

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**HENDERSONVILLE, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

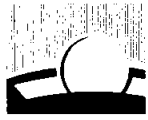
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**FINANCIAL  
SECTION**



# CARLAND & ANDERSEN, INC.

CERTIFIED PUBLIC ACCOUNTANTS

307 NORTH CHURCH STREET ■ HENDERSONVILLE, NC 28792

MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Public Education  
Henderson 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 Henderson County Board of Public Education, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Henderson County Board of Public 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 Henderson County Board of Public Education, North Carolina as of June 30, 2013, 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 Other Restricted 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 eleven 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 Henderson County Board of Public Education's basic financial statements. The combining and individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of the Henderson County Board of Public 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 the 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 Henderson County Board of Public Education's internal control over financial reporting and compliance.

*Carland & Anderson, Inc.*

Hendersonville, North Carolina  
November 12, 2013



**MANAGEMENT'S DISCUSSION and  
ANALYSIS**

**Board of Public Education**

Ervin W. Bazzle, *Chairperson*  
Melissa L. Maurer, *Vice Chairperson*  
Mary Louise Corn  
Lisa T. Edwards  
Amy Lynn Holt  
Joshua D. Houston  
Rick R. Wood



**Henderson County  
Public Schools**

*Where Tomorrow Begins*

David L. Jones  
*Superintendent*

414 Fourth Avenue West  
Hendersonville, NC 28739-4261  
Phone 828.697.4733  
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## **Management's Discussion and Analysis**

This section of the Henderson County Board of Public Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2013. This information should be read in conjunction with the audited financial statements included in this report.

### ***Financial Highlights***

- 2012-2013 represented the second year of a three year plan to sustain the local budget by appropriating remaining available fund balance.
- The average daily membership (ADM) grew by 119 students to 13,316 moving Henderson County Public Schools up to 27<sup>th</sup> largest ADM of the 115 LEA's in North Carolina.
- The Board's total net position decreased by \$7,228,822. \$2,516,644 of this was the result of an increase in the liability for compensated absences. Comparatively, the net position decreased by \$3,245,511 for the year ended June 30, 2012.
- In 2011-12 the local salary supplement was increased by 2% for classroom teachers, teacher assistants, and media specialists having direct student contact. For 2012-13 the same 2% increase was made for all non-certified employees.

### ***Overview of the Financial Statements***

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

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

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

The second set of statements included in the basic financial statements are 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, 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 each 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, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net position and how it has changed. Net position – the difference between the Board's assets and the total of liabilities and deferred inflows – 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 should 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. School food service and childcare services are included here.

The government-wide statements are shown as Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. 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 and the Other Restricted Fund.

The Henderson County Board of Public 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 – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation following the governmental funds statements, 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 Capital Outlay Fund, the Other Restricted Fund, and the Individual Schools Fund.

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

*Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Henderson County Board of Public 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 6, 7, and 8 of this report.

## *Financial Analysis of the Schools as a Whole*

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by \$69,969,729 as of June 30, 2013. The largest component of net position is net investment in capital assets, of \$69,515,269. It comprises 99.4% 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, 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 8,893,806	\$ 15,352,245	\$ 2,875,075	\$ 2,846,075	\$ 11,768,881	\$ 18,198,320
Capital assets	69,397,711	71,306,475	279,980	285,871	69,677,691	71,592,346
<b>Total assets</b>	<b>78,291,517</b>	<b>86,658,720</b>	<b>3,155,055</b>	<b>3,131,946</b>	<b>81,446,572</b>	<b>89,790,666</b>
Current liabilities	3,924,807	7,632,737	79,732	69,099	4,004,539	7,701,836
Long-term liabilities	7,146,307	4,695,287	238,494	164,101	7,384,801	4,859,388
<b>Total liabilities</b>	<b>11,071,114</b>	<b>12,328,024</b>	<b>318,226</b>	<b>233,200</b>	<b>11,389,340</b>	<b>12,561,224</b>
Deferred inflows of resources	36,317	16,712	51,186	14,179	87,503	30,891
Net investment in capital assets	69,235,289	71,152,822	279,980	285,871	69,515,269	71,438,693
Restricted net position	1,995,310	1,914,210	-	-	1,995,310	1,914,210
Unrestricted net position	(4,046,513)	1,246,952	2,505,663	2,598,696	(1,540,850)	3,845,648
<b>Total net position</b>	<b>\$ 67,184,086</b>	<b>\$ 74,313,984</b>	<b>\$ 2,785,643</b>	<b>\$ 2,884,567</b>	<b>\$ 69,969,729</b>	<b>\$ 77,198,551</b>

