

**ALAMANCE-BURLINGTON
BOARD OF EDUCATION
Burlington, North Carolina**

*Financial Statements
For the Fiscal Year Ended
June 30, 2014*

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
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INDEPENDENT AUDITORS' REPORT

To the Alamance-Burlington Board of Education
Burlington, 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 Alamance-Burlington Board of Education, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alamance-Burlington Board of Education as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, State Public School, Federal Grants and Other Special Revenue funds for the year then ended in conformity 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 3 through 9 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 provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual nonmajor fund schedules, budgetary 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund schedules, budgetary schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 on our consideration of the Alamance-Burlington Board of Education's internal control over financial reporting and on 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 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 Alamance-Burlington Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 31, 2014
Statesville, North Carolina
(910) 997-1418

ALAMANCE-BURLINGTON BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Alamance-Burlington 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, 2014. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board's average daily membership for the 2013-2014 year increased by approximately 200 students compared to the 2012-2013 year.
- The Board received millions of dollars of American Recovery and Reinvestment Act (ARRA) revenue over the past four years. Virtually all ARRA funding has now expired. Management and the Board of Education are working diligently to find ways to absorb these lost revenues.
- Financial reporting awards from Association of School Business Officials International and the Government Finance Officers Association were received for the fourth consecutive year.

Overview of the Financial Statements

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents budgetary schedules and other schedules for governmental and 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 and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting.

The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on each of the financial resources of each of the Board's major funds.

ALAMANCE-BURLINGTON BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 it has changed. Net position is the difference between the Board's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. This 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.

Alamance-Burlington Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) 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 fund statements, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The Board has several governmental funds: the General Fund, the State Public School Fund, the Federal Grants Fund, the Other Special Revenue Fund, the Individual Schools Fund and the Capital Outlay Fund.

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

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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. The Alamance-Burlington Board of Education has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund.

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

Financial Analysis of the Board as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$113.1 million as of June 30, 2014 as compared to \$124.4 million as of June 30, 2013, a decrease of \$11.3 million. The largest component of net position is the net investment in capital assets of \$104.5 million, which comprises 92.4% of the total net position. Following is a summary of the Statement of Net Position:

**Table 1
Condensed Statement of Net Position
As of June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Current assets	\$ 24,228,245	\$ 26,615,442	\$ 4,927,380	\$ 5,834,752	\$ 29,155,625	\$ 32,450,194
Capital assets	101,664,747	107,794,229	2,992,336	3,012,536	104,657,083	110,806,765
Total assets	<u>125,892,992</u>	<u>134,409,671</u>	<u>7,919,716</u>	<u>8,847,288</u>	<u>133,812,708</u>	<u>143,256,959</u>
Current liabilities	13,056,944	10,998,468	304,846	240,105	13,361,790	11,238,573
Long-term liabilities	<u>7,200,107</u>	<u>7,370,198</u>	<u>108,125</u>	<u>158,141</u>	<u>7,308,232</u>	<u>7,528,339</u>
Total liabilities	<u>20,257,051</u>	<u>18,368,666</u>	<u>412,971</u>	<u>398,246</u>	<u>20,670,022</u>	<u>18,766,912</u>
Net investment in capital assets	101,540,492	107,545,719	2,992,336	3,012,536	104,532,828	110,558,255
Restricted net position	4,116,837	4,793,491	-	-	4,116,837	4,793,491
Unrestricted net position	<u>(21,388)</u>	<u>3,701,795</u>	<u>4,514,409</u>	<u>5,436,506</u>	<u>4,493,021</u>	<u>9,138,301</u>
Total net position	<u>\$ 105,635,941</u>	<u>\$ 116,041,005</u>	<u>\$ 7,506,745</u>	<u>\$ 8,449,042</u>	<u>\$ 113,142,686</u>	<u>\$ 124,490,047</u>

The net position of the Board's governmental activities was \$105.6 million at June 30, 2014, a decrease of \$10.4 million from the amount reported at June 30, 2013, indicating a decline in the financial condition of the Board. This decline is attributable to decreases of \$6.0 million, \$0.7 million, and \$3.7 million, respectively, in net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets decreased due to an excess of depreciation expense over capital additions for the year.

The net position of the Board's business-type activities decreased \$942,000 from \$8.4 million at June 30, 2013 to \$7.5 million at June 30, 2014. This decrease of \$942,000 is the combined net loss generated by our school food service and child care operations during the 2014 fiscal year. The following table shows the revenues and expenses for the Board for the current and prior fiscal years:

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Condensed Statement of Activities
For the Fiscal Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Revenues:						
Program revenues:						
Charges for services	\$ 3,475,208	\$ 3,500,508	\$ 4,480,701	\$ 4,936,700	\$ 7,955,909	\$ 8,437,208
Operating grants and contributions	128,975,887	127,226,017	8,140,192	8,025,528	137,116,079	135,251,545
Capital grants and contributions	124,255	583,382	-	-	124,255	583,382
General revenues:						
County appropriations	32,904,289	31,496,939	-	-	32,904,289	31,496,939
State appropriations	4,343,640	7,354,159	-	-	4,343,640	7,354,159
Other revenues	1,021,366	1,933,076	17,695	22,270	1,039,061	1,955,346
Total revenues	<u>170,844,645</u>	<u>172,094,081</u>	<u>12,638,588</u>	<u>12,984,498</u>	<u>183,483,233</u>	<u>185,078,579</u>
Expenses:						
Governmental activities:						
Instructional services	148,267,746	148,188,117	-	-	148,267,746	148,188,117
System-wide support services	26,635,416	26,975,591	-	-	26,635,416	26,975,591
Ancillary services	-	67,397	-	-	-	67,397
Payments to other governments	928,536	1,361,383	-	-	928,536	1,361,383
Unallocated depreciation	5,875,466	5,664,033	-	-	5,875,466	5,664,033
Business-type activities:						
School food service	-	-	12,135,580	11,698,424	12,135,580	11,698,424
Child care	-	-	987,850	892,204	987,850	892,204
Total expenses	<u>181,707,164</u>	<u>182,256,521</u>	<u>13,123,430</u>	<u>12,590,628</u>	<u>194,830,594</u>	<u>194,847,149</u>
Excess (deficiency)						
before transfers	(10,862,519)	(10,162,440)	(484,842)	393,870	(11,347,361)	(9,768,570)
Transfers in (out)	<u>457,455</u>	<u>135,542</u>	<u>(457,455)</u>	<u>(135,542)</u>	-	-
Change in net position	(10,405,064)	(10,026,898)	(942,297)	258,328	(11,347,361)	(9,768,570)
Beginning net position	<u>116,041,005</u>	<u>126,067,903</u>	<u>8,449,042</u>	<u>8,190,714</u>	<u>124,490,047</u>	<u>134,258,617</u>
Ending net position	<u>\$ 105,635,941</u>	<u>\$ 116,041,005</u>	<u>\$ 7,506,745</u>	<u>\$ 8,449,042</u>	<u>\$ 113,142,686</u>	<u>\$ 124,490,047</u>

Total governmental activities generated revenues of \$170.8 million while expenses in this category totaled \$181.7 million for the year ended June 30, 2014, resulting in the aforementioned decrease in net position of \$10.4 million (including net transfers in from business-type activities of \$457,000). Comparatively, revenues were \$172.1 million, expenses totaled \$182.3 million and transfers in were \$136,000 for the year ended June 30, 2013, resulting in a decrease in net position of \$10.0 million. In comparing the two years, revenues decreased by \$1.3 million while expenses decreased by \$0.6 million.

The Board's primary sources of revenues were funding from the State of North Carolina, Alamance County, and the United States Government, which respectively comprised 68%, 19% and 8% of our total revenues. As would be expected, the major component of our expenditures was instructional services

ALAMANCE-BURLINGTON BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

which accounted for 82% of our total expenditures during the most recent fiscal year. Of the remaining 18% of our total expenditures, 15% was attributable to system-wide support services.

Our business-type activities generated revenues of \$12.6 million, while expenses in this category totaled \$13.1 million for the year ended June 30, 2014. For the year, net position decreased by \$942,000 (including net transfers out of \$457,000). Comparatively, revenues were \$13.0 million and expenses totaled \$12.6 million for the year ended June 30, 2013, resulting in an increase in net position of \$258,000 (including transfers out of \$136,000). The School Food Service Fund had a loss of approximately \$600,000 as compared to net income of approximately \$58,000 in 2013. This change was primarily due less revenues from food sales and an overall increase in operating expenses.

