



---

---

# TRANSYLVANIA COUNTY SCHOOLS

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014





# Annual Financial Report of the Transylvania County Schools

Brevard, North Carolina  
For the Fiscal Year Ended June 30, 2014



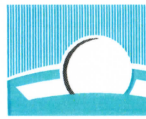
Prepared by Business Services Department  
Norris Barger, Director of Business Services

# Transylvania County Schools

## Annual Financial Report

---

<b>Report of Independent Auditors</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Exhibit 1 - Statement of Net Position	9
Exhibit 2 - Statement of Activities	10
Fund Financial Statements:	
Exhibit 3 - Balance Sheet – Governmental Funds	12
Exhibit 4 - Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	13
Exhibit 5 - Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Funds	15
Exhibit 6 - Statement of Net Position – Proprietary Fund	19
Exhibit 7 - Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	20
Exhibit 8 - Statement of Cash Flows – Proprietary Fund	21
Exhibit 9 - Statement of Fiduciary Net Position	23
Exhibit 9 - Statement of Changes in Fiduciary Net Position	23
Notes to financial statements	24
<b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	39
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	40
Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Federal Grants Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Capital Outlay Fund	42
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) – Child Nutrition Fund	44



# CARLAND & ANDERSEN, INC.

CERTIFIED PUBLIC ACCOUNTANTS

89 NORTH CALDWELL STREET ■ BREVARD, NC 28712

MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER - NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Transylvania County, 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 Transylvania County 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 comprise the Transylvania County Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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 financial statement 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 Transylvania County Board of Education, North Carolina as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Restricted Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages four through eight be presented to supplement the basic financial statements. Such information, although not a required 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 an opinion on the financial statements that collectively comprise the Transylvania County Board of Education's basic financial statements. The combining and individual non-major fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary schedules, 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 in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the 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 29, 2014 on our consideration of the Transylvania County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transylvania County Board of Education's internal control over financial reporting and compliance.

*Carlson & Anderson, Inc.*

Brevard, North Carolina  
October 29, 2014

## Annual Financial Report

---

### Management's Discussion and Analysis

This section of the Transylvania County Schools (*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 and Economic Highlights

County funding is a major source of income for the Board; therefore the county's economic outlook directly affects that of the Board. The following factors have positively affected the economic outlook of Transylvania County.

The county's economic situation mirrored that of the state and country in 2014. The unemployment rate dropped to 6.2% as of June 2014, compared to the state average of 6.4%. The county continues to enjoy an influx of retirees, which has supported the tax base through rough economic times. Because of conservative financial practices, the county was able continue its financial support of the school system with relatively minor harm to instructional programs.

The Board has absorbed the negative financial impact of the slow state and local economies through budget cuts and re-direction of resources. The Board anticipates a leveling of enrollment over the next several years but will need continued funding support to implement federal and state mandates.

### Overview of the Financial Statements

The audited financial statements of the Transylvania County Schools consist of four components. They are as follows:

- ◆ *Independent Auditors' Report*
- ◆ *Management's Discussion and Analysis*
- ◆ *Basic Financial Statements*
- ◆ *Required supplemental section that presents combining and budgetary statements for governmental funds and budgetary statements for enterprise funds*

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



## Annual Financial Report

---

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

### **Government-wide Statements**

The government-wide statements report information about the Board 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, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets and the total of liabilities and deferred inflows of resources – is one way to measure the Board'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, one must 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 Board's activities are divided into two categories in the government-wide statements:

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

### **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 Board as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by State law, such as the State Public School Fund. The Board established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

### Annual Financial Report

Transylvania County Schools has three types of funds:

- ◆ *Governmental funds:* Most of the Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between them. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, the Restricted Grants Fund, and the Federal Grants Fund.
- ◆ *Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. Transylvania County Schools has one proprietary fund – an enterprise fund – the Child Nutrition Fund.
- ◆ *Fiduciary fund:* The fiduciary fund is used to account for resources held for the benefit of parties outside the government. Transylvania County Schools has one fiduciary fund that accounts for five activities. The Bjerg Scholarship, Lollis Scholarship, New Century Scholarship, and Connestee Scholarship are funds managed for the benefit of graduating Transylvania County Schools students. The Wenzlick Trust is used to enrich Career and Technical Education programs.

### Financial Analysis of the Schools as a Whole

Table I - Condensed Statement of Net Position as of June 30, 2014						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 4,951,481	\$ 5,347,687	\$ 252,751	\$ 319,230	\$ 5,204,232	\$ 5,666,917
Capital assets	<u>39,214,424</u>	<u>39,324,849</u>	<u>140,601</u>	<u>172,548</u>	<u>39,355,025</u>	<u>39,497,397</u>
Total assets	\$ 44,165,905	\$ 44,672,536	\$ 393,352	\$ 491,778	\$ 44,559,257	\$ 45,164,314
Current liabilities	1,191,998	1,189,270	8,473	17,930	1,200,471	1,207,200
Long-term liabilities	<u>1,820,229</u>	<u>1,714,382</u>	<u>75,810</u>	<u>67,264</u>	<u>1,896,039</u>	<u>1,781,646</u>
Total liabilities	\$ 3,012,227	\$ 2,903,652	\$ 84,283	\$ 85,194	\$ 3,096,510	\$ 2,988,846
Deferred inflows of resources	\$ 3,210	\$ 3,201	\$ 16,253	\$ 16,545	\$ 19,463	\$ 19,746
Net investment in capital assets	39,214,424	39,324,849	140,601	172,548	39,355,025	39,497,397
Restricted net position	1,733,798	1,252,248	-	-	1,733,798	1,252,248
Unrestricted net position (deficit)	<u>202,246</u>	<u>1,188,586</u>	<u>152,215</u>	<u>217,491</u>	<u>354,461</u>	<u>1,406,077</u>
Total net position	\$ 41,150,468	\$ 41,765,683	\$ 292,816	\$ 390,039	\$ 41,443,284	\$ 42,155,722

## Annual Financial Report

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$41,443,284 as of June 30, 2014. The largest component of net position is net investment in capital assets of \$39,355,025. It comprises 95.0% of total net position.

