,930,045	6,927,374	2,092,206	5,149,701	58,363,716
EXPENDITURES						
Current:						
Instructional services:						
Regular	24,795	21,540,953	728,927	-	348,308	22,642,983
Special	190	3,934,238	1,249,781	-	11,563	5,195,772
Alternative programs	7,879	1,294,229	3,530,291	-	1,805,673	6,638,072
School leadership	123,736	2,791,870	-	-	3,686	2,919,292
Co-curricular	314,686	-	-	-	2,706,966	3,021,652
School-based support	5,003	3,068,893	507,745	-	293,027	3,874,668
System-wide support services						-
Support and development	50,313	325,390	79,113	-	-	454,816
Special population	5,053	155,845	139,789	-	-	300,687
Alternative programs	-	-	271,209	-	-	271,209
Technology support	-	214,713	362,238	-	-	576,951
Operational support	3,392,856	4,611,464	15,451	-	1,536	8,021,307
Financial and human resources	66,027	372,476	-	-	-	438,503
Accountability services	-	86,731	-	-	-	86,731
System-wide pupil support	-	-	-	-	-	-
Policy, leadership, and public relations	580,735	484,063	-	-	-	1,064,798
Ancillary services	2,150	49,180	-	-	392	51,722
Non-programmed charges	479,869	-	42,830	-	3,580	526,279
Debt service:						
Principal	-	-	-	437,896	-	437,896
Interest and other charges	-	-	-	19,134	-	19,134
Capital outlay						
Real property and buildings	-	-	-	1,354,993	-	1,354,993
Furniture and equipment	-	-	-	319,567	-	319,567
Buses and motor vehicles	-	-	-	104,873	-	104,873
Total Expenditures	5,053,292	38,930,045	6,927,374	2,236,463	5,174,731	58,321,905
Excess (deficiency) of revenues over expenditures	211,098	-	-	(144,257)	(25,030)	41,811
OTHER FINANCING SOURCES						
Transfers from (to) other funds	-	-	-	-	-	-
Installment purchase obligations issued	-	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-	-
Net change in fund balances	211,098	-	-	(144,257)	(25,030)	41,811
Fund balances - beginning	757,727	-	-	2,912,866	1,293,691	4,964,284
Fund balances - ending	\$ 968,825	\$ -	\$ -	\$ 2,768,609	\$ 1,268,661	\$ 5,006,095

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

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

Exhibit 4a

Net change in fund balances - total governmental funds: \$ 41,811

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation exceeded capital outlay additions in the current period. (1,378,520)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 2,872,360

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 437,895

Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) 788

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

Pension expense	(950,109)
Compensated absences	(93,874)
Gain (loss) on disposal of assets	(4,951)

Total changes in net position of governmental activities	\$ 925,400
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The notes to the financial statements are an integral part of this statement.

Columbus County Board of Education
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
June 30, 2015

	General Fund				State Public School Fund			
	Budget		Actual		Budget		Actual	
	Original	Final	Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Amounts	Variance with Final Budget - Positive (Negative)
REVENUES								
State of North Carolina	\$ -	\$ -	\$ 6,090	\$ 6,090	\$ 37,486,445	\$ 40,408,262	\$ 38,930,045	\$ (1,478,217)
U.S. Government	-	-	-	-	-	-	-	-
Columbus County	0	5,082,680	5,082,680	-	-	-	-	-
Other	5,257,680	175,000	175,620	620	-	-	-	-
Total revenues	5,257,680	5,257,680	5,264,300	6,710	37,486,445	40,408,262	38,930,045	(1,478,217)
EXPENDITURES								
Current:								
Instructional								
Regular	40,000	33,981	24,795	9,186	21,925,121	22,555,622	21,540,952	1,014,670
Special	-	-	190	(190)	3,292,316	3,937,280	3,934,238	3,042
Alternative programs	7,000	7,879	7,879	-	966,798	1,361,247	1,294,225	67,018
School leadership	77,165	122,387	123,736	(1,349)	2,643,126	2,813,223	2,791,870	21,353
Co-curricular	356,446	328,768	314,886	14,082	-	-	-	-
School-based support	9,500	8,621	5,003	3,618	2,445,468	3,086,360	3,068,892	17,467
System-wide support services:								
Support and development	78,079	51,241	50,313	928	680,629	622,195	325,390	296,805
Special population	3,678	5,053	5,053	-	157,875	155,846	155,845	1
Alternative programs	-	-	-	-	-	-	-	-
Technology support	-	-	-	-	-	214,713	214,713	-
Operational support	3,524,130	3,558,935	3,392,856	166,079	4,073,307	4,669,311	4,611,464	57,847
Financial and human resources	54,000	65,994	66,027	(33)	334,968	372,476	372,476	-
Accountability	-	-	-	-	66,357	86,731	86,731	-
System-wide pupil support	-	-	-	-	500,000	-	-	-
Policy, leadership, and public relations	-	-	-	-	-	-	-	-
Ancillary services	588,072	591,302	580,735	10,567	354,793	484,069	484,063	6
Non-programmed changes	3,110	2,150	2,150	-	45,691	49,188	49,180	8
Total Expenditures	516,500	481,369	479,869	1,500	-	-	-	-
Revenues over (under) expenditures	5,257,680	5,257,680	5,053,292	204,388	37,486,445	40,408,262	38,930,045	1,478,217
OTHER FINANCING SOURCES								
Transfers from (to) other funds	-	-	-	-	-	-	-	-
Fund balance appropriated	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 211,098	\$ 211,098	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	757,727	-	-	-	-	-
Fund balances - ending	-	-	\$ 968,825	-	-	-	\$ -	-

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

Columbus County Board of Education
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance -
June 30, 2015