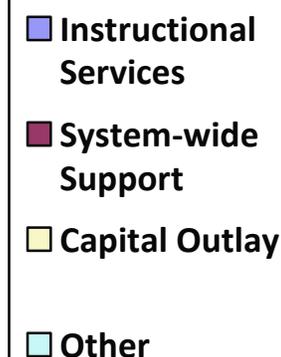
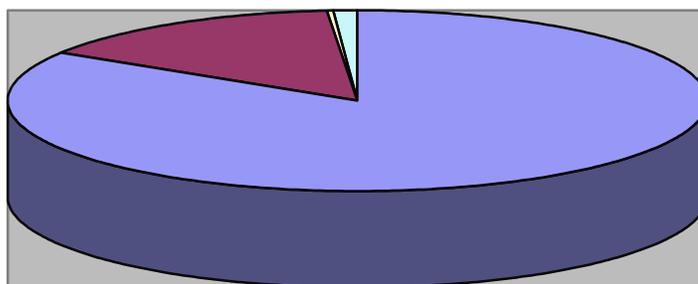
Financial Analysis of the Board's Funds

Governmental Funds: The focus of Alamance-Burlington 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 \$15.0 million at June 30, 2014, a decrease of \$3.6 million from the amount reported at June 30, 2013. The Board's General and Other Special Revenue funds reported decreases in fund balance for the year of \$2.9 million and \$1.1 million, respectively, while the Capital Outlay and Individual Schools funds reported increases in fund balance of \$40,000 and \$410,000, respectively.

The State Public School Fund and Federal Grants Fund do not carry fund balance. All revenues in these funds are expended in the year received.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Proprietary Funds: The Board's business-type funds, the School Food Service Fund and the Child Care Fund, reported a combined decrease in net position of \$942,000 for the fiscal year ended June 30, 2014. The decrease in net position in the School Food Service Fund was \$623,000 for the fiscal year ended June 30, 2014 while the Child Care Fund reported a decrease in net position of \$319,000 in 2014.

General Fund Budgetary Highlights

Over the course of the year, the Board made minor revisions to the budget to account for changes in program allocations. The original, total budgeted expenditures were increased by \$125,000 during the year which is less 0.5% of the total budget. There were no expenditures in excess of the budgeted expenditures.

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets

Total primary government capital assets were \$104.7 million at June 30, 2014 compared to \$110.8 million at June 30, 2013, a decrease of 6%. This decrease is due to an excess of depreciation expense over capital additions for the year. The following table is a summary of the Board's capital assets, net of depreciation, at June 30, 2014 and 2013. More detailed information about the Board's capital assets is contained in note 2 to the financial statements.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Land	\$ 5,281,330	\$ 5,281,330	\$ -	\$ -	\$ 5,281,330	\$ 5,281,330
Construction in progress	-	-	-	-	-	-
Buildings	61,527,283	64,790,873	-	-	61,527,283	64,790,873
Improvements to land and buildings	30,876,682	32,817,211	-	-	30,876,682	32,817,211
Equipment and furniture	1,977,734	2,231,750	2,992,336	3,012,536	4,970,070	5,244,286
Vehicles	2,001,718	2,673,065	-	-	2,001,718	2,673,065
Total	\$ 101,664,747	\$ 107,794,229	\$ 2,992,336	\$ 3,012,536	\$ 104,657,083	\$ 110,806,765

Debt Outstanding

During the year, the Board's long-term debt decreased by \$124,000 from \$248,000 at June 30, 2013 to \$124,000 at June 30, 2014. 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. More detailed information about the Board's outstanding debt is contained in note 2 to the financial statements.

Economic Factors

The school district is located in Alamance County which is centrally located in North Carolina linking the Research Triangle Region and the Piedmont Triad Region. This gateway location provides access to North Carolina's most desired amenities. Midway between the Atlantic Coast and the Blue Ridge Mountains, Alamance County covers 431 square miles of metropolitan areas, small towns and rural areas.

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects the school district. The following factors have affected the economic outlook of Alamance County:

- As of June 30, 2014, Alamance County experienced an unemployment rate of 6.3% as compared to an unemployment rate of 8.8% at June 30, 2013. The County's unemployment rate is lower than the June 30, 2014 State of N.C. rate of 6.4%.
- Alamance County Economic Development Foundation has been formed as part of the efforts to reinforce and expand the economic development efforts of the County.

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- A target market study has been completed and a strategic plan is in process to understand the resources Alamance County has and to define how to market these resources.

Requests for Information

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

Sandra Tinsley, Interim Finance Officer
Alamance-Burlington Board of Education
1712 Vaughn Road
Burlington, NC 27217

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2014

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 18,567,989	\$ 4,169,523	\$ 22,737,512
Due from other governments	5,217,594	344,100	5,561,694
Receivables	354,656	34,681	389,337
Internal balances	(74,619)	74,619	-
Inventories	-	304,457	304,457
Prepaid expenses	162,625	-	162,625
Capital assets:			
Land and construction in progress	5,281,330	-	5,281,330
Other capital assets, net of depreciation	96,383,417	2,992,336	99,375,753
Total capital assets	<u>101,664,747</u>	<u>2,992,336</u>	<u>104,657,083</u>
 Total assets	 <u>125,892,992</u>	 <u>7,919,716</u>	 <u>133,812,708</u>
Liabilities			
Accounts payable and accrued expenses	3,850,158	29,741	3,879,899
Accrued salaries and wages payable	5,376,559	51,141	5,427,700
Unavailable revenue	-	85,902	85,902
Long-term liabilities:			
Due within one year	3,830,227	138,062	3,968,289
Due in more than one year	<u>7,200,107</u>	<u>108,125</u>	<u>7,308,232</u>
 Total liabilities	 <u>20,257,051</u>	 <u>412,971</u>	 <u>20,670,022</u>
Net position			
Net investment in capital assets	101,540,492	2,992,336	104,532,828
Restricted for:			
Stabilization by State statute	645,346	-	645,346
School capital outlay	1,884,429	-	1,884,429
Instructional services	116,491	-	116,491
Individual schools activities	1,470,571	-	1,470,571
Unrestricted	<u>(21,388)</u>	<u>4,514,409</u>	<u>4,493,021</u>
 Total net position	 <u>\$ 105,635,941</u>	 <u>\$ 7,506,745</u>	 <u>\$ 113,142,686</u>

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

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 85,916,916	\$ -	\$ 73,720,547	\$ -	\$ (12,196,369)	\$ -	\$ (12,196,369)
Special populations	24,097,726	-	21,932,796	-	(2,164,930)	-	(2,164,930)
Alternative programs	13,081,382	-	10,846,054	-	(2,235,328)	-	(2,235,328)
School leadership	10,356,200	-	6,021,413	-	(4,334,787)	-	(4,334,787)
Co-curricular	4,316,821	3,404,224	-	-	(912,597)	-	(912,597)
School-based support	10,498,701	-	8,475,347	-	(2,023,354)	-	(2,023,354)
System-wide support services:							
Support and development	1,681,240	-	764,214	-	(917,026)	-	(917,026)
Special population support and development	649,875	-	433,675	-	(216,200)	-	(216,200)
Alternative programs and services							
support and development	185,806	-	183,383	-	(2,423)	-	(2,423)
Technology support	1,131,534	-	223,828	-	(907,706)	-	(907,706)
Operational support	17,922,821	70,984	5,218,819	124,255	(12,508,763)	-	(12,508,763)
Financial and human resource services	2,988,097	-	644,704	-	(2,343,393)	-	(2,343,393)
Accountability	36,865	-	-	-	(36,865)	-	(36,865)
System-wide pupil support	109,526	-	-	-	(109,526)	-	(109,526)
Policy, leadership and public relations	1,929,652	-	511,107	-	(1,418,545)	-	(1,418,545)
Ancillary services	-	-	-	-	-	-	-
Payments to other governments	928,536	-	-	-	(928,536)	-	(928,536)
Unallocated depreciation expense**	5,875,466	-	-	-	(5,875,466)	-	(5,875,466)
Total governmental activities	181,707,164	3,475,208	128,975,887	124,255	(49,131,814)	-	(49,131,814)
Business-type activities:							
School food service	12,135,580	3,281,842	8,140,192	-	-	(713,546)	(713,546)
Child care	987,850	1,198,859	-	-	-	211,009	211,009
Total business-type activities	13,123,430	4,480,701	8,140,192	-	-	(502,537)	(502,537)
Total primary government	\$ 194,830,594	\$ 7,955,909	\$ 137,116,079	\$ 124,255	(49,131,814)	(502,537)	(49,634,351)
General revenues:							
					32,405,000	-	32,405,000
					499,289	-	499,289
					4,027,091	-	4,027,091
					316,549	-	316,549
					62,480	17,695	80,175
					958,886	-	958,886
					457,455	(457,455)	-
					38,726,750	(439,760)	38,286,990
					(10,405,064)	(942,297)	(11,347,361)
					<u>116,041,005</u>	<u>8,449,042</u>	<u>124,490,047</u>
					<u>\$ 105,635,941</u>	<u>\$ 7,506,745</u>	<u>\$ 113,142,686</u>