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

<b>Table II - Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,564,569	\$ 1,398,013	\$ 481,467	\$ 512,157	\$ 2,046,036	\$ 1,910,170
Operating grants and contributions	22,915,311	22,859,473	1,688,644	1,674,445	24,603,955	24,533,918
Capital grants and contributions	612,183	373,935	-	-	612,183	373,935
General revenues:						
Other revenues	<u>11,864,375</u>	<u>10,604,245</u>	<u>10,300</u>	<u>21,025</u>	<u>11,874,675</u>	<u>10,625,270</u>
Total revenues	36,956,438	35,235,666	2,180,411	2,207,627	39,136,849	37,443,293
<b>EXPENDITURES</b>						
Governmental activities:						
Instructional services	28,863,381	29,183,383	-	-	28,863,381	29,183,383
Support services	7,756,964	7,059,194	-	-	7,756,964	7,059,194
Ancillary services	107,713	107,862	-	-	107,713	107,862
Non-programmed charges	652,398	543,067	-	-	652,398	543,067
Business-type activities:						
Food service	-	-	<u>2,468,831</u>	<u>2,503,165</u>	<u>2,468,831</u>	<u>2,503,165</u>
Total expenditures	37,380,456	36,893,506	2,468,831	2,503,165	39,849,287	39,396,671
Transfers in (out)	<u>(191,197)</u>	<u>(190,906)</u>	<u>191,197</u>	<u>190,906</u>	-	-
Increase (decrease) in net position	(615,215)	(1,848,746)	(97,223)	(104,632)	(712,438)	(1,953,378)
Beginning net position	<u>41,765,683</u>	<u>43,614,429</u>	<u>390,039</u>	<u>494,671</u>	<u>42,155,722</u>	<u>44,109,100</u>
Ending net position	\$ 41,150,468	\$ 41,765,683	\$ 292,816	\$ 390,039	\$ 41,443,284	\$ 42,155,722

**Annual Financial Report**

Total governmental activities generated revenues of \$37.0 million while expenses and transfers out in this category totaled \$37.4 million for the year ended June 30, 2014. Comparatively, revenues were \$35.2 million and expenses totaled \$37.0 million for the year ended June 30, 2013. After transfers to the business-type activities, net position decreased by \$615,215 at June 30, 2014, compared to a decrease of \$1,848,746 in 2013. Instructional expenses comprised 77.2% of total governmental-type expenses while support services made up 22.8% of those expenses for 2014. County funding comprised 31.8% of total governmental revenue. Most of the remaining governmental revenue for 2014 consisted of restricted State and federal money. Business-type activities generated revenue of \$2.18 million and had expenses of \$2.47 million. Net position decreased in the business-type activities by \$97,223, after transfers in from the governmental activities of \$191,197.

**Capital Assets**

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

Table III - Summary of Capital Assets as of June 30, 2014						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land and improvements	\$ 12,042,766	\$ 11,618,862	\$ -	\$ -	\$ 12,042,766	\$ 11,618,862
Buildings	48,808,145	47,973,070	-	-	48,808,145	47,973,070
Furniture and equipment	901,551	990,237	644,915	644,915	1,546,466	1,635,152
Vehicles	3,521,096	3,460,695	104,130	104,130	3,625,226	3,564,825
Accumulated depreciation	(26,059,134)	(24,718,016)	(608,444)	(576,497)	(26,667,578)	(25,294,513)
Total	\$ 39,214,424	\$ 39,324,848	\$ 140,601	\$ 172,548	\$ 39,355,025	\$ 39,497,396

**Debt Outstanding**

During the year the Board’s outstanding debt increased by \$105,847 reflecting the net change in liability for compensated absences.

**Requests for Information**

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

Norris Barger, Director of Business Services  
 Transylvania County Schools  
 225 Rosenwald Lane  
 Brevard, NC 28712

# Basic Financial Statements





# Transylvania County Schools

Exhibit 1

## Statement of Net Position

As of June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,929,571	\$ 99,398	\$ 4,028,969
Accounts receivable (net)	116,711	4,491	121,202
Due from other governments	905,199	38,883	944,082
Inventories	-	109,979	109,979
Capital assets (Note 1)			
Land, improvements, and construction in progress	12,042,766	-	12,042,766
Other capital assets, net of depreciation	27,171,658	140,601	27,312,259
Total capital assets	39,214,424	140,601	39,355,025
Total assets	44,165,905	393,352	44,559,257
<b>LIABILITIES</b>			
Accounts payable	145,012	8,473	153,485
Due to other governments	-	-	-
Accrued salaries and wages payable	1,046,986	-	1,046,986
Long-term liabilities:			
Due in more than one year	1,820,229	75,810	1,896,039
Total liabilities	3,012,227	84,283	3,096,510
<b>DEFERRED INFLOW OF RESOURCES</b>	3,210	16,253	19,463
<b>NET POSITION</b>			
Net investment in capital assets	\$ 39,214,424	140,601	39,355,025
Restricted:			
Individual schools	402,946	-	402,946
Stabilization by state statute	116,711	-	116,711
School capital outlay	1,214,141	-	1,214,141
Unrestricted	202,246	152,215	354,461
Total net position	\$ 41,150,468	\$ 292,816	\$ 41,443,284