	Federal Grant Fund				Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts		
	Original	Final			
REVENUES					
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government	6,333,724	8,634,903	6,927,374	(1,707,529)	
Columbus County	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>6,333,724</u>	<u>8,634,903</u>	<u>6,927,374</u>	<u>(1,707,529)</u>	
EXPENDITURES					
Current:					
Instructional					
Regular	634,093	853,870	728,927	124,943	
Special	1,758,908	1,845,254	1,249,781	595,473	
Alternative programs	2,756,204	4,339,060	3,530,291	808,769	
School leadership	-	-	-	-	-
Co-curricular	-	-	-	-	-
School-based support	535,250	573,848	507,745	66,103	
System-wide support services:					
Support and development	90,838	93,612	79,113	14,499	
Special population	130,609	145,000	139,789	5,211	
Alternative programs	249,361	291,343	271,209	20,134	
Technology support	58,613	362,739	362,238	501	
Operational support	36,580	45,887	15,451	30,436	
Financial and human resources	-	-	-	-	-
Accountability	-	-	-	-	-
System-wide pupil support	-	-	-	-	-
Policy, leadership, and public relations	-	-	-	-	-
Ancillary services	-	-	-	-	-
Non-programmed charges	83,268	84,290	42,830	41,460	
Total Expenditures	<u>6,333,724</u>	<u>8,634,903</u>	<u>6,927,374</u>	<u>1,707,529</u>	
Revenues over (under) expenditures	-	-	-	-	-
OTHER FINANCING SOURCES					
Transfers from (to) other funds	-	-	-	-	-
Fund balance appropriated	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	
Fund balances - beginning	-	-	-	-	-
Fund balances - ending	-	-	-	\$ -	

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

**Columbus County Board of Education
Statement of Net Position
Proprietary Fund
June 30, 2015**

Exhibit 6

	Enterprise Fund
	Major Fund
	School Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 608,489
Due from other governments	174,440
Receivables (net)	105
Due from other funds	-
Inventories	79,575
Total current assets	<u>862,609</u>
Non-current assets:	
Capital Assets:	
Equipment	607,020
Less accumulated depreciation	<u>(542,443)</u>
Total non-current assets	<u>64,577</u>
Total assets	<u><u>\$ 927,186</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 94,070</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 2,814
Due to other funds	-
Accrued salaries and wages payable	87,102
Prepaid meal balance	7,269
Total current liabilities	<u>97,185</u>
Non-current liabilities:	
Net pension liability	95,480
Compensated absences	<u>158,550</u>
Total non-current liabilities:	<u>254,030</u>
Total liabilities	<u>351,215</u>
DEFERRED INFLOWS OF RESOURCES	<u>344,847</u>
NET POSITION	
Net investment in capital assets	64,577
Unrestricted	<u>260,617</u>
Total net position	<u><u>\$ 325,194</u></u>

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

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

Exhibit 7

	Enterprise Fund
	Major Fund
	School Food Service
OPERATING REVENUES:	
Food sales	\$ 491,743
Miscellaneous local revenues	162
Total operating revenues	<u>491,905</u>
OPERATING EXPENDITURES:	
Business support services:	
Purchase of food	1,740,991
Donated commodities	193,128
Salaries and benefits	2,037,392
Indirect cost	234,974
Materials and supplies	198,028
Repairs and maintenance	15,273
Contracted services	27,722
Depreciation	15,346
Capital Outlay	11
Other	35,795
Total business support services	<u>4,498,660</u>
Total operating expenditures	<u>4,498,660</u>
Operating income (loss)	(4,006,755)
NON-OPERATING REVENUES (EXPENSES):	
Federal reimbursements	3,559,304
Federal commodities used	202,867
Interest earned	143
Indirect cost not paid	234,974
Disposition of School Assets	14,936
Total operating revenues (expenses)	<u>4,012,224</u>
Change in net position	5,469
Total net position, beginning	740,180
Restatement	(420,455)
Total net position, beginning, restated	<u>319,725</u>
Total net position, ending	<u>\$ 325,194</u>

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

**Columbus County Board of Education
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

Exhibit 8
Page 1 of 2

	Enterprise Fund
	Major Fund
	School Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 478,376
Cash paid for goods and services	(2,029,282)
Cash paid to employees for services	(2,131,485)
Other operating revenues	162
Net cash used by operating activities	<u>(3,682,229)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal reimbursements	3,569,043
Due to / from other funds	(263)
Total cash provided by noncapital financing activities	<u>3,568,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(30,637)
Disposition of capital assets	14,936
Total cash provided (used) by capital and related financing activities	<u>(15,701)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>143</u>
Net increase/(decrease) in cash and cash equivalents	(129,007)
Cash and cash equivalents, July 1	737,495
Cash and cash equivalents, June 30	<u>\$ 608,488</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (4,006,755)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	15,346
Pension expense	36,486
Donated commodities consumed	193,128
Indirect costs not paid	234,974
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(10,161)
(Increase)/decrease in inventory	(5,757)
Increase/(decrease) in accounts payable	(5,705)
Increase/(decrease) in accrued liabilities	(4,565)
Increase/(decrease) in prepaid meals	(3,206)
Increase/(decrease) in deferred outflows of resources for pension plan contributions in current fiscal year	(110,685)
Increase/(decrease) in compensated absences	(15,329)
Total adjustments	<u>324,526</u>
Net cash used by operating activities	<u>\$ (3,682,229)</u>

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

**Columbus County Board of Education
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

Exhibit 8
Page 2 of 2

Noncash investing, capital, and financing activities:

Indirect costs of \$234,974 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund consumed donated commodities with a value of \$202,867 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The fund recorded the consumption of \$193,128 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

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

**Columbus County Board of Education
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015**

Exhibit 9

	Private Purpose Trust
ASSETS	
Cash and cash equivalents	\$ 9,770
Due from other funds	<u>3,000</u>
Total assets	<u>12,770</u>
LIABILITIES	
Due to other funds	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Assets held in trust for private purpose	<u><u>\$ 12,770</u></u>

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

**Columbus County Board of Education
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2015**

Exhibit 10

	Private Purpose Trust
ADDITIONS:	
Contributions and other revenue	\$ 3,011
Total	<u>3,011</u>
DEDUCTIONS:	
Scholarship payments	<u>-</u>
Total Expenditures	<u>-</u>
Change in net position	3,011
Net position, beginning	<u>9,759</u>
Net position, ending	<u><u>\$ 12,770</u></u>

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

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Columbus County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Columbus County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund is used to account for various programs and grants which the federal government provided to the local administrative unit.

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

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund.