**This amount excludes the depreciation that is included in the direct expenses of the various programs.

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

Exhibit 3

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Assets							
Cash and cash equivalents	\$ 8,707,787	\$ -	\$ -	6,581,966	\$ 1,807,665	\$ 1,470,571	\$ 18,567,989
Due from other governments	60,724	4,544,161	324,506	211,439	76,764	-	5,217,594
Accounts receivable	2,589	-	-	352,067	-	-	354,656
Due from other funds	-	-	-	18,527	-	-	18,527
Prepaid expenditures	162,625	-	-	-	-	-	162,625
Total assets	\$ 8,933,725	\$ 4,544,161	\$ 324,506	\$ 7,163,999	\$ 1,884,429	\$ 1,470,571	\$ 24,321,391
Liabilities and fund balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 3,753,104	\$ -	\$ -	\$ 97,054	\$ -	\$ -	\$ 3,850,158
Accrued salaries and wages payable	435,288	4,544,161	324,506	72,604	-	-	5,376,559
Due to other funds	18,527	-	-	74,619	-	-	93,146
Total liabilities	4,206,919	4,544,161	324,506	244,277	-	-	9,319,863
Fund balances:							
Nonspendable:							
Prepaid expenditures	162,625	-	-	-	-	-	162,625
Restricted:							
Stabilization by State statute	63,313	-	-	582,033	-	-	645,346
School capital outlay	-	-	-	-	1,884,429	-	1,884,429
Instructional services	-	-	-	116,491	-	-	116,491
Individual schools	-	-	-	-	-	1,470,571	1,470,571
Assigned:							
Special revenues	-	-	-	6,221,198	-	-	6,221,198
Unassigned	4,500,868	-	-	-	-	-	4,500,868
Total fund balances	4,726,806	-	-	6,919,722	1,884,429	1,470,571	15,001,528
Total liabilities and fund balances	\$ 8,933,725	\$ 4,544,161	\$ 324,506	\$ 7,163,999	\$ 1,884,429	\$ 1,470,571	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	101,664,747
Some liabilities, including those for compensated absences and installment purchases, are not due and payable in the current period and therefore are not reported in the funds.	<u>(11,030,334)</u>
Net position of governmental activities	<u>\$ 105,635,941</u>

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

Exhibit 4

	Major Funds					Non-major Fund	Total Governmental Funds
	General	State Public School	Federal Grants	Other Special Revenue	Capital Outlay	Individual Schools	
Revenues:							
State of North Carolina	\$ -	\$ 115,633,308	\$ -	\$ 1,181,454	\$ 440,804	\$ -	\$ 117,255,566
Alamance County	32,405,000	-	-	-	499,289	-	32,904,289
U.S. Government	-	-	13,705,471	417,492	-	-	14,122,963
Other	762,127	-	-	3,179,324	12,884	3,404,224	7,358,559
Total revenues	<u>33,167,127</u>	<u>115,633,308</u>	<u>13,705,471</u>	<u>4,778,270</u>	<u>952,977</u>	<u>3,404,224</u>	<u>171,641,377</u>
Expenditures:							
Current:							
Instructional services:							
Regular instructional	9,626,132	72,475,274	1,245,273	2,170,858	-	-	85,517,537
Special populations	1,764,939	16,659,365	5,273,431	287,974	-	-	23,985,709
Alternative programs	647,147	4,622,341	6,223,713	1,527,373	-	-	13,020,574
School leadership	4,286,647	6,017,748	3,665	-	-	-	10,308,060
Co-curricular	768,544	-	-	-	-	3,528,210	4,296,754
School-based support	1,630,790	8,298,624	176,723	343,761	-	-	10,449,898
System-wide support services:							
Support and development	822,207	763,011	1,203	87,004	-	-	1,673,425
Special population support and development	213,179	169,542	264,133	-	-	-	646,854
Alternative programs and services support and development	1,559	-	183,383	-	-	-	184,942
Technology support	902,446	223,734	94	-	-	-	1,126,274
Operational support	10,463,008	5,172,891	45,928	1,119,678	-	-	16,801,505
Financial and human resource services	2,167,661	644,704	-	161,842	-	-	2,974,207
Accountability	36,694	-	-	-	-	-	36,694
System-wide pupil support	109,017	-	-	-	-	-	109,017
Policy, leadership and public relations	1,203,725	511,107	-	205,850	-	-	1,920,682
Ancillary services	-	-	-	-	-	-	-
Non-programmed charges	1,430,343	-	287,925	7,000	-	-	1,725,268
Debt service:							
Principal retirement	-	-	-	-	124,255	-	124,255
Capital outlay	-	-	-	-	788,834	-	788,834
Total expenditures	<u>36,074,038</u>	<u>115,558,341</u>	<u>13,705,471</u>	<u>5,911,340</u>	<u>913,089</u>	<u>3,528,210</u>	<u>175,690,489</u>
Revenues over (under) expenditures	<u>(2,906,911)</u>	<u>74,967</u>	<u>-</u>	<u>(1,133,070)</u>	<u>39,888</u>	<u>(123,986)</u>	<u>(4,049,112)</u>
Other financing sources (uses):							
Transfers from other funds	-	-	-	-	-	532,422	532,422
Transfers to other funds	-	(74,967)	-	-	-	-	(74,967)
Installment purchase obligations issued	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(74,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532,422</u>	<u>457,455</u>
Net change in fund balance	(2,906,911)	-	-	(1,133,070)	39,888	408,436	(3,591,657)
Fund balances:							
Beginning of year	7,633,717	-	-	8,052,792	1,844,541	1,062,135	18,593,185
End of year	\$ <u>4,726,806</u>	\$ -	\$ -	\$ <u>6,919,722</u>	\$ <u>1,884,429</u>	\$ <u>1,470,571</u>	\$ <u>15,001,528</u>

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

ALAMANCE-BURLINGTON 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 Fiscal Year Ended June 30, 2014

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (3,591,657)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(6,129,482)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	124,255
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	<u>(808,180)</u>
Total changes in net position of governmental activities	<u>\$ (10,405,064)</u>

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALY BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2014

Exhibit 6

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Alamance County	32,405,000	32,405,000	32,405,000	-
U.S. Government	-	-	-	-
Other	650,000	775,000	762,127	(12,873)
Total revenues	<u>33,055,000</u>	<u>33,180,000</u>	<u>33,167,127</u>	<u>(12,873)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	9,748,982	9,872,692	9,626,132	246,560
Special populations	1,966,874	1,771,849	1,764,939	6,910
Alternative programs	825,526	659,416	647,147	12,269
School leadership	3,762,753	4,301,553	4,286,647	14,906
Co-curricular	784,571	799,571	768,544	31,027
School-based support	1,355,628	1,631,908	1,630,790	1,118
Total instructional services	<u>18,444,334</u>	<u>19,036,989</u>	<u>18,724,199</u>	<u>312,790</u>
System-wide support services:				
Support and development	886,376	826,775	822,207	4,568
Special population support and development	202,474	220,624	213,179	7,445
Alternative programs and services support and development	5,278	6,378	1,559	4,819
Technology support	863,847	902,447	902,446	1
Operational support	11,078,916	10,465,736	10,463,008	2,728
Financial and human resource services	2,078,291	2,172,766	2,167,661	5,105
Accountability	65,296	83,596	36,694	46,902
System-wide pupil support	168,795	110,795	109,017	1,778
Policy, leadership and public relations	1,115,075	1,207,576	1,203,725	3,851
Total system-wide support services	<u>16,464,348</u>	<u>15,996,693</u>	<u>15,919,496</u>	<u>77,197</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	-	-	-
Total ancillary services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonprogrammed charges	1,500,000	1,500,000	1,430,343	69,657
Total expenditures	<u>36,408,682</u>	<u>36,533,682</u>	<u>36,074,038</u>	<u>459,644</u>
Revenues over (under) expenditures	(3,353,682)	(3,353,682)	(2,906,911)	446,771
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	3,353,682	3,353,682	-	(3,353,682)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,906,911)</u>	<u>\$ (2,906,911)</u>
Fund balances:				
Beginning of year			7,633,717	
End of year			<u>\$ 4,726,806</u>	