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

# Transylvania County Schools

Exhibit 2

## Statement of Activities

For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
Instructional programs:							
Regular	\$ 16,492,100	\$ -	\$ 12,235,055	\$ -	\$ (4,257,045)	\$ -	\$ (4,257,045)
Special	\$ 3,787,352	-	3,582,254	-	(205,098)	-	(205,098)
Alternative	\$ 1,827,718	-	1,727,824	-	(99,894)	-	(99,894)
School-based leadership	\$ 1,963,643	-	1,097,409	-	(866,234)	-	(866,234)
Co-curricular	\$ 524,041	-	264,250	-	(259,791)	-	(259,791)
School-based support	\$ 4,268,527	1,437,103	1,424,378	-	(1,407,046)	-	(1,407,046)
Support services:							
Regular	\$ 384,059	-	73,604	-	(310,455)	-	(310,455)
Special	\$ 63,673	-	22,279	-	(41,394)	-	(41,394)
Alternative	\$ 71,115	-	55,167	-	(15,948)	-	(15,948)
Technology	\$ 185,719	-	123,986	-	(61,733)	-	(61,733)
Operational	\$ 5,944,301	64,439	1,753,238	612,183	(3,514,441)	-	(3,514,441)
Financial and human resources	\$ 569,853	-	193,223	-	(376,630)	-	(376,630)
Accountability	\$ 2,805	-	-	-	(2,805)	-	(2,805)
Policy and leadership	\$ 535,439	-	208,165	-	(327,274)	-	(327,274)
Ancillary services:							
Community services	\$ 107,713	63,027	-	-	(44,686)	-	(44,686)
Non-programmed charges	\$ 652,398	-	154,479	-	(497,919)	-	(497,919)
Total governmental activities	\$ 37,380,456	1,564,569	22,915,311	612,183	(12,288,393)	-	(12,288,393)

(continued)



Business-type Activities:

Child nutrition	2,468,831	481,467	1,688,644	-	-	(298,720)	(298,720)
Total business-type activities	2,468,831	481,467	1,688,644	-	-	(298,720)	(298,720)
Total government-wide	<u>\$ 39,849,287</u>	<u>\$ 2,046,036</u>	<u>\$ 24,603,955</u>	<u>\$ 612,183</u>	<u>(12,288,393)</u>	<u>(298,720)</u>	<u>(12,587,113)</u>

General revenues:

Unrestricted county appropriations - operating	9,828,716	-	9,828,716
Unrestricted county appropriations - capital	1,888,563	-	1,888,563
Investment earnings, unrestricted	10,219	178	10,397
Miscellaneous, unrestricted	136,877	10,122	146,999
Transfers	(191,197)	191,197	-
Total general revenues and transfers	<u>11,673,178</u>	<u>201,497</u>	<u>11,874,675</u>
Change in net assets	(615,215)	(97,223)	(712,438)
Net position-beginning	41,765,683	390,039	42,155,722
Net position-ending	<u>\$ 41,150,468</u>	<u>\$ 292,816</u>	<u>\$ 41,443,284</u>

# Transylvania County Schools

Exhibit 3

## Balance Sheet Governmental Funds As of June 30, 2014

	Major Funds				Non-major Funds		Total Governmental Funds
	General	State Public School Fund	Capital Outlay	Restricted Grants Fund	Federal Grants Fund	Individual Schools	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,748,917	\$ 3,201	\$ 1,214,141	\$ 560,366	\$ -	\$ 402,946	\$ 3,929,571
Accounts receivable	16,711	-	-	100,000	-	-	116,711
Due from other governments	-	791,318	-	-	113,881	-	905,199
Total assets	<u>\$ 1,765,628</u>	<u>\$ 794,519</u>	<u>\$ 1,214,141</u>	<u>\$ 660,366</u>	<u>\$ 113,881</u>	<u>\$ 402,946</u>	<u>\$ 4,951,481</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 145,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,012
Accrued salaries and benefits payable	138,366	791,318	-	3,430	113,872	-	1,046,986
Total liabilities	<u>283,378</u>	<u>791,318</u>	<u>-</u>	<u>3,430</u>	<u>113,872</u>	<u>-</u>	<u>1,191,998</u>
Deferred inflows of resources	-	3,201	-	-	9	-	3,210
Fund balances:							
Restricted:							
Individual schools	-	-	-	-	-	402,946	402,946
Stabilization by state statute	16,711	-	-	100,000	-	-	116,711
School capital outlay	-	-	730,016	-	-	-	730,016
Assigned:							
Technology	-	-	-	556,936	-	-	556,936
Subsequent year's expenditures	786,657	-	484,125	-	-	-	1,270,782
Unassigned	678,882	-	-	-	-	-	678,882
Total fund balances	<u>1,482,250</u>	<u>-</u>	<u>1,214,141</u>	<u>656,936</u>	<u>-</u>	<u>402,946</u>	<u>3,756,273</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,765,628</u>	<u>\$ 794,519</u>	<u>\$ 1,214,141</u>	<u>\$ 660,366</u>	<u>\$ 113,881</u>	<u>\$ 402,946</u>	