2. Cash and Cash Equivalents

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

3. Inventories

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

4. Capital Assets

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, 1950 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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

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

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

5. Deferred outflows and inflows of resources

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

6. Long-term obligations

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

7. Compensated Absences

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

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

8. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute- portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)]

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

Restricted for Individual Schools - revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

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

Assigned fund balance - portion of fund balance that Columbus County Board of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

8. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$26,689,052 consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 81,167,932
Less Accumulated Depreciation	<u>(41,984,426)</u>
Net Capital Assets	39,183,506
Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	(432,657)
Contributions made to the pension plan in current fiscal year	2,872,360
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(120,523)
Compensated absences	(3,347,044)
Net pension liability	(2,486,306)
Accrued interest payable	(411)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(579,545)
Difference between projected and actual earnings on plan investments	<u>(8,400,328)</u>
Total Adjustment	<u>\$ 26,689,052</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$883,589 as follows:

Description	Amount
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	\$ (2,366,394)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	987,874
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	437,895
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,872,360
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	(950,109)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	788
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(93,874)
Gain(Loss) on disposal of assets	(4,951)
Total Adjustment	\$ <u>883,589</u>

10. Defined Benefit Pension Plans

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

II. Stewardship, Compliance, and Accountability

None to Report.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2015, the Board had deposits with financial institutions with a carrying amount of \$5,409,441 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$6,108,050 and \$436,278, respectively. Of these balances, \$750,000 was covered by federal depository insurance and \$5,358,050 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2015, the Board's investment balances were as follows:

The Board had \$521,659 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2015. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable.

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

	Due from other funds (Internal Balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ -	\$ 54,159	\$ -
Other governmental activities	(3,000)	1,640,353	555
Total	<u>\$ (3,000)</u>	<u>\$ 1,694,512</u>	<u>\$ 555</u>
Business-type activities:			
School Food Service	\$ -	\$ 174,440	\$ 105
Total	<u>\$ -</u>	<u>\$ 174,440</u>	<u>\$ 105</u>
Fiduciary activities:			
Scholarship Fund	\$ 3,000	\$ -	\$ -
Total	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>

Due from other governments consists of the following:

Governmental Activities:		
General Fund	\$ 11,924	Fines and Forfeitures from County
General Fund	6,090	Sales tax refund receivable
General Fund	36,145	Various other reimbursements
State Public School Fund	1,418,557	Operating Funds from DPI
State Public School Fund	721	Sales tax refund receivable
Federal Grants Fund	175,083	Federal Grants Fund
Federal Grants Fund	18,161	Sales tax refund receivable
Capital Outlay Fund	9,823	Sales tax refund receivable
Capital Outlay Fund	149,200	Allocations and Sales Tax from County
Capital Outlay Fund	2,000	Various other reimbursements
Individual Schools	10,268	Sales tax refund receivable
Other Restricted Funds	11,174	JROTC
Other Restricted Funds	7,195	Other local governments
Other Restricted Funds	31,415	Sales tax refund receivable
Total	<u>\$ 1,887,756</u>	
Business-type activities:		
School Food Service Fund	\$ 1,467	Sales tax refund receivable
School Food Service Fund	172,973	USDA
Total	<u>\$ 174,440</u>	

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,614,609	\$ -	\$ -	\$ -	\$ 3,614,609
Construction in Process	1,516,651	899,826	(1,875,972)	-	540,505
Total capital assets not being depr.	<u>5,131,260</u>	<u>899,826</u>	<u>(1,875,972)</u>	<u>-</u>	<u>4,155,114</u>
Capital assets being depreciated:					
Buildings	62,669,387	1,875,972	(80,000)	-	64,465,359
Equipment and furniture	4,929,994	-	(163,016)	-	4,766,978
Vehicles	7,692,433	88,048	-	-	7,780,481
Total capital assets being depreciated	<u>75,291,814</u>	<u>1,964,020</u>	<u>(243,016)</u>	<u>-</u>	<u>77,012,818</u>
Less accumulated depreciation for:					
Capital assets being depreciated	<u>39,856,097</u>	<u>2,366,394</u>	<u>(238,065)</u>	<u>-</u>	<u>41,984,426</u>
Total accumulated depreciation	<u>39,856,097</u>	<u>2,366,394</u>	<u>(238,065)</u>	<u>-</u>	<u>41,984,426</u>
Total capital assets being depreciated, net	<u>35,435,717</u>	<u>\$ (402,374)</u>	<u>\$ (4,951)</u>	<u>-</u>	<u>\$ 35,028,392</u>
Governmental activity capital assets, net	<u>\$ 40,566,977</u>				<u>\$ 39,183,506</u>

Depreciation was charged to governmental functions as follows:

Instructional programs	\$ 1,943,961
Supporting services	422,433
Total	<u>\$ 2,366,394</u>

Business-type activities:

School Food Service Fund:

Capital assets being depreciated:				
Furniture and office equipment	\$ 596,488	\$ 30,637	\$ (20,105)	\$ 607,020
Total capital assets being depreciated	<u>596,488</u>	<u>30,637</u>	<u>(20,105)</u>	<u>607,020</u>
Less accumulated depreciation for:				
Capital assets being depreciated	<u>547,203</u>	<u>15,345</u>	<u>(20,105)</u>	<u>542,443</u>
Total accumulated depreciation	<u>547,203</u>	<u>\$ 15,345</u>	<u>\$ (20,105)</u>	<u>542,443</u>
Business-type activity capital assets, net	<u>\$ 49,285</u>			<u>\$ 64,577</u>

Construction Commitments

Columbus County had the following active construction projects as of June 30, 2015.

	<u>Contract Amount</u>	<u>Amount Spent</u>	<u>Remaining Commitment</u>
Old Dock Renovations	\$ 3,898,921	\$ 126,322	\$ 3,772,599
Total Commitments	<u>\$ 3,898,921</u>	<u>\$ 126,322</u>	<u>\$ 3,772,599</u>

B. Liabilities

1. Pension Plan And Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contributions rate for the year ended June 30, 2015, was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$2,983,045 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 \$2,581,786 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 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 and at June 30, 2013, the Board's proportion was .01%.