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION

Exhibit 6 (continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND AND ANNUALY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2014

	State Public School Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 112,892,768	\$ 118,636,487	\$ 115,633,308	\$ (3,003,179)
Alamance County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>112,892,768</u>	<u>118,636,487</u>	<u>115,633,308</u>	<u>(3,003,179)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	68,900,008	73,970,727	72,475,274	1,495,453
Special populations	17,467,430	16,833,515	16,659,365	174,150
Alternative programs	5,076,716	5,893,775	4,622,341	1,271,434
School leadership	5,707,727	6,065,952	6,017,748	48,204
Co-curricular	-	-	-	-
School-based support	8,199,975	8,298,543	8,298,624	(81)
Total instructional services	<u>105,351,856</u>	<u>111,062,512</u>	<u>108,073,352</u>	<u>2,989,160</u>
System-wide support services:				
Support and development	661,242	763,494	763,011	483
Special population support and development	219,889	169,889	169,542	347
Alternative programs and services support and development	15,982	-	-	-
Technology support	96,564	225,454	223,734	1,720
Operational support	5,339,608	5,183,011	5,172,891	10,120
Financial and human resource services	655,674	645,174	644,704	470
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	476,953	511,953	511,107	846
Total system-wide support services	<u>7,465,912</u>	<u>7,498,975</u>	<u>7,484,989</u>	<u>13,986</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	-	-	-
Total ancillary services	-	-	-	-
Nonprogrammed charges	-	-	-	-
Total expenditures	<u>112,817,768</u>	<u>118,561,487</u>	<u>115,558,341</u>	<u>3,003,146</u>
Revenues over (under) expenditures	75,000	75,000	74,967	(33)
Other financing uses:				
Transfers to other funds	(75,000)	(75,000)	(74,967)	33
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND AND ANNUALY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2014

	Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Alamance County	-	-	-	-
U.S. Government	14,153,633	18,760,740	13,705,471	(5,055,269)
Other	-	-	-	-
Total revenues	<u>14,153,633</u>	<u>18,760,740</u>	<u>13,705,471</u>	<u>(5,055,269)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	549,611	2,037,750	1,245,273	792,477
Special populations	4,198,007	5,610,184	5,273,431	336,753
Alternative programs	5,036,403	7,009,731	6,223,713	786,018
School leadership	-	3,670	3,665	5
Co-curricular	-	-	-	-
School-based support	145,982	246,948	176,723	70,225
Total instructional services	<u>9,930,003</u>	<u>14,908,283</u>	<u>12,922,805</u>	<u>1,985,478</u>
System-wide support services:				
Support and development	4,240	2,500	1,203	1,297
Special population support and development	1,069,100	378,771	264,133	114,638
Alternative programs and services support and development	257,232	232,753	183,383	49,370
Technology support	-	-	94	(94)
Operational support	9,540	66,817	45,928	20,889
Financial and human resource services	-	-	-	-
Accountability	-	-	-	-
System-wide pupil support	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Total system-wide support services	<u>1,340,112</u>	<u>680,841</u>	<u>494,741</u>	<u>186,100</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	-	-	-
Total ancillary services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonprogrammed charges	<u>2,883,518</u>	<u>3,171,616</u>	<u>287,925</u>	<u>2,883,691</u>
Total expenditures	<u>14,153,633</u>	<u>18,760,740</u>	<u>13,705,471</u>	<u>5,055,269</u>
Revenues over (under) expenditures	-	-	-	-
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances:				
Beginning of year			-	
End of year			<u>\$ -</u>	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2014

	Other Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State of North Carolina	\$ 1,242,542	\$ 1,181,454	\$ 1,181,454	\$ -
Alamance County	-	-	-	-
U.S. Government	1,700,000	545,652	417,492	(128,160)
Other	5,070,000	3,350,026	3,179,324	(170,702)
Total revenues	<u>8,012,542</u>	<u>5,077,132</u>	<u>4,778,270</u>	<u>(298,862)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instructional	1,517,337	2,474,324	2,170,858	303,466
Special populations	2,800,000	2,471,161	287,974	2,183,187
Alternative programs	1,757,410	1,897,631	1,527,373	370,258
School leadership	-	-	-	-
Co-curricular	-	250	-	250
School-based support	521,000	380,740	343,761	36,979
Total instructional services	<u>6,595,747</u>	<u>7,224,106</u>	<u>4,329,966</u>	<u>2,894,140</u>
System-wide support services:				
Support and development	109,250	107,353	87,004	20,349
Special population support and development	107,545	-	-	-
Alternative programs and services support and development	-	-	-	-
Technology support	-	-	-	-
Operational support	1,200,000	1,298,395	1,119,678	178,717
Financial and human resource services	-	220,667	161,842	58,825
Accountability	-	-	-	-
System-wide pupil support	-	17,827	-	17,827
Policy, leadership and public relations	-	206,702	205,850	852
Total system-wide support services	<u>1,416,795</u>	<u>1,850,944</u>	<u>1,574,374</u>	<u>276,570</u>
Ancillary services:				
Community	-	-	-	-
Nutrition	-	-	-	-
Total ancillary services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonprogrammed charges	-	7,580	7,000	580
Total expenditures	<u>8,012,542</u>	<u>9,082,630</u>	<u>5,911,340</u>	<u>3,171,290</u>
Revenues over (under) expenditures	-	(4,005,498)	(1,133,070)	2,872,428
Other financing uses:				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	4,005,498	-	4,005,498
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,133,070)</u>	<u>\$ (1,133,070)</u>
Fund balances:				
Beginning of year			8,052,792	
End of year			<u>\$ 6,919,722</u>	

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
June 30, 2014

Exhibit 7

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,666,509	\$ 503,014	\$ 4,169,523
Due from other governments	344,100	-	344,100
Receivables	34,681	-	34,681
Due from other funds	66,419	8,200	74,619
Inventories	304,457	-	304,457
Total current assets	<u>4,416,166</u>	<u>511,214</u>	<u>4,927,380</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	<u>2,974,802</u>	<u>17,534</u>	<u>2,992,336</u>
Total assets	<u>7,390,968</u>	<u>528,748</u>	<u>7,919,716</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	29,290	451	29,741
Accrued salaries and wages payable	44,502	6,639	51,141
Compensated absences	122,849	15,213	138,062
Unavailable revenue	85,902	-	85,902
Total current liabilities	<u>282,543</u>	<u>22,303</u>	<u>304,846</u>
Noncurrent liabilities:			
Compensated absences	<u>96,210</u>	<u>11,915</u>	<u>108,125</u>
Total liabilities	<u>378,753</u>	<u>34,218</u>	<u>412,971</u>
Net position			
Net investment in capital assets	2,974,802	17,534	2,992,336
Unrestricted	<u>4,037,413</u>	<u>476,996</u>	<u>4,514,409</u>
Total net position	<u>\$ 7,012,215</u>	<u>\$ 494,530</u>	<u>\$ 7,506,745</u>