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

Capital assets used in governmental activities are not financial resources and thus not reported in the funds.	39,214,424
Long-term debt is not due and payable in the current period and therefore are not reported in the funds.	(1,820,229)
Net position of governmental activities	<u>\$ 41,150,468</u>

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

# Transylvania County Schools

Exhibit 4

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2014

	Major Funds				Non-major Funds		Total Governmental Funds
	General	State Public School Fund	Capital Outlay	Restricted Grants Fund	Federal Grants Fund	Individual Schools	
<b>REVENUES</b>							
State of North Carolina	\$ -	\$ 19,638,967	\$ 613,211	\$ 143,859	\$ -	\$ -	\$ 20,396,037
U.S. Government	-	-	-	118,983	2,701,678	-	2,820,661
Transylvania County	9,815,716	-	1,888,563	13,000	-	-	11,717,279
Other	137,047	-	276,466	171,846	-	1,437,103	2,022,462
Total revenues	9,952,763	19,638,967	2,778,240	447,688	2,701,678	1,437,103	36,956,439
<b>EXPENDITURES</b>							
Current:							
Instructional programs	6,502,857	17,175,166	569,786	346,516	2,581,338	1,498,143	28,673,806
Support and development	3,631,181	2,372,604	1,649,406	20,384	57,058	-	7,730,633
Ancillary	449	-	-	106,899	-	-	107,348
Non-programmed charges	589,116	-	-	-	63,282	-	652,398
Total expenditures	10,723,603	19,547,770	2,219,192	473,799	2,701,678	1,498,143	37,164,185
Excess of revenues over (under) expenditures	(770,840)	91,197	559,048	(26,111)	-	(61,040)	(207,746)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers to other funds	(100,000)	(91,197)	-	-	-	-	(191,197)
Net change in fund balance	(870,840)	-	559,048	(26,111)	-	(61,040)	(398,943)
Fund balances-beginning	2,353,090	-	655,093	683,047	-	463,986	4,155,216
Fund balances-ending	\$ 1,482,250	\$ -	\$ 1,214,141	\$ 656,936	\$ -	\$ 402,946	\$ 3,756,273

(continued)

# Transylvania County Schools

Exhibit 4

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2014

Net changes in fund balances - total governmental funds	\$ (398,943)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	(13,410)
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.	
Net change in compensated absences	(105,847)
Loss on disposal of assets	(97,014)
Total changes in net position of governmental activities	<u>\$ (615,214)</u>

# Transylvania County Schools

Exhibit 5

## 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

	General Fund				State Public School Fund			
	Original Budget	Final Budget	Actual Amounts	Variance	Original Budget	Final Budget	Actual Amounts	Variance
<b>Revenues:</b>								
State of North Carolina	\$ -	\$ -	\$ -	\$ -	\$ 19,738,918	\$ 20,422,022	\$ 19,638,967	\$ (783,055)
Transylvania County	9,815,716	9,832,374	9,815,716	(16,658)	-	-	-	-
Other	100,000	100,000	137,047	37,047	-	-	-	-
Total revenues	9,915,716	9,932,374	9,952,763	20,389	19,738,918	20,422,022	19,638,967	(783,055)
<b>Expenditures:</b>								
Current:								
Instructional programs:								
Regular	4,124,518	4,074,518	4,058,420	16,098	11,803,344	12,165,675	11,828,111	337,564
Special	393,185	334,685	245,307	89,378	2,511,825	2,775,658	2,725,404	50,254
Alternative	35,032	88,032	87,026	1,006	658,362	459,280	287,566	171,714
School-based leadership	934,555	860,555	859,568	987	1,018,469	1,098,469	1,097,409	1,060
Co-curricular	352,388	330,388	326,415	3,973	-	-	-	-
School-based support	728,868	978,526	926,121	52,405	1,278,733	1,292,182	1,236,676	55,506
Total instructional programs	6,568,546	6,666,704	6,502,857	163,847	17,270,733	17,791,264	17,175,166	616,098
Support and development:								
Regular	368,653	310,653	309,151	1,502	47,600	74,600	73,604	996
Special	44,272	44,272	41,178	3,094	27,300	27,300	22,279	5,021
Alternative	-	16,000	15,707	293	-	-	-	-
Technology	-	45,000	43,800	1,200	132,132	147,718	123,986	23,732
Operational	2,632,575	2,548,575	2,537,196	11,379	1,808,172	1,886,159	1,751,347	134,812
Financial and human resources	412,211	377,211	374,695	2,516	179,377	193,377	193,223	154
Accountability	9,132	9,132	2,796	6,336	-	-	-	-
Policy and leadership	338,992	311,492	306,658	4,834	181,020	209,020	208,165	855
Total support and development	3,805,835	3,662,335	3,631,181	31,154	2,375,601	2,538,174	2,372,604	165,570

# Transylvania County Schools

Exhibit 5

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued)