Current assets (per Exhibit 1) consist of cash and investments, accounts receivable, and inventories. Capital assets include land and land improvements, buildings and building improvements, equipment, furniture and vehicles. Long-term liabilities consist of the current value of accumulated annual and bonus leave which would be payable to all employees as of June 30, 2013 as well as installment purchase obligations.

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

**Table 2**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position  
as of June 30, 2013**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,195,544	\$ 4,011,499	\$ 3,181,632	\$ 3,380,776	\$ 7,377,176	\$ 7,392,275
Operating grants and contributions	80,072,228	78,221,302	4,590,035	4,539,916	84,662,263	82,761,218
Capital grants and contributions	8,000	9,000	-	-	8,000	9,000
General revenues:						
Other revenues	22,595,788	20,786,053	38,223	48,119	22,634,011	20,834,172
<b>Total revenues</b>	<b>106,871,560</b>	<b>103,027,854</b>	<b>7,809,890</b>	<b>7,968,811</b>	<b>114,681,450</b>	<b>110,996,665</b>
<b>EXPENDITURES</b>						
Governmental activities:						
Instructional services	92,366,422	87,444,684	-	-	92,366,422	87,444,684
System-wide support	20,905,104	18,618,056	-	-	20,905,104	18,618,056
Ancillary services	234,743	129,405	-	-	234,743	129,405
Non-programmed charges	402,289	332,197	-	-	402,289	332,197
Business-type activities:						
Food service	-	-	6,932,500	6,623,450	6,932,500	6,623,450
Child care	-	-	1,069,214	1,094,384	1,069,214	1,094,384
<b>Total expenditures</b>	<b>113,908,558</b>	<b>106,524,342</b>	<b>8,001,714</b>	<b>7,717,834</b>	<b>121,910,272</b>	<b>114,242,176</b>
Transfers in (out)	(92,900)	(90,807)	92,900	90,807	-	-
Increase (decrease) in net position	(7,129,898)	(3,587,295)	(98,924)	341,784	(7,228,822)	(3,245,511)
Beginning net position	74,313,984	77,901,279	2,884,567	2,542,783	77,198,551	80,444,062
<b>Ending net position</b>	<b>\$ 67,184,086</b>	<b>\$ 74,313,984</b>	<b>\$ 2,785,643</b>	<b>\$ 2,884,567</b>	<b>\$ 69,969,729</b>	<b>\$ 77,198,551</b>

Total governmental activities generated revenues of \$106.9 million while expenses in this category totaled \$113.9 million for the year ended June 30, 2013. Comparatively, revenues were \$103 million and expenses totaled \$106.5 million for the year ended June 30, 2012. After transfers to the business-type activities, the decrease in net assets stands at \$7.1 million at June 30, 2013, compared to a decrease of \$3.6 million in 2012. Instructional expenses comprised 81.8% of total governmental-type expenses while system-wide support services made up 18.4% of those expenses for 2013. County funding comprised 19.8% of total governmental revenue. Most of the remaining 80.2% of total governmental revenue for 2013 consists of restricted State and federal money. Business-type activities generated revenue of \$7.8 million and had expenses of \$8.0 million. Net assets decreased in the business-type activities by \$98,924, after transfers in from the governmental activities of \$92,900.