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2014

Exhibit 8

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Operating revenues:			
Food sales	\$ 3,281,842	\$ -	\$ 3,281,842
Child care fees	-	1,198,859	1,198,859
Total operating revenues	<u>3,281,842</u>	<u>1,198,859</u>	<u>4,480,701</u>
			-
Operating expenses:			
Food cost:			
Purchase of food	4,317,326	27,900	4,345,226
Donated commodities	665,236	-	665,236
Salaries and benefits	5,144,626	848,689	5,993,315
Indirect costs	479,241	18,661	497,902
Materials and supplies	551,856	36,035	587,891
Repairs and maintenance	56,595	-	56,595
Depreciation	578,744	2,643	581,387
Non-capitalized equipment	166,105	15,270	181,375
Contracted services	84,743	-	84,743
Other	91,108	38,652	129,760
Total operating expenses	<u>12,135,580</u>	<u>987,850</u>	<u>13,123,430</u>
Operating income (loss)	<u>(8,853,738)</u>	<u>211,009</u>	<u>(8,642,729)</u>
Nonoperating revenues:			
Federal reimbursements	7,454,610	-	7,454,610
Federal commodities	665,236	-	665,236
State reimbursements	20,346	-	20,346
Interest earned	15,345	2,350	17,695
Total nonoperating revenues	<u>8,155,537</u>	<u>2,350</u>	<u>8,157,887</u>
Income (loss) before transfers	(698,201)	213,359	(484,842)
Transfers to other funds	-	(532,422)	(532,422)
Transfers from other funds	74,967	-	74,967
Change in net position	(623,234)	(319,063)	(942,297)
Net position, beginning of year	<u>7,635,449</u>	<u>813,593</u>	<u>8,449,042</u>
Net position, end of year	<u>\$ 7,012,215</u>	<u>\$ 494,530</u>	<u>\$ 7,506,745</u>

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2014

Exhibit 9

	Enterprise		Totals
	Major Fund	Non-major Fund	
	School Food Service	Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 3,288,581	\$ 1,198,859	\$ 4,487,440
Cash paid for goods and services	(5,833,731)	(139,713)	(5,973,444)
Cash paid to employees for services	(5,071,666)	(835,143)	(5,906,809)
Net cash provided (used) by operating activities	(7,616,816)	224,003	(7,392,813)
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(532,422)	(532,422)
Due to/from other funds	(212,271)	(8,200)	(220,471)
Federal and State reimbursements	7,358,153	-	7,358,153
Net cash provided (used) by noncapital financing activities	7,145,882	(540,622)	6,605,260
Cash flows from capital and related financing activities:			
Purchase of capital assets	(561,187)	-	(561,187)
Cash flows from investing activities:			
Interest earned on investments	15,345	2,350	17,695
Net increase in cash and cash equivalents	(1,016,776)	(314,269)	(1,331,045)
Cash and cash equivalents, beginning of year	4,683,285	817,283	5,500,568
Cash and cash equivalents, end of year	\$ 3,666,509	\$ 503,014	\$ 4,169,523
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (8,853,738)	\$ 211,009	\$ (8,642,729)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	578,744	2,643	581,387
Donated commodities	665,236	-	665,236
Salaries paid by special revenue fund	74,967	-	74,967
Changes in assets and liabilities:			
Increase in accounts receivable	(1,375)	-	(1,375)
Increase in inventories	(85,024)	-	(85,024)
Decrease in accounts payable and accrued liabilities	(1,733)	(3,195)	(4,928)
Increase in accrued salaries and wages payable	11,695	4,173	15,868
Increase in unavailable revenue	8,114	-	8,114
Increase (decrease) in compensated absences payable	(13,702)	9,373	(4,329)
Total adjustments	1,236,922	12,994	1,249,916
Net cash provided (used) by operating activities	\$ (7,616,816)	\$ 224,003	\$ (7,392,813)

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$665,236 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8. The consumption of these commodities is recorded as an operating expense.

The State Public School Fund paid salaries and benefits of \$74,967 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as a transfer in and an operating expense on Exhibit 8.

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Alamance-Burlington 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 Alamance-Burlington 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 Alamance County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. The Board has no component units.

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. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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 accounted for in another fund.

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.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

Federal Grants Fund. The Federal Grants Fund includes appropriations from the U.S. Government for the current operating expenditures of the public school system.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, federal and State grants restricted as to use, federal and State appropriations made directly to local school administrative units, funds received for prekindergarten programs and special programs.

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 Alamance County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, lottery proceeds as well as certain State assistance.

The Board reports the following nonmajor governmental funds:

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

The 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 nonmajor enterprise fund:

Child Care Fund. The Child Care Fund is used to account for the after school care program at the elementary schools within the school system. The costs associated with these programs are recovered by user charges.

C. Measurement Focus and Basis of Accounting

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

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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 is 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. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Board of Education. The Board has authorized the Superintendent to transfer appropriations within a fund under the following conditions:

- a. Amounts may be transferred not to exceed 10% between functions of the same fund with a monthly summary of such transfers reported to the Board at its next regular meeting and entered in the Board minutes.
- b. Amounts may be transferred between sub-functions and objects of expenditures within a function without limitations and without a report to the Board being required.
- c. Amounts may not be transferred between funds or from any contingency appropriation within a fund without Board of Education and Board of County Commissioners approval.
- d. Amounts may be transferred in State or Federal projects upon prior approval of the appropriate funding agency. If such transfers require Board of Education approval under other provisions of the budget resolution, a monthly summary of such transfers must be reported to the Board of Education at its next regular meeting.
- e. Amounts may not be transferred which would result in the elimination of currently staffed positions and/or existing programs without Board of Education approval.

During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. 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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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

4. Prepaid Expenditures

Prepaid expenditures represent amounts paid to vendors for goods or services in one period that benefit a future period. The Board utilizes the consumption method of accounting and recognizes prepaid items as expenditures in the period consumed.

5. 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, 1990 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 vehicles costing more than \$20,000 and all other capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives is not capitalized.

Alamance 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.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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

	<u>Years</u>
Buildings and improvements	20 - 50
Equipment and furniture	5 - 15
Vehicles	8

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

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, 2014 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

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

8. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements 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 Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid expenditures- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, 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.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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 instructional services – grant and other revenues restricted for expenditure for various instructional services, as allowable by the funding source.

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

Assigned fund balance – portion of fund balance that the 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. The Board of Education approves the appropriation.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted committed or assigned to those purposes.

The Board of Education has a management policy for revenue spending 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.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

9. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The net adjustment of \$90,634,413 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$223,517,932
Less accumulated depreciation	<u>(121,853,185)</u>
Net capital assets	101,664,747
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:	
Installment purchases	(124,255)
Compensated absences	<u>(10,906,079)</u>
Total adjustment	<u>\$ 90,634,413</u>

b. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances 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 \$(6,813,407) as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 49,232
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	(6,178,714)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	124,255
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	<u>(808,180)</u>
Total adjustment	<u>\$ (6,813,407)</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2014, the Board of Education reported expenditures in excess of budgeted amounts within the Child Care Fund.

Noncompliance

All items purchased using Vocational Education – Program Support Funds and School Technology Funds must be received prior to payment for the items being made. The Board of Education wrote checks for computers and software in June 2014, but the items were not received until July 2014 and August 2014. These transactions were in violation with the requirement that payment can only be made for items that have been received.

NOTE 3 - 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, 2014, the Board had deposits with banks and savings and loans with a carrying amount of \$15,481,745 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$13,788,429 and \$3,585,667, respectively. Of these balances, \$1,797,786 was covered by federal depository insurance and \$15,576,310 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30 2014, the Board had \$7,973 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. There was \$7,247,794 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2014. The Board has no policy for managing interest rate, credit, concentration or foreign currency risk.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2014 are as follows:

	Due from (to) other Funds (Internal Balances)	Due from other Governments	Other	Total
Governmental activities:				
General Fund	\$ (18,527)	\$ 60,724	\$ 2,589	\$ 44,786
Other governmental funds	<u>(56,092)</u>	<u>5,156,870</u>	<u>352,067</u>	<u>5,452,845</u>
Total governmental activities	<u>\$ (74,619)</u>	<u>\$ 5,217,594</u>	<u>\$ 354,656</u>	<u>\$ 5,497,631</u>
Business-type activities:				
School Food Service Fund	\$ 66,419	\$ 344,100	\$ 34,681	\$ 445,200
Child Care Fund	<u>8,200</u>	<u>-</u>	<u>-</u>	<u>8,200</u>
Total business-type activities	<u>\$ 74,619</u>	<u>\$ 344,100</u>	<u>\$ 34,681</u>	<u>\$ 453,400</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 60,724	Amounts due from County for fines and forfeitures
State Public School Fund	4,544,161	Operating funds from DPI
Federal Grants Fund	324,506	Federal grant funds
Capital Outlay Fund	76,764	Amounts due from County
Other Special Revenue Fund	<u>211,439</u>	State and federal grant funds
Total	<u>\$ 5,417,594</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 344,100</u>	Federal grant funds