For the year ended June 30, 2015, the Board recognized pension expense of \$986,596. 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	\$ -	\$ 601,801
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	8,722,919
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	449,272
Board contributions subsequent to the measurement date	2,983,045	-
Total	<u>\$ 2,983,045</u>	<u>\$ 9,773,992</u>

\$2,983,045 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	\$ (2,458,058)
2017	(2,458,058)
2018	(2,458,058)
2019	(2,399,818)
2020	-
Thereafter	-
	<u>\$ (9,773,992)</u>

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
<i>Total</i>	<u>100.0%</u>	

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

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

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 18,533,863	\$ 2,581,788	\$ (10,887,416)

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

b. Other Post-employment Benefits

1. Healthcare Benefits

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

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

Funding Policy: The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2015, 2014, and 2013 the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$1,789,827, \$1,645,986, and \$1,698,521, 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 from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

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

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

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$133,667, \$134,117, and \$141,009, respectively. These contributions represented .41%, .44%, and .44% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as June 30, 2015, are as follows:

	Vendors	Salaries and Benefits	Accrued Interest
Governmental Activities:			
General	\$ 52,223	\$ 297,311	\$ -
Other Governmental	181,194	1,487,834	411
Total governmental activities	<u>\$ 233,417</u>	<u>\$ 1,785,145</u>	<u>\$ 411</u>
Business-type Activities			
School Food Service	\$ 2,814	\$ 87,102	\$ -
Total business-type activities	<u>\$ 2,814</u>	<u>\$ 87,102</u>	<u>\$ -</u>

3. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Sales tax refunds receivable (special revenue funds)	\$ -	\$ 721
Change in proportion and difference between employer contributions and proportionate share of contributions	2,533,773	0
Difference between project and actual earnings on plan investments	-	8,722,919
Difference between expected and actual experience	-	601,801
Totals	\$ 2,533,773	\$ 9,325,441

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,550,000, and an annual aggregate limit of \$2,550,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability coverage. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Excess reinsurance is purchased through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake. The Board does not have a separate flood insurance policy, as their properties are not located in areas susceptible to flooding.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. In addition, employees had the option of receiving health care benefits through one of the health maintenance organizations (HMOs) offering coverage to teachers and State employees. Effective October 1, 2001, HMOs were no longer offered to Board employees. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

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

5. Contingent Liabilities

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

6. Long-Term Obligations

a. Capital Leases

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

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

At June 30, 2015, assets recorded under the capital lease were as follows:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Guaranteed energy savings contract	\$ 1,997,627	\$ 1,144,441	\$ 853,186
Waterford software contract	846,064	592,244	253,820
Total Leased Assets	<u>\$ 2,843,691</u>	<u>\$ 1,736,685</u>	<u>\$ 1,107,006</u>

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2015:

Year Ending June 30:	Governmental Activities
2016	\$ 122,375
2017	-
2018	-
Total minimum lease payments	122,375
Less: amount representing interest	1,852
Present value of the minimum lease payments	<u>\$ 120,523</u>

b. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). The State has accepted the bid to purchase buses through a special third party financing arrangement by Mercedes Benz Financial Services. In February 2012, the board entered into an installment purchase contract to finance the purchase of six school buses. The financing contract requires only principal payments of \$123,710 due at the beginning of each contract year.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). The Board has financed the purchase of three activity buses with Daimler Truck Financial in the amount of \$273,087. The financing contract requires payments of \$91,029 due on or before December 21 each year for three years. At June 30, 2015, the remaining balance was \$0.

c. Long-Term Obligation Activity

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

	Balance July 01, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Governmental activities:					
Capitalized leases	\$ 351,915	\$ -	\$ 231,392	\$ 120,523	\$ 231,392
Installment purchases	206,503	-	206,503	-	211,966
Net pension liability	13,499,570		11,013,264	2,486,306	
Compensated absences	<u>3,253,170</u>	<u>93,874</u>	<u>-</u>	<u>3,347,044</u>	<u>-</u>
Total	<u>\$ 17,311,158</u>	<u>\$ 93,874</u>	<u>\$ 11,451,159</u>	<u>\$ 5,953,873</u>	<u>\$ 443,358</u>
Business-type activities:					
Net pension liability	\$ 518,413	\$ -	\$ 422,933	\$ 95,480	\$ -
Compensated absences	<u>173,879</u>	<u>-</u>	<u>15,329</u>	<u>158,550</u>	<u>-</u>
Total	<u>\$ 692,292</u>	<u>\$ -</u>	<u>\$ 438,262</u>	<u>\$ 254,030</u>	<u>\$ -</u>

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

C. Interfund Balances and Activity

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

	Amount
From the Individual Schools (East Columbus) to the Capital Outlay Fund for equipment that was purchased	\$ 3,697
From the Other Restricted Fund to the Scholarship Fund to deposit scholarship funds into the correct account	<u>3,000</u>
Total interfund balances	<u>\$ 6,697</u>

D. Fund Balance

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

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

Total fund balance - General Fund	\$ 968,825
Less:	
Inventories	-
Stabilization by State Statute	54,159
Appropriated Fund Balance in 2016 Budget	50,000
Remaining Fund Balance	<u>\$ 864,666</u>

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

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Federal Grants Fund</u>	<u>Capital Outlay</u>	<u>Other Restricted Funds</u>
Encumbrances	\$ 2,896	\$ -	\$ -	\$ 310,989	\$ -

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

Fines, Forfeitures and Supplemental School Tax

Based on the following data, the Board has estimated its additional liability for next year to be \$813.59 per student enrolled in a charter day school. For the fiscal year ended June 30, 2015, the number of students enrolled in charter schools throughout the state varied from 657 at the beginning of the year to 553 students at the close of the year.

Total County Appropriation Revenue 2014-2015	\$ 5,082,680
Total Fines and Forfeitures Revenue 2014-2015	<u>175,620</u>
Total Revenue	<u>\$ 5,258,300</u>
Total ADM for 2014-2015	6,750
Total per-pupil revenue	\$ 779.01

For the year ended June 30, 2015, Columbus County Schools remitted \$773.51 per student to the Charter Schools. The total for fines and forfeitures was greater at year-end than what was estimated in the beginning figures. This higher rate for fines and forfeitures is used in the calculation of per pupil amounts for the subsequent year, so no adjustment should be needed. All invoices were paid through June, so there should not be an additional liability for charter school obligations.

VI. 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 Board during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$10,948,727 and \$420,455, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Contributions to Local Government Employees' Retirement System

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

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.220%	0.231%
Board's proportionate share of the net pension liability (asset)	\$ 2,581,788	\$ 2,648,801
Board's covered-employee payroll	\$ 32,675,670	\$ 30,450,360
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.90%	8.70%
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.