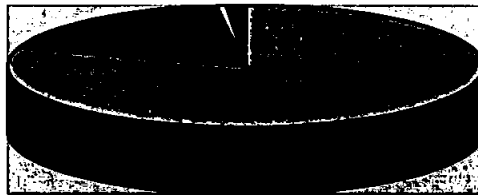
***Financial Analysis of the Board's Funds***

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

The Board's governmental funds reported a combined fund balance of \$4,932,682, a decrease of \$2,770,114 from last year. The Board's governmental funds had expenditures that exceeded revenues and other financing uses, which resulted in the decrease in the combined fund balance.

*Note:* Expenditures presented on modified accrual basis of accounting.

**Categorization of Expenditures  
for Governmental Funds**



- Instructional Services - (80.0%)**
- System-Wide Support Svcs - (17.8%)**
- Ancillary Services - (.2%)**
- Non-Programmed Charges - (.5%)**
- Capital Outlay - (1.5%)**

## ***General Fund Budgetary Highlights***

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and to increase or decrease appropriations in light of changes in revenue estimates. Actual expenditures ended the year in excess of actual revenues thus decreasing fund balance by \$2,770,114.

## ***Capital Assets***

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

**Table 3  
Summary of Capital Assets  
as of June 30, 2013**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 6,544,954	\$ 6,544,954	\$ -	\$ -	\$ 6,544,954	\$ 6,544,954
Buildings	59,736,884	61,721,365	103,782	111,286	59,840,666	61,832,651
Equipment and furniture	1,111,146	1,086,566	176,198	174,585	1,287,344	1,261,151
Vehicles	2,004,727	1,953,590	-	-	2,004,727	1,953,590
<b>Total</b>	<b>\$ 69,397,711</b>	<b>\$ 71,306,475</b>	<b>\$ 279,980</b>	<b>\$ 285,871</b>	<b>\$ 69,677,691</b>	<b>\$ 71,592,346</b>

## ***Debt Outstanding***

During the year the Board's outstanding debt increased by \$2,525,413 due mainly to the change in the liability for compensated absences. 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 all debt issued for school capital construction.

## ***County Economic Factors***

Below are some factors which have a direct effect on the County's economic support of the Board of Public Education's Strategic Plan:

- According to the June 30, 2012 Comprehensive Annual Financial Report for Henderson County, the available fund balance for the General Fund was \$33,888,710 or 33.03 percent of the total General Fund expenditures. The Henderson County Board of Commissioner's Fund Balance Policy is to have at least 12% available at fiscal year-end.



- Henderson County's unemployment rate dropped to a new low of 6.2% in August 2013. This is down from 6.5% in 2012 and down from 7.9% in 2011.
- Henderson County's property tax rate remained unchanged at 51.36 cents per \$100 valuation.
- As a measure of a government's financial condition, the County's total net assets increased by \$10,003,130 to a level of \$30,065,707 as of June 30, 2012.

### ***Requests for Information***

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

Bernard Sochia, CPA  
Chief Financial Officer  
Henderson County Public Schools  
414 Fourth Avenue West  
Hendersonville, North Carolina 28739