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,281,330	\$ -	\$ -	\$ 5,281,330
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>5,281,330</u>	<u>-</u>	<u>-</u>	<u>5,281,330</u>
Capital assets being depreciated:				
Buildings	134,770,376	-	-	134,770,376
Improvements to land and buildings	61,319,661	-	-	61,319,661
Equipment and furniture	8,464,291	49,232	-	8,513,523
Vehicles	13,633,042	-	-	13,633,042
Total capital assets being depreciated	<u>218,187,370</u>	<u>49,232</u>	<u>-</u>	<u>218,236,602</u>
Less accumulated depreciation for:				
Buildings	69,979,503	3,263,590	-	73,243,093
Improvements to land and buildings	28,502,450	1,940,529	-	30,442,979
Equipment and furniture	6,232,541	303,248	-	6,535,789
Vehicles	10,959,977	671,347	-	11,631,324
Total accumulated depreciation	<u>115,674,471</u>	<u>6,178,714</u>	<u>-</u>	<u>121,853,185</u>
Total capital assets being depreciated, net	<u>102,512,899</u>			<u>96,383,417</u>
Governmental activity capital assets, net	<u>\$ 107,794,229</u>			<u>\$ 101,664,747</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment and furniture	\$ 8,277,751	\$ 561,187	\$ -	\$ 8,838,938
Less accumulated depreciation for:				
Equipment and furniture	5,285,392	578,744	-	5,864,136
School Food Service capital assets, net	<u>2,992,359</u>			<u>2,974,802</u>
Child Care Fund:				
Capital assets being depreciated:				
Equipment and furniture	47,527	-	-	47,527
Less accumulated depreciation for:				
Equipment and furniture	27,350	2,643	-	29,993
Child Care Fund capital assets, net	<u>20,177</u>			<u>17,534</u>
Business-type activities capital assets, net	<u>\$ 3,012,536</u>			<u>\$ 2,992,336</u>

Depreciation was charged to governmental functions as follows:

System-wide support services	\$ 303,248
Unallocated depreciation	<u>5,875,466</u>
Total	<u>\$ 6,178,714</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Alamance-Burlington Board of Education contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 8.69% of annual covered payroll. The contribution requirements of plan members and Alamance-Burlington Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2014, 2013 and 2012 were \$9,204,914, \$8,970,054 and \$7,830,461, respectively, equal to the required contributions for each year.

b. Other Postemployment Benefits

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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, 2014, 2013, and 2012, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$5,719,969, \$5,707,237 and \$5,262,406, respectively. These contributions represented 5.40%, 5.30% and 5.00% of covered payroll, respectively.

Long-term Disability Benefits

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

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

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period 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 employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

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 the member might be entitled should the member 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 is 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, 2014, 2013, and 2012, the Board paid all annual required contributions to the DIPNC for disability benefits of \$466,072, \$473,808 and \$547,290 respectively. These contributions represented 0.44%, 0.44% and 0.52% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2014 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 3,753,104	\$ 435,288	\$ 4,188,392
Other governmental activities	<u>97,054</u>	<u>4,941,271</u>	<u>5,038,325</u>
Total governmental activities	<u>\$ 3,850,158</u>	<u>\$ 5,376,559</u>	<u>\$ 9,226,717</u>
Business-type activities:			
School Food Service Fund	\$ 29,290	\$ 44,502	\$ 73,792
Child Care Fund	<u>451</u>	<u>6,639</u>	<u>7,090</u>
Total business-type activities	<u>\$ 29,741</u>	<u>\$ 51,141</u>	<u>\$ 80,882</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

3. Unavailable Revenues

The balance in unavailable revenues at year-end is composed of the following item:

Prepayments of meals (School Food Service Fund)	\$ <u>85,902</u>
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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 Trust has an annual aggregate limit for both general liability and errors and omissions of \$3,150,000 each. 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 a private insurer for employees to the extent they are paid from federal and 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. The Fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on flood, earthquake, business interruption and extra expense. \$10 million per occurrence is provided on increased cost of construction.

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

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

The Board carries commercial coverage for all other risks of loss. There have been no significant 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

As of the date of our report, the Board was a defendant to various legal claims. The Board's management and the Board's attorney have been unable to determine the amount of loss, if any, the Board will incur as a result of these legal matters.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through third party financing arrangements. The Board entered into such a contract for the purchase of school buses. The contract requires four equal principal-only payments with the first payment due within 10 days of receipt of the buses and the following 3 payments due on the next 3 immediately following November 15th dates. The future minimum payments of the installment purchases as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u> <u>Principal</u>
2015	<u>\$ 124,255</u>

b. 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, 2014:

	<u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 248,510	\$ -	\$ 124,255	\$ 124,255	\$ 124,255
Compensated absences	<u>10,097,899</u>	<u>6,421,655</u>	<u>5,613,475</u>	<u>10,906,079</u>	<u>3,705,972</u>
Total governmental activities	<u>\$ 10,346,409</u>	<u>\$ 6,421,655</u>	<u>\$ 5,737,730</u>	<u>\$ 11,030,334</u>	<u>\$ 3,830,227</u>
Business-type activities:					
Compensated absences	<u>\$ 250,516</u>	<u>\$ 310,021</u>	<u>\$ 314,350</u>	<u>\$ 246,187</u>	<u>\$ 138,062</u>

Compensated absences related to governmental activities are typically liquidated by the General and other governmental funds.

C. Interfund Balances and Activity

1. Transfers to/from other Funds

Transfers to/from other funds at June 30, 2014 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 74,967</u>
From the Child Care Fund to the Individual Schools Fund for co-curricular costs	<u>\$ 532,422</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

2. Interfund Balances

The composition of interfund balances as of June 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Special Revenue Fund	General Fund	\$ 18,527
Child Care Fund	Other Special Revenue Fund	\$ 8,200
School Food Service Fund	Other Special Revenue Fund	\$ 66,419

The amounts above represent the need for reimbursement of various operating expenses. These amounts are expected to be paid prior to June 30, 2015.

D. Fund Balance

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	\$ 4,726,806
Less:	
Prepaid expenditures	(162,625)
Stabilization by State statute	<u>(63,313)</u>
Remaining fund balance	<u>\$ 4,500,868</u>

NOTE 4 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2014 in the Other Special Revenue Fund consists of the following:

Medicaid reimbursement program	\$ 1,424,499
Local sales tax refund	157,792
Other reimbursements and refunds	244,508
Indirect costs allocated	796,732
Interest income	55,340
Private grants and programs	277,336
Rental of school property	70,984
Tuition and fees	25,856
Other	<u>126,277</u>
Total other revenues	<u>\$ 3,179,324</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2014

NOTE 5 - 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.

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ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Alamance County:			
County appropriation	\$ 32,405,000	\$ 32,405,000	\$ -
Other:			
Fines and forfeitures	775,000	762,127	(12,873)
Total revenues	<u>33,180,000</u>	<u>33,167,127</u>	<u>(12,873)</u>
Expenditures:			
Current:			
Instructional services:			
Regular instructional	9,872,692	9,626,132	246,560
Special populations	1,771,849	1,764,939	6,910
Alternative programs	659,416	647,147	12,269
School leadership	4,301,553	4,286,647	14,906
Co-curricular	799,571	768,544	31,027
School-based support	1,631,908	1,630,790	1,118
Total instructional services	<u>19,036,989</u>	<u>18,724,199</u>	<u>312,790</u>
System-wide support services:			
Support and development	826,775	822,207	4,568
Special population support and development	220,624	213,179	7,445
Alternative programs and services			
support and development	6,378	1,559	4,819
Technology support	902,447	902,446	1
Operational support	10,465,736	10,463,008	2,728
Financial and human resource services	2,172,766	2,167,661	5,105
Accountability	83,596	36,694	46,902
System-wide pupil support	110,795	109,017	1,778
Policy, leadership and public relations	1,207,576	1,203,725	3,851
Total system-wide support services	<u>15,996,693</u>	<u>15,919,496</u>	<u>77,197</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Expenditures (Continued):			
Non-programmed charges:			
Payments to other governments	<u>1,500,000</u>	<u>1,430,343</u>	<u>69,657</u>
Total expenditures	<u>36,533,682</u>	<u>36,074,038</u>	<u>459,644</u>
Revenues under expenditures	(3,353,682)	(2,906,911)	446,771
Fund balance appropriated	<u>3,353,682</u>	<u> -</u>	<u>(3,353,682)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,906,911)</u>	<u>\$ (2,906,911)</u>
Fund balance:			
Beginning of year		<u>7,633,717</u>	
End of year		<u>\$ 4,726,806</u>	