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

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

**Combining and Individual Fund
Statements and Schedules**

**Columbus County Board of Education
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-1

	2015		
	Budget	Actual	Positive (Negative) Variance
REVENUES			
State of North Carolina			
Other	\$ -	\$ 6,090	\$ 6,090
Total	-	6,090	6,090
Columbus County	5,082,680	5,082,680	-
Other:			
Fines and forfeitures	175,000	175,620	620
Miscellaneous local operating revenues	-	-	-
Total	175,000	175,620	620
Total revenues	5,257,680	5,264,390	6,710
EXPENDITURES			
Instructional services:			
Regular Instructional services:			
Regular curricular services		24,202	
CTE curricular services		593	
Total	33,981	24,795	9,186
Special Populations services:			
Children with Disabilities		190	
Total	-	190	(190)
Alternative programs and services:			
Attendance and Social Work services		7,879	
Total	7,879	7,879	-
School leadership services	122,387	123,736	(1,349)
Co-curricular services	328,768	314,686	14,082
School-based support services:			
Educational Media services		390	
Guidance services		1,767	
Health services		2,846	
Total	8,621	5,003	3,618
Total instructional services	501,636	476,289	25,347

**Columbus County Board of Education
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-1

	2015		
	Budget	Actual	Positive (Negative) Variance
System-wide support services:			
Support and development services:			
Regular curricular support and development services		46,433	
CTE curricular support and development		3,880	
Total	51,241	50,313	928
Special population support and development	5,053	5,053	-
Operational support services:			
Communication services		90,824	
Public Utility and Energy services		1,629,763	
Custodial / Housekeeping services		194,655	
Warehouse and delivery		42,498	
Maintenance services		1,435,116	
Total	3,558,935	3,392,856	166,079
Financial and human resource services:			
Financial services		45,918	
Human resource services		20,109	
Total	65,994	66,027	(33)
Policy, leadership and public relations			
Board of education		470,104	
Legal services		35,780	
Audit services		32,500	
Leadership services		42,351	
Total	591,302	580,735	10,567
Total supporting services	4,272,525	4,094,984	177,541

**Columbus County Board of Education
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-1

	2015		
	Budget	Actual	Positive (Negative) Variance
Ancillary services	2,150	2,150	-
Nonprogram charges			
Payments to charter schools	481,369	479,869	1,500
Total	481,369	479,869	1,500
Total expenditures	5,257,680	5,053,292	204,388
Excess of revenues over (under) expenditures	-	211,098	211,098
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Fund balance appropriated	-	-	-
Total other financing sources and (uses)	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	211,098	\$ 211,098
Fund Balance, beginning		757,727	
Fund Balance, ending		\$ 968,825	

**Columbus County Board of Education
State Public School Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-2

	2015		Positive (Negative) Variance
	Budget	Actual	
REVENUES			
State of North Carolina	\$ 40,408,262	\$ 38,930,045	\$ (1,478,217)
EXPENDITURES			
Instructional services:			
Regular instructional services:			
Regular curricular services		19,162,042	
CTE curricular services		2,378,911	
Total	22,555,623	21,540,953	1,014,670
Special Populations			
Children with Disabilities curricular services		2,692,783	
Special populations CTE curricular services		57,330	
Pre-K Children with Disabilities		540,009	
Speech and Language services		149,484	
Audiology services		7,219	
ALG Curricular services		331,718	
Limited English Proficiency services		155,695	
Total	3,937,280	3,934,238	3,042
Alternative programs and services:			
Alternative Instructional services K-12		385,015	
Attendance and Social Work		273,652	
Remedial and Supplemental		499,086	
Total	1,361,247	1,294,229	67,018
School leadership services	2,813,223	2,791,870	21,353
School-based support services:			
Educational media services		1,090,246	
Student Accounting		380,892	
Guidance Services		895,643	
Health Support services		269,284	
Safety and Security support services		429,465	
Instructional Technology		-	
Parent Involvement Services		3,363	
Total	3,086,360	3,068,893	17,467
System-wide support services			
Support and development services:			
Regular curricular support and development		194,905	
CTE curricular support and development		130,485	
Total	622,195	325,390	296,805
Special population support and development services	155,846	155,845	1
Technology support services	214,713	214,713	-
Operational support services:			
Custodial / Housekeeping services		1,726,018	
Warehouse and delivery services		2,845,693	
Maintenance		39,753	
Total	4,669,311	4,611,464	57,847
Financial and human resource services	372,476	372,476	-
Accountability services	86,731	86,731	-
Policy, leadership and public relations services			
Leadership services		484,063	
Total	484,069	484,063	6
Ancillary services	49,188	49,180	8
Nonprogram charges	-	-	-
Total Expenditures	40,408,262	38,930,045	1,478,217
Net Change in Fund Balance	\$ -	-	\$ -
Fund balances - beginning		-	
Fund balances - ending		\$ -	

**Columbus County Board of Education
Federal Grant Fund
Schedule of Revenues, Expenditures and
Change in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-3

	2015		Positive (Negative) Variance
	Budget	Actual	
REVENUES			
U.S. Government	\$ 8,634,903	\$ 6,927,374	\$ (1,707,529)
EXPENDITURES			
Instructional services			
Regular instructional services:			
Regular curricular services		626,740	
CTE curricular services		102,187	
Total	853,870	728,927	124,943
Special Populations services:			
Children with Disabilities		968,592	
Pre-K Children with Disabilities		73,353	
Speech and Language		182,995	
Audiology		1,121	
Limited English Proficiency		23,720	
Total	1,845,254	1,249,781	595,473
Alternative programs and services:			
Attendance and Social Work		-	
Remedial and Supplemental K-12		3,433,778	
Extended day / year instruction		96,513	
Total	4,339,060	3,530,291	808,769
School-based support services:			
Educational media		17,350	
Health Support Services		283,087	
Instructional Technology		171,250	
Parent Involvement		56,058	
Total	573,848	507,745	66,103
System-wide support services			
Support and development services:			
Regular curricular support and development services		79,113	
Total	93,612	79,113	14,499
Special population support and development services	145,000	139,789	5,211
Alternative programs and services support and development services	291,343	271,209	20,134
Technology support services	362,739	362,238	501
Operational support services:			
Warehouse and delivery services		15,451	
Total	45,887	15,451	30,436
Financial and human resource services:			
Financial services		-	
Human resource services		-	
Total	-	-	-
Ancillary services	-	-	-
Non-programmed charges	84,290	42,830	41,460
Total Expenditures	8,634,903	6,927,374	1,707,529
Net Change in Fund Balance	\$ -	-	\$ -
Fund balances - beginning		-	
Fund balances - ending		\$ -	