**BASIC  
FINANCIAL  
STATEMENTS**

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,351,508	\$ 2,411,363	\$ 7,762,871
Due from other governments	3,459,718	108,197	3,567,915
Receivables (net)	87,235	52,977	140,212
Internal balances	(4,655)	4,655	
Inventories		297,883	297,883
Capital assets (Note 1):			
Land and improvements	6,544,954		6,544,954
Other capital assets, net of depreciation	62,852,757	279,980	63,132,737
<b>Total capital assets</b>	<b>\$ 69,397,711</b>	<b>\$ 279,980</b>	<b>\$ 69,677,691</b>
<b>Total assets</b>	<b>\$ 78,291,517</b>	<b>\$ 3,155,055</b>	<b>\$ 81,446,572</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 264,223	\$ 79,732	\$ 343,955
Accrued salaries and wages payable	3,660,584		3,660,584
Long-term liabilities:			
Due within one year	6,366,710	205,105	6,571,815
Due in more than one year	779,597	33,389	812,986
<b>Total liabilities</b>	<b>\$ 11,071,114</b>	<b>\$ 318,226</b>	<b>\$ 11,389,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 36,317</b>	<b>\$ 51,186</b>	<b>\$ 87,503</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 69,235,289	\$ 279,980	\$ 69,515,269
Restricted for:			
Stabilization by state statute	306,413		306,413
School capital outlay	272,784		272,784
Individual schools	1,416,113		1,416,113
Unrestricted	(4,046,513)	2,505,663	(1,540,850)
<b>Total net position</b>	<b>\$ 67,184,086</b>	<b>\$ 2,785,643</b>	<b>\$ 69,969,729</b>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental Activities:				
Instructional services:				
Regular instructional	\$ 55,275,745	\$ 122,740	\$ 45,572,620	\$ 8,000
Special populations	15,817,360		13,777,253	
Alternative programs	5,106,523		4,695,064	
School leadership	5,628,356		3,912,966	
Co-curricular	4,842,048			
School-based support	5,696,390	4,052,113	4,589,329	
System-wide support services:				
Support and development	433,675		15,456	
Special population support and development	684,929		76,107	
Alternative programs and services support and development	347,442		278,536	
Technology support	2,414,226		492,651	
Operational support	13,789,969	20,691	4,730,321	
Financial and human resource	1,850,970		901,977	
Accountability	234,824		27,752	
System-wide pupil support	87,159		59,294	
Policy, leadership and public relations	1,061,910		663,565	
Ancillary services	234,743		92,389	
Non-programmed charges	402,289		186,948	
<b>Total governmental activities</b>	<b>\$ 113,908,558</b>	<b>\$ 4,195,544</b>	<b>\$ 80,072,228</b>	<b>\$ 8,000</b>
Business-type activities:				
School food service	\$ 6,932,500	\$ 2,094,485	\$ 4,590,035	
Child care	1,069,214	1,087,147		
<b>Total business-type activities</b>	<b>\$ 8,001,714</b>	<b>\$ 3,181,632</b>	<b>\$ 4,590,035</b>	
<b>Total primary government</b>	<b>\$ 121,910,272</b>	<b>\$ 7,377,176</b>	<b>\$ 84,662,263</b>	<b>\$ 8,000</b>

**General revenues:**

Unrestricted county appropriations - operating  
 Unrestricted county appropriations - capital  
 Unrestricted State appropriations - capital  
 Investment earnings, unrestricted  
 Miscellaneous, unrestricted  
 Transfers