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOL FUND
For the Fiscal Year Ended June 30, 2014

	Revenues and Transfers in	Expenditures	Net change in fund balance	Fund balances 6/30/2013	Fund balances 6/30/2014
Alexander Wilson Elementary	\$ 175,232	\$ 92,871	\$ 82,361	\$ 46,773	\$ 129,134
Altamahaw Ossipee Elementary	71,325	66,923	4,402	15,104	19,506
R. Homer Andrews Elementary	60,754	57,571	3,183	9,355	12,538
Eastlawn Elementary	18,175	20,185	(2,010)	10,575	8,565
Elon Elementary	62,100	50,815	11,285	22,902	34,187
Garrett Elementary	109,213	89,358	19,855	45,050	64,905
Grove Park Elementary	46,867	45,717	1,150	7,427	8,577
Haw River Elementary	29,947	36,455	(6,508)	9,490	2,982
Highland Elementary	122,650	74,999	47,651	17,326	64,977
Hillcrest Elementary	28,175	39,542	(11,367)	44,825	33,458
E.M. Holt Elementary	164,100	108,630	55,470	45,659	101,129
B. Everett Jordan Elementary	234,197	79,547	154,650	48,989	203,639
Newlin Elementary	51,657	55,422	(3,765)	16,021	12,256
North Graham Elementary	51,258	46,430	4,828	17,114	21,942
Pleasant Grove Elementary	32,778	38,002	(5,224)	21,093	15,869
Marvin B. Smith Elementary	36,437	35,345	1,092	29,131	30,223
South Graham Elementary	66,699	50,094	16,605	979	17,584
South Mebane Elementary	65,764	70,328	(4,564)	15,586	11,022
Sylvan Elementary	86,341	84,655	1,686	5,639	7,325
E.M. Yoder Elementary	69,002	65,850	3,152	17,920	21,072
Broadview Middle	61,102	57,324	3,778	5,329	9,107
Graham Middle	85,830	82,770	3,060	22,241	25,301
Hawfields Middle	130,946	123,345	7,601	26,333	33,934
Southern Middle	67,553	66,132	1,421	12,020	13,441
Turrentine Middle	51,911	47,487	4,424	9,496	13,920
Western Middle	185,373	189,516	(4,143)	52,922	48,779
Woodlawn Middle	33,795	38,900	(5,105)	26,500	21,395
Cummings High	168,834	145,981	22,853	27,418	50,271
Eastern Alamance High	431,375	417,450	13,925	72,581	86,506
Graham High	125,804	122,396	3,408	20,724	24,132
Southern Alamance High	380,275	345,618	34,657	78,543	113,200
Western Alamance High	361,304	382,352	(21,048)	138,110	117,062
Walter Williams High	251,240	281,254	(30,014)	115,672	85,658
Burlington Middle College	3,484	3,321	163	765	928
Sellers Gunn Education Center	2,994	2,443	551	139	690
Career and Technical Ed Center	12,155	13,182	(1,027)	6,384	5,357
Totals	<u>\$ 3,936,646</u>	<u>\$ 3,528,210</u>	<u>\$ 408,436</u>	<u>\$ 1,062,135</u>	<u>\$ 1,470,571</u>

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
CAPITAL OUTLAY FUND
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Capital Fund - Lottery	\$ 467,000	\$ 229,499	\$ (237,501)
Public School Building Capital Fund	207,368	87,050	(120,318)
State appropriations - buses	<u>124,255</u>	<u>124,255</u>	<u>-</u>
Total State of North Carolina	<u>798,623</u>	<u>440,804</u>	<u>(357,819)</u>
Alamance County:			
Local bond revenues	1,008,546	220,272	(788,274)
General county appropriations	250,000	250,000	-
Public School Building Capital Fund local match	<u>-</u>	<u>29,017</u>	<u>29,017</u>
Total Alamance County	<u>1,258,546</u>	<u>499,289</u>	<u>(759,257)</u>
Other:			
Interest earned on investments		7,140	
Miscellaneous		<u>5,744</u>	
Total other	<u>723,959</u>	<u>12,884</u>	<u>(711,075)</u>
Total revenues	<u>2,781,128</u>	<u>952,977</u>	<u>(1,828,151)</u>
Expenditures:			
Debt service:			
Principal retirement	<u>844,876</u>	<u>124,255</u>	<u>720,621</u>
Capital outlay:			
Buildings and improvements:			
Flooring projects		200,265	
Asbestos removal		116,067	
Roofing projects		165,790	
Other buildings and improvements		<u>306,712</u>	
Total buildings and improvements	<u>1,936,252</u>	<u>788,834</u>	<u>1,147,418</u>
Total expenditures	<u>2,781,128</u>	<u>913,089</u>	<u>1,868,039</u>
Other financing sources:			
Installment purchase obligations issued			<u>-</u>
Net change in fund balance	<u>\$ -</u>	39,888	<u>\$ 39,888</u>
Fund balance:			
Beginning of year		<u>1,844,541</u>	
End of year		<u>\$ 1,884,429</u>	

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
SCHOOL FOOD SERVICE FUND
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues - food sales	\$ 3,573,400	\$ 3,281,842	\$ (291,558)
Operating expenditures:			
Business support services:			
Purchase of food	-	4,402,350	-
Donated commodities	-	665,236	-
Salaries and benefits	-	5,130,924	-
Indirect costs	-	479,241	-
Materials and supplies	-	551,856	-
Repairs and maintenance	-	56,595	-
Non-capitalized equipment	-	166,105	-
Contracted services	-	84,743	-
Other	-	91,108	-
Capital outlay	-	561,187	-
Total operating expenditures	<u>12,537,600</u>	<u>12,189,345</u>	<u>348,255</u>
Operating loss	<u>(8,964,200)</u>	<u>(8,907,503)</u>	<u>56,697</u>
Nonoperating revenues:			
Federal reimbursements and grants	8,178,200	7,454,610	(723,590)
Federal commodities	710,000	665,236	(44,764)
State reimbursements	27,000	20,346	(6,654)
Interest earned	<u>20,000</u>	<u>15,345</u>	<u>(4,655)</u>
Total nonoperating revenues	<u>8,935,200</u>	<u>8,155,537</u>	<u>(779,663)</u>
Excess of revenues over (under) expenditures before other financing sources	(29,000)	(751,966)	(722,966)
Other financing sources:			
Transfers from other funds	<u>29,000</u>	<u>74,967</u>	<u>45,967</u>
Net change in fund balance	<u>\$ -</u>	<u>(676,999)</u>	<u>\$ (676,999)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(578,744)	
Equipment purchases		561,187	
Decrease in compensated absences payable		(13,702)	
Increase in inventory		<u>85,024</u>	
Change in net position (full accrual)		<u>\$ (623,234)</u>	

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
CHILD CARE FUND
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Child care fees	\$ 1,528,300	\$ 1,198,859	\$ (329,441)
Operating expenditures:			
Regular community services:			
Purchase of food	-	27,900	-
Salaries and benefits	-	858,062	-
Indirect costs	-	18,661	-
Materials and supplies	-	36,035	-
Non-capitalized equipment	-	15,270	-
Other	-	38,652	-
Total operating expenditures	962,900	994,580	(31,680)
Operating income	565,400	204,279	(361,121)
Nonoperating revenues:			
Interest earned	-	2,350	2,350
Excess of revenues over expenditures before other financing uses	565,400	206,629	(358,771)
Other financing uses:			
Transfers to other funds	(565,400)	(532,422)	32,978
Net change in fund balance	\$ -	(325,793)	\$ (325,793)
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(2,643)	
Increase in compensated absences payable		9,373	
Change in net position (full accrual)		\$ (319,063)	

Compliance Section

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the Alamance-Burlington Board of Education
Burlington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alamance-Burlington Board of Education, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the Alamance-Burlington Board of Education, North Carolina's basic financial statements and have issued our report thereon dated October 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alamance-Burlington 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'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 functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 14-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alamance-Burlington 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.

Anderson Smith & Wike PLLC

*October 31, 2014
Statesville, North Carolina*

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

To the Alamance-Burlington Board of Education
Burlington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Alamance-Burlington Board of Education, North Carolina's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2014. The Alamance-Burlington Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Alamance-Burlington 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 Alamance-Burlington Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Alamance-Burlington Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 14-02. Our opinion on each major federal program is not modified with respect to these matters.