**Columbus County Board of Education
Capital Outlay Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015**

Exhibit B-4

	2015		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Public school capital fund - lottery	\$ -	\$ -	\$ -
State appropriations - buses	123,710	123,710	-
Total State of North Carolina	123,710	123,710	-
Columbus County:			
County appropriation	590,747	590,747	-
Local government sales tax	1,048,210	971,252	(76,958)
Appropriations from County issued Installment purchase - QSCB	-	-	-
Total Columbus County	1,638,957	1,561,999	(76,958)
Interest earned on investments	5,000	4,878	(122)
Contributions and Donations	-	-	-
Miscellaneous local operating revenues	5,000	2,000	(3,000)
Sale of Property	70,047	20,047	(50,000)
Insurance settlement on school property	379,572	379,572	-
Total revenues	2,222,286	2,092,206	(130,080)
EXPENDITURES			
Capital outlay:			
Buildings and real property	1,268,801	1,354,993	(86,192)
Furnishings and equipment	305,380	319,567	(14,187)
School buses and other vehicles	384,996	104,873	280,123
Debt service:			
Principal payments	437,896	437,896	-
Interest and other charges	19,134	19,134	-
Total expenditures	2,416,207	2,236,463	179,744
Excess of revenues over (under) expenditures	(193,921)	(144,257)	49,664
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	271,839	-	(271,839)
Fund balance appropriated	(77,918)	-	77,918
Total other financing sources and (uses)	193,921	-	(193,921)
NET CHANGE IN FUND BALANCE	\$ -	(144,257)	\$ (144,257)
Fund Balance, Beginning		2,912,866	
Fund Balance, Ending		\$ 2,768,609	

**Columbus County Board of Education
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2015**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Other Restricted Funds	Individual Schools	
ASSETS			
Cash and cash equivalents	\$ 509,173	\$ 811,533	\$ 1,320,706
Due from other governments	49,784	10,268	60,052
Accounts receivable	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 558,957</u>	<u>\$ 821,801</u>	<u>\$ 1,380,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 36,123	\$ 36,123
Due to other funds	3,000	3,697	6,697
Accrued salaries and benefits	69,277	-	69,277
Total liabilities	<u>\$ 72,277</u>	<u>\$ 39,820</u>	<u>\$ 112,097</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted:			
Individual Schools	-	781,981	781,981
Committed:			
Other Restricted Funds	486,680	-	486,680
Unassigned	-	-	-
Total fund balances	<u>486,680</u>	<u>781,981</u>	<u>1,268,661</u>
Total liabilities and fund balances	<u>\$ 558,957</u>	<u>\$ 821,801</u>	<u>\$ 1,380,758</u>

Columbus County Board of Education
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds		Total Nonmajor Special Revenue Funds
	Other Restricted Fund	Individual Schools	
REVENUES			
State of North Carolina	\$ 2,048,274	\$ -	\$ 2,048,274
U.S. Government	229,157	-	229,157
Columbus County	-	-	-
Other	157,689	2,714,581	2,872,270
Total Revenues	<u>2,435,120</u>	<u>2,714,581</u>	<u>5,149,701</u>
EXPENDITURES			
Current:			
Instructional services:			
Regular Instructional	348,308	-	348,308
Special Populations	11,563	-	11,563
Alternative Programs	1,805,673	-	1,805,673
School Leadership	3,686	-	3,686
Co-Curricular	-	2,706,966	2,706,966
School-Based Support	293,027	-	293,027
System-wide support services:			-
Support and Development	-	-	-
Special Populations Support and Development	-	-	-
Alternative programs and Services Support	-	-	-
Technology Support	-	-	-
Operational Support	1,536	-	1,536
Financial and Human Resources	-	-	-
Ancillary services	392	-	392
Non-Program Charges	3,580	-	3,580
Total Expenditures	<u>2,467,765</u>	<u>2,706,966</u>	<u>5,174,731</u>
Excess (deficiency) of revenues over expenditures	<u>(32,645)</u>	<u>7,615</u>	<u>(25,030)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Installment purchase obligations issued	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(32,645)	7,615	(25,030)
Fund balances - beginning	519,325	774,366	1,293,691
Fund balances - ending	<u>\$ 486,680</u>	<u>\$ 781,981</u>	<u>\$ 1,268,661</u>

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

Exhibit C-3

	2015		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina			
School Nurse Funding	\$ 250,000	\$ 250,000	\$ -
More at Four	1,805,673	1,714,063	(91,610)
JCPC	55,133	51,000	(4,133)
Teen Prep Grant	-	-	-
Other	79,313	33,211	(46,102)
Total	2,190,119	2,048,274	(141,845)
U.S. Government			
Early Reading First	-	-	-
JROTC	216,004	151,972	(64,032)
Indian Education	78,000	77,185	(815)
Total	294,004	229,157	(64,847)
Other			
Tuition and fees	4,007	4,007	-
ABC Funds	17,052	19,475	2,423
Contributions and Donations	23,106	25,982	2,876
Arts Grants	22,778	18,000	(4,778)
Golden Leaf Grant	-	-	-
UNCW Grant	18,491	16,889	(1,602)
Reimbursement - Moore County Schools	-	-	-
Youth Violence	-	-	-
Indirect cost	43,154	43,154	-
Miscellaneous local operating revenues	38,550	30,182	(8,368)
Total	167,138	157,689	(9,449)
Total revenues	2,651,261	2,435,120	(216,141)
EXPENDITURES			
Instructional services:			
Regular instructional services			
Regular curricular services		348,308	
CTE curricular services		-	
Total	362,086	348,308	13,778

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

Exhibit C-3

	2015		
	Budget	Actual	Variance Positive (Negative)
Special Populations services:			
Special populations CTE curricular services		7,119	
AIG Curricular services		4,444	
Total	12,799	11,563	1,236
Alternative Programs and services:			
Pre-K Readiness		1,805,673	
Total	1,805,673	1,805,673	-
School leadership services	3,686	3,686	-
School-based support services:			
Educational Media services		3,537	
Guidance services		51,877	
Health services		237,613	
Total	305,413	293,027	12,386
Total instructional programs	2,489,657	2,462,257	27,400
System-wide support services:			
Operational support services:			
Custodial / Housekeeping services		-	
Transportation services		1,536	
Total	1,655	1,536	119
Total supporting services	1,655	1,536	119
Ancillary services	392	392	-
Nonprogram charges			
Payments to other governmental units		3,580	
Total	3,580	3,580	-
Total expenditures	2,495,284	2,467,765	27,519
Excess of revenues over (under) expenditures	155,977	(32,645)	(188,622)

Columbus County Board of Education
Other Restricted Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