**Total general revenues and transfers**

Changes in net assets

**Net position-beginning**

**Net position-ending**

**Exhibit 2**

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (9,572,385)		\$ (9,572,385)
(2,040,107)		(2,040,107)
(411,459)		(411,459)
(1,715,390)		(1,715,390)
(4,842,048)		(4,842,048)
2,945,052		2,945,052
(418,219)		(418,219)
(608,822)		(608,822)
(68,906)		(68,906)
(1,921,575)		(1,921,575)
(9,038,957)		(9,038,957)
(948,993)		(948,993)
(207,072)		(207,072)
(27,865)		(27,865)
(398,345)		(398,345)
(142,354)		(142,354)
(215,341)		(215,341)
<u>\$ (29,632,786)</u>		<u>\$ (29,632,786)</u>
	\$ (247,980)	\$ (247,980)
	17,933	17,933
	<u>\$ (230,047)</u>	<u>\$ (230,047)</u>
<u>\$ (29,632,786)</u>	<u>\$ (230,047)</u>	<u>\$ (29,862,833)</u>
\$ 20,700,000		\$ 20,700,000
500,000		500,000
316,085		316,085
14,903	\$ 1,872	16,775
1,064,800	36,351	1,101,151
(92,900)	92,900	-
<u>\$ 22,502,888</u>	<u>\$ 131,123</u>	<u>\$ 22,634,011</u>
\$ (7,129,898)	\$ (98,924)	\$ (7,228,822)
74,313,984	2,884,567	77,198,551
<u>\$ 67,184,086</u>	<u>\$ 2,785,643</u>	<u>\$ 69,969,729</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Major Funds</u>				
	<u>General</u>	<u>State Public School</u>	<u>Other Restricted</u>	<u>Individual Schools</u>	<u>Capital Outlay</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,154,714		\$ 824,171	\$ 1,105,679	\$ 265,354
Due from other funds	52,244	\$ 4,319		310,433	6,680
Due from other governments		3,001,937	167,684		
Accounts receivable, net	12,942		73,543		750
<b>Total assets</b>	<b>\$ 3,219,900</b>	<b>\$ 3,006,256</b>	<b>\$ 1,065,398</b>	<b>\$ 1,416,112</b>	<b>\$ 272,784</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 239,809		\$ 24,414		
Accrued salaries and wages payable	352,848	\$ 3,001,394	16,212		
Due to other funds			408,229		
<b>Total liabilities</b>	<b>\$ 592,657</b>	<b>\$ 3,001,394</b>	<b>\$ 448,855</b>		
Deferred inflows of resources:		\$ 4,862			
Fund balances:					
Restricted:					
Stabilization by State Statute	\$ 65,186		\$ 241,227		
Other Restricted			145,316		
School Capital Outlay					\$ 272,784
Individual Schools				\$ 1,416,112	
Assigned:					
Subsequent years expenditures	1,437,962		230,000		
Unassigned	1,124,095				
<b>Total fund balances</b>	<b>\$ 2,627,243</b>		<b>\$ 616,543</b>	<b>\$ 1,416,112</b>	<b>\$ 272,784</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,219,900</b>	<b>\$ 3,006,256</b>	<b>\$ 1,065,398</b>	<b>\$ 1,416,112</b>	<b>\$ 272,784</b>

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.

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

**Net position of governmental activities**

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

Exhibit 3

<u>Non major Fund</u>	
<u>Federal Grants</u>	<u>Total Governmental Funds</u>
\$ 1,590	\$ 5,351,508
29,898	403,574
290,097	3,459,718
	87,235
<u>\$ 321,585</u>	<u>\$ 9,302,035</u>
\$ 290,130	\$ 264,223
	3,660,584
	408,229
<u>\$ 290,130</u>	<u>\$ 4,333,036</u>
<u>\$ 31,455</u>	<u>\$ 36,317</u>
	\$ 306,413
	145,316
	272,784
	1,416,112
	1,667,962
	<u>1,124,095</u>
	\$ 4,932,682
<u>\$ 321,585</u>	
	69,397,711
	<u>(7,146,307)</u>
	<u>\$ 67,184,086</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Major Funds				
	General	State Public School	Other Restricted	Individual Schools	Capital Outlay
<b>REVENUES</b>					
State of North Carolina		\$ 70,716,037	\$ 196,419		\$ 316,085
Henderson County	\$ 20,700,000				500,000
U.S. Government			656,572		
Contributions and donations				\$ 4,077,563	
Investment earnings				5,256	
Other	543,631		965,135		7,176
<b>Total revenues</b>	<b>\$ 21,243,631</b>	<b>\$ 70,716,037</b>	<b>\$ 1,818,126</b>	<b>\$ 4,082,819</b>	<b>\$ 823,261</b>
<b>EXPENDITURES</b>					
Current:					
Instructional services:					
Regular instructional	\$ 7,407,367	\$ 44,100,511	\$ 475,769		
Special populations	927,809	11,081,744	400,780		
Alternative programs	55,625	2,045,046	178,662		
School leadership	1,385,802	3,912,966	34,637		
Co-curricular	682,748		16,663	\$ 4,038,256	
School-based support	830,285	3,908,756	5,657		
System-wide support services:					
Support and development	400,545	15,456	1,092		
Special populations support and development	297,273	73,881			
Alternative programs and services support and development	55,931				
Technology support	842,380	209,733	429,420		
Operational support	8,671,581	3,696,912	158,051		
Financial and human resource	1,028,158	735,278	37,242		
Accountability	175,932	27,606	14,999		
System-wide pupil support	26,653	59,294			
Policy, leadership and public relations	328,857	663,565	18,841		
Ancillary services	98,286	92,389	39,464		
Non-programmed charges	389,592				
Debt service:					
Principal					\$ 316,085
Capital outlay:					
Furniture and equipment					25,400
Buses and motor vehicles					324,854
Repairs and maintenance					942,109
<b>Total expenditures</b>	<b>\$ 23,604,824</b>	<b>\$ 70,623,137</b>	<b>\$ 1,811,277</b>	<b>\$ 4,038,256</b>	<b>\$ 1,608,448</b>
Excess of (deficiency) of revenues over expenditures	\$ (2,361,193)	\$ 92,900	\$ 6,849	\$ 44,563	\$ (785,187)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds		\$ (92,900)			
Installment purchase obligation issued					\$ 324,854
<b>Total other financing sources (uses)</b>		<b>\$ (92,900)</b>			<b>\$ 324,854</b>
Net change in fund balance	\$ (2,361,193)	\$ -	\$ 6,849	\$ 44,563	\$ (460,333)
<b>Fund balances, beginning</b>	<b>4,988,436</b>	<b>-</b>	<b>609,694</b>	<b>1,371,549</b>	<b>733,117</b>
<b>Fund balances, ending</b>	<b>\$ 2,627,243</b>	<b>\$ -</b>	<b>\$ 616,543</b>	<b>\$ 1,416,112</b>	<b>\$ 272,784</b>