### General Fund and Annually Budgeted Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2014

Ancillary services	8,057	8,057	449	7,608	-	-	-	-
Non-programmed charges	524,000	586,000	589,116	(3,116)	-	-	-	-
Total expenditures	10,906,438	10,923,096	10,723,603	199,493	19,646,334	20,329,438	19,547,770	781,668
Revenues over (under) expenditures	(990,722)	(990,722)	(770,840)	219,882	92,584	92,584	91,197	(1,387)
Other financing sources (uses):								
Transfers to other funds	(100,000)	(100,000)	(100,000)	-	(92,584)	(92,584)	(91,197)	1,387
Appropriated fund balance	1,090,722	1,090,722	-	(1,090,722)	-	-	-	-
Total other financing sources (uses)	990,722	990,722	(100,000)	(1,090,722)	(92,584)	(92,584)	(91,197)	1,387
Revenues and other sources over expenditures and other uses	\$ -	\$ -	(870,840)	\$ (870,840)	\$ -	\$ -	-	\$ -
Fund balances, beginning of year			2,353,090				-	
Fund balances, end of year			\$ 1,482,250				\$ -	

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

# Transylvania County Schools

Exhibit 5

## 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

	Restricted Grants Fund			
	Original Budget	Final Budget	Actual Amounts	Variance
<b>Revenues:</b>				
State of North Carolina	\$ 90,450	\$ 165,450	\$ 143,859	\$ (21,591)
Federal government	84,651	84,651	118,983	34,332
Transylvania County	13,000	13,000	13,000	-
Other	135,189	135,189	171,846	36,657
Total revenues	<u>323,290</u>	<u>398,290</u>	<u>447,688</u>	<u>49,398</u>
<b>Expenditures:</b>				
Current:				
Instructional programs:				
Regular	30,000	30,000	27,230	2,770
Special	-	-	-	-
Alternative	47,450	57,450	54,114	3,336
School-based leadership	-	-	-	-
Co-curricular	2,000	2,000	1,857	143
School-based support	112,440	272,440	263,315	9,125
Total instructional programs	<u>191,890</u>	<u>361,890</u>	<u>346,516</u>	<u>15,374</u>
Support and development:				
Student support	-	-	-	-
Regular	-	-	-	-
Special	-	-	-	-
Alternative	-	-	-	-
Technology	-	18,000	17,302	698
Operational	81,000	6,000	3,082	2,918
Financial and human resources	-	-	-	-
Accountability	-	-	-	-
Policy and leadership	-	-	-	-
Total support and development	<u>81,000</u>	<u>24,000</u>	<u>20,384</u>	<u>3,616</u>

# Transylvania County Schools

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) General Fund and Annually Budgeted Major Special Revenue Funds For the Fiscal Year Ended June 30, 2014

Ancillary services	113,400	113,400	106,899	6,501
Non-programmed charges	-	-	-	-
Total expenditures	<u>386,290</u>	<u>499,290</u>	<u>473,799</u>	<u>25,491</u>
Revenues over (under) expenditures	<u>(63,000)</u>	<u>(101,000)</u>	<u>(26,111)</u>	<u>74,889</u>
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Appropriated fund balance	<u>63,000</u>	<u>101,000</u>	<u>-</u>	<u>(101,000)</u>
Total other financing sources (uses)	<u>63,000</u>	<u>101,000</u>	<u>-</u>	<u>(101,000)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(26,111)</u>	<u>\$ (26,111)</u>
Fund balances, beginning of year			<u>683,047</u>	
Fund balances, end of year			<u>\$ 656,936</u>	

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



# Transylvania County Schools

Exhibit 6

## Statement of Net Position

### Proprietary Fund

As of June 30, 2014

	<u>Major Fund</u> <u>Child Nutrition</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 99,398
Due from other governments	38,883
Receivables (net)	4,491
Inventories	109,979
Total current assets	<u>252,751</u>
Noncurrent assets:	
Capital assets, net of depreciation	140,601
Total assets	<u>393,352</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	8,473
Total current liabilities	<u>8,473</u>
Noncurrent liabilities:	
Compensated absences	75,810
Total liabilities	<u>84,283</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	16,253
<b>NET POSITION</b>	
Net investment in capital assets	140,601
Unrestricted	152,215
Total net position	<u>\$ 292,816</u>

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

# Transylvania County Schools

Exhibit 7

## Statement of Revenues, Expenses, and Changes in Fund Net Position

### Proprietary Fund

For the Fiscal Year Ended June 30, 2014

	<u>Major Fund</u> <u>Child Nutrition</u>
<b>OPERATING REVENUES</b>	
Food sales	\$ 481,467
Other	10,122
Total operating revenues	<u>491,589</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	1,156,499
Contracted services	39,158
Materials and supplies	90,262
Food cost:	
Purchase of food	912,985
Donated commodities	109,636
Indirect costs	128,344
Depreciation	31,947
Total operating expenses	<u>2,468,831</u>
Operating income (loss)	<u>(1,977,242)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal reimbursements	1,408,612
Federal commodities	142,229
Federal and state grants	9,459
Interest earned	178
Indirect costs not paid	128,344
Total nonoperating revenue (expenses)	<u>1,688,822</u>
Income (loss) before contributions and transfers	(288,420)
Transfers from other funds	191,197
Change in net position	<u>(97,223)</u>
Total net position - beginning	390,039
Total net position - ending	<u>\$ 292,816</u>

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

# Transylvania County Schools

Exhibit 8

## Statement of Cash Flows

### Proprietary Fund

For the Fiscal Year Ended June 30, 2014

	<u>Major Fund</u> <u>Child Nutrition</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 480,130
Cash paid for goods and services	(1,072,741)
Cash paid to employees for services	(1,056,756)
Other operating revenues	10,122
Net cash provided (used) by operating activities	<u>(1,639,245)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal, state, and local grants and reimbursements	<u>1,545,298</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>178</u>
Net increase (decrease) in cash and cash equivalents	(93,769)
Balance - beginning	193,167
Balance - ending	<u>\$ 99,398</u>