Alamance-Burlington Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. Alamance-Burlington Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Alamance-Burlington 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, we considered the Alamance-Burlington Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Alamance-Burlington Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 14-02, which we consider to be a significant deficiency.

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

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.

Anderson Smith & Wike PLLC

October 31, 2014
Statesville, North Carolina



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

To the Alamance-Burlington Board of Education
Burlington, North Carolina

Report on Compliance for Each Major State Program

We have audited Alamance-Burlington Board of Education, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2014. The Alamance-Burlington 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 requirements 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 Alamance-Burlington Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of 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 Alamance-Burlington Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Alamance-Burlington Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as item 14-03. Our opinion on each major State program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Alamance-Burlington 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 Alamance-Burlington 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 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 Alamance-Burlington Board of Education's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-03 to be a material weakness.

Alamance-Burlington Board of Education, North Carolina's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. Alamance-Burlington Board of Education, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Anderson Smith & Wike PLLC

*October 31, 2014
Statesville, North Carolina*

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted *No*

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 *Yes*

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
	Special Education Cluster:
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.010	Title I, Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B Programs *\$ 667,284*

Auditee qualified as low-risk auditee? *Yes*

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name

State Public School Fund
School Technology Fund
Driver Training

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2014**

Section II - Financial Statement Findings

Finding 14-01

SIGNIFICANT DEFICIENCY
Expenditures in Excess of Appropriations

Criteria: State law requires that expenditures not exceed amounts appropriated.

Condition: The Board reported expenditures in excess of amounts appropriated as follows:

	<u>Budgeted Amount</u>		<u>Expenditure</u>		<u>Over Budget</u>
Child Care Fund					
Operating expenditures	\$ 962,900	\$	994,580	\$	(31,680)

Effect: Funds were spent that had not been properly appropriated.

Cause: There was a lack of oversight by management.

Recommendation: We recommend management closely monitor all expenditures as compared to the general ledger and take any needed budget amendments to the governing Board for approval prior to the expenditure of funds in excess of the amount budgeted.

View of responsible official and planned corrective action: The Board agrees with this finding and recommendation.

Section III - Federal Award Findings and Questioned Costs

Finding 14-02

U.S. Department of Education
 Passed-through the N.C. Department of Public Instruction
 Program name: Special Education Cluster
 CFDA #'s: 84.027 and 84.173

SIGNIFICANT DEFICIENCY AND NONCOMPLIANCE
Activities Allowed

Criteria: The salaries for classroom teachers are required to be charged to an allowable instructional program given the nature of what the individual is teaching.

Condition: We noted one teacher that was teaching a regular education second grade class. However, this teacher's salary was being charged to the Special Education Cluster. After we identified this issue, management retroactively charged the teacher's salary to an allowable instructional program to ensure that none of the teacher's salary was charged to the Special Education Cluster during the year.

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Effect: Prior to management correcting this error, the teacher's salary was being charged to an unallowable instructional program and therefore federal funds had been used for an unallowable expenditure.

Cause: Oversight.

Questioned cost: None, since an adjustment was made and the teacher's salary retroactively charged to an allowable instructional program.

Recommendation: We recommend that management review where all teacher salaries are being charged to ensure that the salaries are being charged to an allowable instructional program.

View of responsible official and planned corrective action:

Management agrees with this finding and will closely monitor the coding of teacher salaries in the future.

Section IV - State Award Findings and Questioned Costs

Finding 14-03

N.C. Department of Public Instruction

Program Names: Vocational Education – Program Support Funds and School Technology Fund

MATERIAL WEAKNESS AND NONCOMPLIANCE

Period of Availability

Criteria: Management is required to ensure that all items purchased using State grant proceeds are received prior to payment.

Condition: Management wrote checks in June 2014 from State PRC 014 Vocational Education – Program Support Funds and PRC 015 School Technology funds to pay for computers and software. The computers and software were ordered prior to June 30, 2014 but were not received until July 2014 and August 2014. The vendor checks for these items were held (not released to the vendor) and subsequently released when the computers and software was received.

Effect: The Board is not in compliance with the aforementioned criteria.

Cause: Override of internal controls.

Questioned cost:

- \$257,218 for Vocational Education - Program Support Funds
- \$-0- for the School Technology Fund since any unused funds from the grant carries over to the following year.

Recommendation: We recommend that the Board implement procedures to ensure that checks are not written for goods that have not been received.

View of responsible official and planned corrective action:

The Board agrees with the finding and will implement procedures to ensure that checks are not written for goods that have not been received.

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2014**

Finding 14-01

Name of Contact Person: Sandra Tinsley, Interim Finance Officer

Corrective Action Plan: The Board will more closely monitor budgeted amounts as compared to actual expenditures. Budget amendments will be made as needed

Proposed Completion Date: Immediately

Finding 14-02

Name of Contact Person: Dawn Madren, Executive Director of Human Resources

Corrective Action Plan: Management will implement procedures to ensure teacher salaries are charged to an allowable instructional program.

Proposed Completion Date: Immediately

Finding 14-03

Name of Contact Person: Dennis Frye, Career and Technical Education

Corrective Action Plan: Management will implement procedures to ensure that checks are not written for goods that have not been received.

Proposed Completion Date: Immediately

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2014**

Finding: 13-01

Status: Corrected.

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2014

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
Federal Grants:		
<u>U.S. Department of Agriculture</u>		
Passed-through the N.C. Department of Public Instruction:		
Child Nutrition Cluster:		
Noncash Assistance (Commodities):		
National School Lunch Program	10.555	\$ <u>665,236</u>
Cash Assistance:		
School Breakfast Program	10.553	1,630,020
National School Lunch Program	10.555	5,636,461
Summer Food Service Program for Children	10.559	<u>145,209</u>
Cash Assistance Subtotal		<u>7,411,690</u>
Total Child Nutrition Cluster		8,076,926
Fresh Fruit and Vegetable Program	10.582	<u>42,920</u>
Total U.S. Department of Agriculture		<u>8,119,846</u>
<u>U.S. Department of Education</u>		
Office of Innovation and Improvement:		
Direct Program:		
Fund for the Improvement of Education	84.215	67,012
Office of Elementary and Secondary Education:		
Passed-through the N.C. Department of Public Instruction:		
Title I, Grants to Local Educational Agencies	84.010	6,126,732
Migrant Education	84.011	66,783
Improving Teacher Quality	84.367	755,810
Twenty-first Century Community Learning Centers	84.287	206,310
Language Acquisition Grant	84.365	409,771
Race to the Top - ARRA	84.395	306,798
Education for Homeless Children and Youth	84.196	29,105
Office of Special Education and Rehabilitative Services:		
Passed-through the N.C. Department of Public Instruction:		
Special Education Cluster:		
Individuals with Disabilities Education Act:		
Special Education - Grants to States	84.027	5,361,504
Special Education - Preschool Grants	84.173	<u>145,163</u>
Total Special Education Cluster		<u>5,506,667</u>
Title VI-B, Education of the Handicapped	84.323	18,714

**ALAMANCE-BURLINGTON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Office of Vocational and Adult Education: Passed-through the N.C. Department of Public Instruction: Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States Program Development	84.048	<u>278,781</u>
Passed-through University of North Carolina at Chapel Hill: Gear Up NC Grant	84.334	<u>305,111</u>
Total U.S. Department of Education		<u>14,077,594</u>
<u>U.S. Department of Defense</u> Direct Program: ROTC	None	<u>45,369</u>
Total Federal Assistance		<u>\$ 22,242,809</u>
 State Grants:		
<u>N.C. Department of Public Instruction</u>		
State Public School Fund		\$ 108,377,783
Vocational Education:		
State Months of Employment		5,503,965
Program Support Funds		866,593
Driver Training		431,298
School Technology Fund		443,524
State appropriations - buses (noncash)		124,255
Textbooks (noncash)		10,145
Passed-through Alamance County:		
Public School Building Capital Fund		87,050
Public School Capital Fund - Lottery		<u>229,499</u>
Total NC Department of Public Instruction		<u>116,074,112</u>
<u>N.C. Department of Agriculture</u> State Reduced Breakfast Program		20,346

ALAMANCE-BURLINGTON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
<u>N.C. Department of Health and Human Services</u> Division of Child Development: NC Pre-Kindergarten Program		1,181,454
Total State Assistance		<u>117,275,912</u>
Total Federal and State Assistance		<u>\$ 139,518,721</u>

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

1. Basis of Presentation

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