Exhibit C-3

	<u>2015</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Fund balance appropriated	<u>(155,977)</u>	<u>-</u>	<u>155,977</u>
Total other financing sources and (uses)	<u>(155,977)</u>	<u>-</u>	<u>155,977</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ -</u></u>	 <u><u>(32,645)</u></u>	 <u><u>\$ (32,645)</u></u>
 Fund Balance, Beginning		<u>519,325</u>	
 Fund Balance, Ending		<u><u>\$ 486,680</u></u>	

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

Columbus County Board of Education
Combining Balance Sheet
Individual Schools
June 30, 2015

Exhibit C-4

	Cash and Investments	Accounts Receivable	Due from Other Funds	Total Assets	Accounts Payable	Due to Other Funds	Fund Balance	Total Liabilities & Fund Balance
Acme-Delco Elementary	\$ 22,690	\$ 176	\$ -	\$ 22,866	\$ -	\$ -	\$ 22,866	\$ 22,866
Acme-Delco Middle	41,587	254	-	41,841	297	-	41,544	41,841
Cerro Gordo Elementary	8,281	495	-	8,776	-	-	8,776	8,776
Chadbourn Elementary	14,291	63	-	14,354	-	-	14,354	14,354
Chadbourn Middle	7,273	252	-	7,525	-	-	7,525	7,525
CCCA - Fair Bluff	27,900	171	-	28,071	-	-	28,071	28,071
East Columbus High	43,446	1,789	-	45,235	-	3,697	41,538	45,235
Evergreen Elementary	8,317	231	-	8,548	-	-	8,548	8,548
Guideway Elementary	13,651	195	-	13,846	-	-	13,846	13,846
Hallsboro/Artesia Elementary	2,534	834	-	3,368	-	-	3,368	3,368
Hallsboro Middle	60,605	363	-	60,968	1,789	-	59,179	60,968
Old Dock Elementary	94,859	182	-	95,041	505	-	94,536	95,041
South Columbus High	175,401	1,932	-	177,333	5,288	-	172,045	177,333
Tabor City Elementary	46,339	361	-	46,700	-	-	46,700	46,700
Tabor City Middle	34,991	265	-	35,256	-	-	35,256	35,256
West Columbus High	131,577	1,751	-	133,328	28,244	-	105,084	133,328
Williams Township	8,054	340	-	8,394	-	-	8,394	8,394
Nakina Middle School	50,061	468	-	50,529	-	-	50,529	50,529
SE Early College	19,676	146	-	19,822	-	-	19,822	19,822
Total	\$ 811,533	\$ 10,268	\$ -	\$ 821,801	\$ 36,123	\$ 3,697	\$ 781,981	\$ 821,801

Columbus County Board of Education
Combining Statement of Revenues, Expenditures And
Changes in Fund Balance -- Individual Schools
For the Fiscal Year Ended June 30, 2015

Exhibit C-5

	<u>Revenues</u>	<u>Transfers and Expenditures</u>	<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>Fund Balance June 30, 2015</u>
Acme-Delco Elementary	\$ 39,416	\$ 39,273	\$ 143	\$ 22,866
Acme-Delco Middle	42,897	42,100	797	41,544
Cerro Gordo Elementary	96,931	125,299	(28,368)	8,776
Chadbourn Elementary	37,201	45,112	(7,911)	14,354
Chadbourn Middle	55,102	57,871	(2,769)	7,525
CCCA - Fair Bluff	46,463	41,866	4,597	28,071
East Columbus High	264,844	281,134	(16,290)	41,538
Evergreen Elementary	55,885	52,217	3,668	8,548
Guideway Elementary	37,774	38,376	(602)	13,846
Hallsboro/Artesia Elementary	71,816	78,486	(6,670)	3,368
Hallsboro Middle	82,574	82,527	47	59,179
Old Dock Elementary	116,411	66,394	50,017	94,536
South Columbus High	608,760	552,738	56,022	172,045
Tabor City Elementary	143,469	129,884	13,585	46,700
Tabor City Middle	82,130	84,841	(2,711)	35,256
West Columbus High	489,383	543,937	(54,554)	105,084
Williams Township	237,527	249,057	(11,530)	8,394
Nakina Middle	150,844	145,703	5,141	50,529
SE Early College	55,154	50,151	5,003	19,822
Total	<u>\$ 2,714,581</u>	<u>\$ 2,706,966</u>	<u>\$ 7,615</u>	<u>\$ 781,981</u>

ENTERPRISE FUNDS

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

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

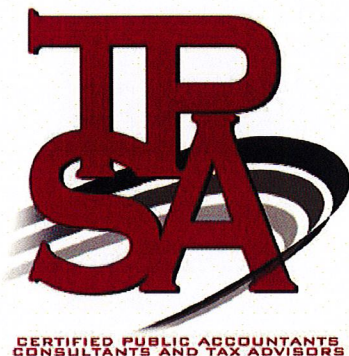
**Columbus County Board of Education
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
School Food Service Fund
For the Fiscal Year Ended June 30, 2015**

Exhibit D-1

	2015		Positive (Negative) Variance
	Budget	Actual	
OPERATING REVENUES:			
Food sales	\$ 828,653	\$ 491,743	\$ (336,910)
Miscellaneous local revenues	5,000	162	(4,838)
Total operating revenues	833,653	491,905	(341,748)
OPERATING EXPENDITURES:			
Business support services:			
Purchase of food		1,740,991	
Donated commodities		193,128	
Salaries and benefits		2,111,591	
Indirect cost		234,974	
Materials and supplies		198,028	
Repairs and maintenance		15,273	
Contracted services		27,722	
Other		35,795	
Total business support services	4,603,694	4,557,502	46,192
Capital outlay	30,648	30,648	-
Total operating expenditures	4,634,342	4,588,150	46,192
Operating income (loss)	(3,800,689)	(4,096,245)	(295,556)
NON-OPERATING REVENUES:			
Federal reimbursements	3,407,189	3,559,304	152,115
Federal commodities used	218,000	202,867	(15,133)
Investment earnings	500	143	(357)
Indirect cost not paid	-	234,974	234,974
State grants	-	-	-
Disposition of School Assets	-	14,936	14,936
Total operating revenues (expenditures)	3,625,689	4,012,224	386,535
Excess of revenues over (under) expenditures before other financing sources	(175,000)	(84,021)	90,979
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Fund balance appropriated	175,000	-	(175,000)
Total other financing sources and (uses)	175,000	-	(175,000)
Excess of revenues and other financing sources over (under) expenditures	\$ -	(84,021)	\$ (84,021)
Reconciliation from modified accrual to full accrual basis:			
Excess of revenue and other sources over expenditures:			
Reconciling items:			
Depreciation		(15,346)	
Contributions to the pension plan in current fiscal year		110,685	
Capital Outlay		30,637	
Pension expense		(36,486)	
Total Reconciling Items		89,490	
Change in net position (full accrual)		\$ 5,469	