(continued)

# Transylvania County Schools

Exhibit 8

## Statement of Cash Flows

### Proprietary Fund

For the Fiscal Year Ended June 30, 2014

#### Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ (1,977,242)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,947
Donated commodities consumed	109,636
Salaries paid by State Public School Fund	91,197
Indirect costs not paid	128,344
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,045)
(Increase) decrease in inventory	(20,879)
Increase (decrease) in accounts payable and accrued liabilities	(9,457)
Increase (decrease) in deferred inflows of resources	(292)
Increase (decrease) in long-term liabilities	8,546
Total adjustments	<u>337,997</u>
Net cash provided by operating activities	<u>\$ (1,639,245)</u>

#### Noncash investing, capital, and financing activities:

The State Public School Fund paid salaries and benefits of \$91,197 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 7.

Indirect costs of \$128,344 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$142,229 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$109,636 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

# Transylvania County Schools

Exhibit 9

## Statement of Fiduciary Net Position

As of June 30, 2014

	<u>Private-Purpose Trust Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 351,522
Total Assets	<u>351,522</u>
<b>Net Position</b>	<u>\$ 351,522</u>

## Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2014

	<u>Private-Purpose Trust Fund</u>
Additions:	
Contributions and other revenue	\$ 175,331
Deductions:	
Scholarships	(19,672)
Instructional costs	(942)
Change in net position	<u>154,717</u>
Beginning net position	<u>196,805</u>
Ending net position	<u>\$ 351,522</u>

## Summary of Significant Accounting Policies

The accounting policies of Transylvania County Schools conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

### A. Reporting Entity

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

### B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal

## Annual Financial Report

---

activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Board reports the following major governmental funds:

- ◆ *General Fund.* The General Fund is the local current expense fund mandated by state law. The General Fund accounts for all financial resources except those that are required to be 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.
- ◆ *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 Transylvania County appropriations, restricted sales tax moneys, proceeds of Transylvania County bonds issued for public school construction, and lottery proceeds, as well as certain State assistance.
- ◆ *Restricted Grants Fund.* The Restricted Grants Fund accounts for all revenues from reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received for prekindergarten programs, and special programs.

The Board reports the following nonmajor governmental funds:

- ◆ *Federal Grants Fund.* The Federal Grants Fund includes appropriations from the federal Department of Education for the current operating expenditures of the public school system.
- ◆ *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:

- ◆ *Child Nutrition Fund.* The Child Nutrition Fund is used to account for the food service program within the school system.

The Board reports the following fiduciary fund:

- ◆ *Private-purpose Trust Fund* – The Connestee, Lollis, New Century Scholars, and Bjerg scholarships provide college tuition funds for the benefit of graduating students in the district. The Wenzlick Fund is used to account for endowment money under the control of the board for the enrichment of vocational education students in the district.

## Annual Financial Report

---

### C. Measurement Focus and Basis of Accounting

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

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

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

### D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue fund, 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 or that change functional appropriations by more than 10%. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.



**Annual Financial Report**

---

**E. Assets, Liabilities, and Fund Equity**

## Deposits and Investments:

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The STIF consists of an internal portion and an external portion in which the board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

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

## 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.

## 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.

**Annual Financial Report**

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 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.

The Board capitalizes all expenditures for equipment costing \$5,000 or more with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Transylvania County holds title to certain properties, which are not reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	Years
Buildings	40
Equipment and furniture	12
Vehicles	7
Computer equipment	5

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has three items that meet this criterion - unearned grant revenues in the State Public School Fund, Federal Grants Fund, and prepaid items in the Enterprise Fund.

Long-term obligations:

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

## Annual Financial Report

---

applicable governmental activities.

### 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 as the leave is earned.

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.

### Net position/Fund Balances:

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

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

The governmental fund types classify fund balances as follows:

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

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

**Annual Financial Report**

---

- ◆ Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].
- ◆ Restricted for School Capital Outlay- portion of fund balance that can only be used for School Capital Outlay. [G.S. 159-18 through 22]
- ◆ Restricted for Individual Schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes approved by the Board (highest level of decision-making authority) and, in certain instances, by the County’s governing body. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – portion of fund balance that the Board intends to use for specific purposes.

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

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

## **Detail Notes on All Funds**

### **A. Excess of Expenditures Over Appropriations**

During the fiscal year the Board reported expenditures within the Local Current Expense Fund that violated state law G.S. 115C-441 because they exceeded the amounts appropriated in the budget ordinance. This was due to payments to charter schools that were in excess of the amounts budgeted. Management will monitor budgets monthly and make necessary amendments to avoid expenditures in excess of appropriations.

### **B. Assets**

Deposits:

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all

**Annual Financial Report**

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 financial institutions with a carrying amount of \$3,780,204 and with the State Treasurer of \$3,201. The bank balances with the financial institutions and the State Treasurer were \$4,956,398 and \$1,473,918, respectively. Of these balances, \$426,601 was covered by federal depository insurance and \$6,003,695 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments:

At June 30, 2014, the Board of Education had \$597,086 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 risk or credit risk.

Capital Assets:

Table I is a summary of changes in the Board's governmental capital assets.