**Exhibit 4**

<u>Non major Fund</u>		<u>Total Governmental Funds</u>
<u>Federal Grants</u>		
		\$ 71,228,541
		21,200,000
\$ 8,547,640		9,204,212
		4,077,563
		5,256
		<u>1,515,942</u>
<u>\$ 8,547,640</u>	<u>\$</u>	<u>107,231,514</u>
\$ 663,558	\$	52,647,205
2,695,509		15,105,842
2,650,018		4,929,351
		5,333,405
		4,737,667
680,573		5,425,271
2,226		419,319
278,536		649,690
282,918		338,849
940,509		2,422,042
166,699		12,693,243
146		1,800,824
		218,537
		85,947
		1,011,263
		230,139
186,948		576,540
		316,085
		25,400
		324,854
		<u>942,109</u>
<u>\$ 8,547,640</u>	<u>\$</u>	<u>110,233,582</u>
<u>\$ -</u>	<u>\$</u>	<u>(3,002,068)</u>
		\$ (92,900)
		<u>324,854</u>
		<u>\$ 231,954</u>
\$ -	\$	(2,770,114)
-		<u>7,702,796</u>
<u>\$ -</u>	<u>\$</u>	<u>4,932,682</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Net changes in fund balances - total governmental funds	\$ (2,770,114)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	(1,908,764)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(8,769)
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>(2,442,251)</u>
<b>Total changes in net assets of governmental activities</b>	<u><u>\$ (7,129,898)</u></u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
State of North Carolina				
Henderson County	\$ 20,700,000	\$ 20,700,000	\$ 20,700,000	
U.S. Government				
Other	512,700	512,700	543,631	\$ 30,931
<b>Total revenues</b>	<b>\$ 21,212,700</b>	<b>\$ 21,212,700</b>	<b>\$ 21,243,631</b>	<b>\$ 30,931</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Regular instructional	\$ 7,238,904	\$ 7,403,340	\$ 7,407,367	\$ (4,027)
Special populations	1,099,489	929,111	927,809	1,302
Alternative programs	48,149	55,699	55,625	74
School leadership	1,360,969	1,385,969	1,385,802	167
Co-curricular	700,250	682,850	682,748	102
School-based support	782,544	831,234	830,285	949
System-wide support services:				
Support and development	449,663	408,289	400,545	7,744
Special population support and development	297,140	297,300	297,273	27
Alternative programs and services support and development	53,290	56,290	55,931	359
Technology support	801,015	834,015	842,380	(8,365)
Operational support	8,181,177	8,492,863	8,671,581	(178,718)
Financial and human resource	1,026,780	1,029,536	1,028,158	1,378
Accountability	206,148	179,148	175,932	3,216
System-wide pupil support	98,587	29,952	26,653	3,299
Policy, leadership and public relations	363,165	329,776	328,857	919
Ancillary services	92,891	97,629	98,286	(657)
Non-programmed charges	311,100	389,760	389,592	168
<b>Total expenditures</b>	<b>\$ 23,111,261</b>	<b>\$ 23,432,761</b>	<b>\$ 23,604,824</b>	<b>\$ (172,063)</b>
Revenues over (under) expenditures	<b>\$ (1,898,561)</b>	<b>\$ (2,220,061)</b>	<b>\$ (2,361,193)</b>	<b>\$ (141,132)</b>
Other financing (uses):				
Transfers to other funds				
Revenues over (under) expenditures and other uses	<b>\$ (1,898,561)</b>	<b>\$ (2,220,061)</b>	<b>\$ (2,361,193)</b>	<b>\$ (141,132)</b>
Appropriated fund balance	1,898,561	2,220,061		(2,220,061)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,361,193)</b>	<b>\$ (2,361,193)</b>
<b>Fund balances, beginning</b>			4,988,436	
<b>Fund balances, ending</b>			<b>\$ 2,627,243</b>	