Compliance Section



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

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Columbus County Board of Education's basic financial statements, and have issued our report thereon dated November 4, 2015.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

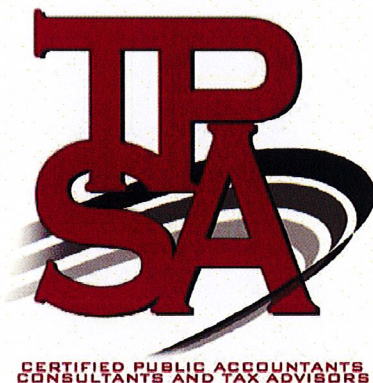
Purpose of this Report

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

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

Whiteville, NC

November 4, 2015



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

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

Independent Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Columbus County Board of Education's, North Carolina, compliance with the types of compliance requirements described in the OMB *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 Columbus County Board of Education's major federal programs for the year ended June 30, 2015. The Columbus County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Columbus County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Columbus County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

Members

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

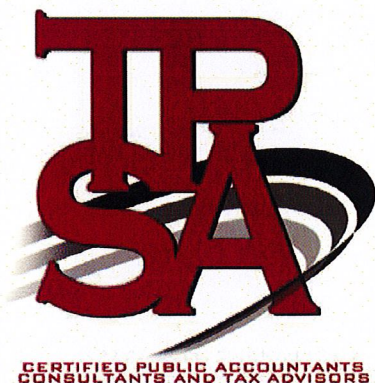
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any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

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

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

Whiteville, NC

November 4, 2015



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

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**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 Auditors' Report

To the Columbus County Board of Education
Whiteville, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Columbus County Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in 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, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Columbus County Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

Whiteville, NC

November 4, 2015

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to federal awards noted _____ yes X no

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

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

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.010	Title I, Part A Cluster Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)
84.027	Special Education Cluster: Individuals with Disabilities Education Act
84.173	Education of the Handicapped Preschool Handicapped
84.011	Migrant Education
84.367	Improving Teacher Quality State Grants
84.358	Rural Education
84.395	Governor's Teacher Network ARRA - Race to the Top RTTT Stem RTTT Wireless Infrastructure

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

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

Dollar threshold used to distinguish between Type A and Type B programs \$327,269

Auditee qualified as low-risk auditee yes X no

State Awards

Internal control over major State programs:

Material weakness(es) identified? yes X no

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

Noncompliance material to State awards yes X no

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

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

Identification of major State programs:

Program Name

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

**Columbus County Board of Education
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**Columbus County Board of Education
Corrective Action Plan
For the Year Ended June 30, 2015**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**Columbus County Board of Education
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015**

No findings reported in the prior year.

**Columbus County Board of Education
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>2015 Expenditures</u>
Federal Grants:			
<u>U. S. Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities):			
Passed-through the N.C. Department of Agriculture:			
Commodity Supplemental Food Program	10.565	\$	193,128
Non-Cash Assistance			193,128
Cash Assistance:			
Passed-through the N. C. Department of Public Instruction:			
School Breakfast Program	10.553		1,357,782
National School Lunch Program	10.555		2,172,655
Seamless Summer Program	10.555		28,867
Total Cash Assistance			3,559,304
Total Child Nutrition Cluster			3,752,432
Total U. S. Department of Agriculture			3,752,432
<u>U. S. Department of Education</u>			
<u>Office of Elementary and Secondary Education</u>			
Passed-through the N. C. Department of Public Instruction:			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	3,533,484
Total Title I, Part A Cluster			3,533,484
School Improvement Grants Cluster			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)			
- School Improvements	84.010	PRC 105	24,761
Total School Improvement Cluster			24,761
Migrant Education (Title I of IASA)	84.011	PRC 051	481,166
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	1,517,222
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	PRC 049	35,124
IDEA VI-B, State Improvement	84.027	PRC 082	3,810
IDEA VI-B Special Needs, Targeted Assistance	84.027	PRC 118	20,703
Preschool Targeted Assistance	84.027	PRC 119	6,248
Total Special Education Cluster			1,583,107
Career and Technical Education - Basic Grants to States	84.048	PRC 017	99,858
Career and Technical Education - Capacity Building Grants	84.048A	PRC 058	3,000

**Columbus County Board of Education
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>2015 Expenditures</u>
English Language Acquisition Grants	84.365	PRC 104, 111	53,313
Rural Education	84.358	PRC 109	144,253
Improving Teacher Quality State Grants	84.367	PRC 103	520,687
Governor's Teacher Network	84.395	PRC 154	12,286
ARRA - Race to the Top	84.395	PRC 156	82,788
RTTT Stem	84.395	PRC 159	94,150
RTTT Wireless Infrastructure	84.395	PRC 160	294,522
Total - Race to the Top			<u>483,746</u>
Indian Ed - Formula Grants to Local Educational Agencies	84.060A	PRC 310	77,185
Total U.S. Department of Education			<u>7,004,560</u>
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC	None	PRC 301	<u>151,972</u>
Total federal assistance			\$ <u>10,908,964</u>
State Grants:			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund			\$ 36,588,354
Driver Training - SPSF		PRC 012	119,761
School Technology Fund - SPSF		PRC 015	108,217
Vocational Education			
-- State Months of Employment		PRC 013	2,022,227
-- Program Support Funds		PRC 014	91,486
Total N. C. Department of Public Instruction			<u>38,930,045</u>
<u>Office of the Governor</u>			
Passed through N.C. Department of Public Instruction			
NC Pre-Kindergarten Program		PRC 413	1,714,063
<u>N.C. Department of Health and Human Services</u>			
Division of Public Health			
School Nurse Funding Initiative			250,000
<u>N.C. Department of Public Safety</u>			
Community Based Alternatives			24,711

**Columbus County Board of Education
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	2015 Expenditures
<u>N. C. Department of Public Instruction</u>			
School Bus Appropriation			123,710
Total State Assistance			41,042,529
Total Federal and State Assistance			\$ 51,951,493

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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