<b>Table I - Changes in Governmental Capital Assets</b>				
	7/1/13			6/30/14
	Balance	Additions	Retirements	Balance
Land and improvements	\$ 11,618,862	\$ 423,904	\$ -	\$ 12,042,766
Buildings	47,973,070	835,075	-	48,808,146
Furniture and equipment	990,237	-	(88,686)	901,551
Vehicles	3,460,695	106,827	(46,426)	3,521,096
Accumulated depreciation	(24,718,016)	(1,379,216)	38,098	(26,059,134)
<b>TOTAL</b>	<b>\$ 39,324,848</b>	<b>\$ (13,410)</b>	<b>\$ (97,014)</b>	<b>\$ 39,214,424</b>

Table II is a summary of changes in the Board's Proprietary Fund capital assets.

<b>Table II - Changes in Proprietary Capital Assets</b>				
	7/1/13			6/30/14
	Balance	Additions	Retirements	Balance
Furniture and equipment	\$ 644,915	\$ -	\$ -	\$ 644,915
Vehicles	104,130	-	-	104,130
Accumulated depreciation	(576,497)	(31,947)	-	(608,444)
<b>TOTAL</b>	<b>\$ 172,548</b>	<b>\$ (31,947)</b>	<b>\$ -</b>	<b>\$ 140,601</b>

**C Liabilities**

Pension Plan and Other Postemployment Obligations:

Teachers' and State Employees' Retirement System

*Plan Description* – The Board 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 the Board 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 \$1,766,535, \$1,664,333, and \$1,450,214, respectively, equal to the required contributions for each year.

## Annual Financial Report

---

### 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 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

**Annual Financial Report**

---

contributions to the Plan for postemployment healthcare benefits of \$1,097,732, \$1,058,939, and \$974,606, respectively. These contributions represented 5.4%, 5.3%, and 5.0%, 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 an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

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

*Funding Policy* - An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the 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.

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



**Annual Financial Report**

---

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as another 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 \$89,445, \$87,512, and \$101,359, respectively. These contributions represented 0.44%, 0.44%, and 0.52% of covered payroll, respectively.

**Deferred Inflows of Resources:**

Deferred inflows of resources in the State Public School Fund and Federal Grants Fund represent unearned grant revenue, and in the Enterprise Fund represent prepaid lunch sales.

**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 general liability of \$2,550,000 and an annual aggregate limit of \$2,550,000 for errors and omissions claims. The Trust is reinsured

**Annual Financial Report**

through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers (or self-insured by the local board). Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds.

The Board 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 at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000. The Board has not obtained separate flood insurance coverage due to the limited likelihood of Board property sustaining flood damage. The Board has determined that other property coverage is adequate. 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.

**D. Financing Commitments**

Long-Term Obligations:

Table III is a summary of changes in the Board's outstanding debt for the year ended June 30, 2014. Amounts represent accrued vacation pay.

<b>Table III - Changes in Long-term Debt</b>				
	7/1/13 Balance	Additions	Deletions	6/30/14 Balance
Compensated absences	\$ 1,714,382	\$ 105,847	\$ -	\$ 1,820,229
<b>TOTAL</b>	<b>\$ 1,714,382</b>	<b>\$ 105,847</b>	<b>\$ -</b>	<b>\$ 1,820,229</b>

Interfund Balances and Activity:

Transfers of \$91,197 were made from the State Public School Fund to the Child Nutrition Fund for administrative costs as of June 30,

2014. Also, transfers of \$100,000 were made from the Local Current Expense Fund to the Child Nutrition Fund for general appropriation.

## **Significant Contingencies**

### **A. Federal and State Assisted Programs**

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

### **A. Subsequent Events**

Subsequent events have been evaluated through October 29, 2014, which is the date the financial statements were available to be issued.



# Combining and Individual Statements and Schedules





# Transylvania County Schools

## Combining Balance Sheet Nonmajor Governmental Funds As of June 30, 2014

	Federal Grants		Total Nonmajor Governmental Funds
	Fund	Individual Schools	
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 402,946	\$ 402,946
Due from other governments	113,881	-	113,881
Total assets	\$ 113,881	\$ 402,946	\$ 516,827
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accrued salaries and benefits payable	\$ 113,872	\$ -	\$ 113,872
Total liabilities	113,872	-	113,872
Deferred inflow of resources	9	-	9
Fund balances:			
Restricted:			
Individual schools	-	402,946	402,946
Unassigned	-	-	-
Total fund balances	-	402,946	402,946
Total liabilities, deferred inflow of resources, and fund balances	\$ 113,881	\$ 402,946	\$ 516,818

# Transylvania County Schools

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2014

	Federal Grants		Total Nonmajor Governmental Funds
	Fund	Individual Schools	
Revenues:			
U.S. Government	\$ 2,701,678	\$ -	\$ 2,701,678
Other	-	1,437,103	1,437,103
Total revenues	<u>2,701,678</u>	<u>1,437,103</u>	<u>4,138,781</u>
Expenditures:			
Instructional programs:			
Regular	262,961	1,498,143	1,761,104
Special	803,785	-	803,785
Alternative	1,392,808	-	1,392,808
School-based support	121,784	-	121,784
Total instructional programs	<u>2,581,338</u>	<u>1,498,143</u>	<u>4,079,481</u>
Support and development:			
Alternative	55,167	-	55,167
Operational	1,891	-	1,891
Total support and development	<u>57,058</u>	<u>-</u>	<u>57,058</u>
Non-program charges	63,282	-	63,282
Total expenditures	<u>2,701,678</u>	<u>1,498,143</u>	<u>4,199,821</u>
Excess of revenues over expenditures	-	(61,040)	(61,040)
Fund balance - beginning	-	463,986	463,986
Fund balance - ending	\$ -	\$ 402,946	\$ 402,946



# Transylvania County Schools

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Federal Grants Fund

For the Fiscal Year Ended June 30, 2014

	2014		
	Budget	Actual	Variance
Revenues:			
Vocational Education Program Improvement	\$ 48,779	\$ 48,310	\$ (469)
EHA Preschool Grant	77,093	46,735	(30,358)
ECIA Title 1 Low Income	1,991,884	1,361,233	(630,651)
EHA Title VI-B Handicapped	1,012,819	748,170	(264,649)
Improving Teacher Quality	246,542	221,150	(25,392)
School Improvement	300,300	171,981	(128,319)
Other	194,086	104,099	(89,987)
Total revenues	<u>3,871,503</u>	<u>2,701,678</u>	<u>(1,169,825)</u>
Expenditures:			
Instructional programs:			
Regular	287,109	262,961	24,148
Special	959,154	803,785	155,369
Alternative	1,939,246	1,392,808	546,438
School-based support	214,585	121,784	92,801
Total instructional programs	<u>3,400,094</u>	<u>2,581,338</u>	<u>818,756</u>
Support and development:			
Special	98,131	-	98,131
Alternative	77,216	55,167	22,049
Operational	15,306	1,891	13,415
Financial and Human Resources	-	-	-
Total support and development	<u>190,653</u>	<u>57,058</u>	<u>133,595</u>
Non-program charges	<u>280,756</u>	<u>63,282</u>	<u>217,474</u>
Total expenditures	<u>3,871,503</u>	<u>2,701,678</u>	<u>1,169,825</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning		-	
Fund balance - ending		<u>\$ -</u>	

# Transylvania County Schools

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

### Capital Outlay Fund

For the Fiscal Year Ended June 30, 2014

	2014		
	Budget	Actual	Variance
Revenues:			
State of North Carolina:			
Public School Building Capital Fund	\$ 500,000	\$ 600,000	\$ 100,000
Sales taxes and grants	15,000	13,211	(1,789)
Total State of North Carolina	515,000	613,211	98,211
Transylvania County:			
County appropriations	1,888,563	1,888,563	-
Total Transylvania County	1,888,563	1,888,563	-
Other:			
Donations	264,250	264,250	-
Miscellaneous	13,100	12,216	(884)
Total Other	277,350	276,466	(884)
Total Revenues	2,680,913	2,778,240	97,327
Expenditures:			
Instructional programs:			
Regular	176,012	162,712	13,300
Co-curricular	200,419	193,990	6,429
School-based support	618,900	213,084	405,816
Total instructional programs	995,331	569,786	425,545
Support services:			
Operational	1,916,587	1,630,607	285,980
Policy and leadership	18,800	18,799	1
Total support services	1,935,387	1,649,406	285,981

(continued)

# Transylvania County Schools

## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Capital Outlay Fund

For the Fiscal Year Ended June 30, 2014

Total expenditures	<u>2,930,718</u>	<u>2,219,192</u>	<u>711,526</u>
Excess of revenues over expenditures	<u>(249,805)</u>	<u>559,048</u>	<u>808,853</u>
Other financing sources (uses):			
Fund balance appropriated	<u>249,805</u>	<u>-</u>	<u>(249,805)</u>
Total other financing sources	<u>249,805</u>	<u>-</u>	<u>(249,805)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>559,048</u>	<u>\$ 559,048</u>
Fund balance - beginning		<u>655,093</u>	
Fund balance - ending		<u>\$ 1,214,141</u>	

# Transylvania County Schools

## Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

### Child Nutrition Fund

For the Fiscal Year Ended June 30, 2014

	2014		Variance
	Budget	Actual	
Operating revenues, food sales		\$ 481,467	
Other		10,122	
Total operating revenues	\$ 578,191	491,589	\$ (86,602)
Operating expenditures:			
Salaries and benefits		1,147,953	
Contracted services		39,158	
Materials and supplies		90,262	
Purchase of food		933,864	
Donated commodities		109,636	
Indirect costs		128,344	
Total operating expenditures	2,325,621	2,449,217	(123,596)
Nonoperating revenues (expenditures):			
Federal reimbursements		1,408,612	
Federal commodities		142,229	
Federal grants		9,459	
Interest earned		178	
Total nonoperating revenues (expenditures)	1,647,430	1,560,478	(86,952)
Excess of revenues over (under) expenditures before other financing sources	(100,000)	(397,150)	(297,150)
Other financing sources (uses):			
Transfers from other funds	100,000	191,197	91,197
Excess of revenues and other sources over (under) expenditures	\$ -	\$ (205,953)	\$ (205,953)

# Transylvania County Schools

## Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

### Child Nutrition Fund

For the Fiscal Year Ended June 30, 2014

Reconciliation of modified accrual to full accrual basis:

Excess of revenues and other sources over (under) expenditures	\$ (205,953)
Reconciling items:	
Depreciation	(31,947)
Indirect cost not paid	128,344
(Increase) decrease in accrued vacation pay	(8,546)
Increase (decrease) in inventory	20,879
Change in net assets (full accrual)	<u>\$ (97,223)</u>