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

Exhibit 5

<u>State Public School Fund</u>			
<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
\$ 71,076,232	\$ 72,387,984	\$ 70,716,037	\$ (1,671,947)
<hr/>			
<u>\$ 71,076,232</u>	<u>\$ 72,387,984</u>	<u>\$ 70,716,037</u>	<u>\$ (1,671,947)</u>
\$ 45,065,595	\$ 44,952,262	\$ 44,100,511	\$ 851,751
10,661,735	11,089,321	11,081,744	7,577
2,144,854	2,483,076	2,045,046	438,030
4,030,091	3,976,188	3,912,966	63,222
4,084,078	4,000,220	3,908,756	91,464
26,735	35,235	15,456	19,779
61,862	86,450	73,881	12,569
138,824	249,577	209,733	39,844
3,163,711	3,772,447	3,696,912	75,535
748,995	779,390	735,278	44,112
29,910	41,191	27,606	13,585
59,581	59,581	59,294	287
672,846	669,440	663,565	5,875
94,515	100,706	92,389	8,317
<hr/>			
<u>\$ 70,983,332</u>	<u>\$ 72,295,084</u>	<u>\$ 70,623,137</u>	<u>\$ 1,671,947</u>
<u>\$ 92,900</u>	<u>\$ 92,900</u>	<u>\$ 92,900</u>	<u>\$ -</u>
<u>\$ (92,900)</u>	<u>\$ (92,900)</u>	<u>\$ (92,900)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>\$ -</u>	
		<u>\$ -</u>	

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Other Restricted Fund</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
State of North Carolina	\$ 178,005	\$ 192,610	\$ 196,419	\$ 3,809
Henderson County				
U.S. Government	499,545	853,147	656,572	(196,575)
Other	810,890	934,363	965,135	30,772
<b>Total revenues</b>	<b>\$ 1,488,440</b>	<b>\$ 1,980,120</b>	<b>\$ 1,818,126</b>	<b>\$ (161,994)</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services:				
Regular	\$ 504,130	\$ 507,735	\$ 475,769	\$ 31,966
Special populations	298,890	655,781	400,780	255,001
Alternative programs	166,456	192,605	178,662	13,943
School leadership	35,065	35,065	34,637	428
Co-curricular	13,796	25,928	16,663	9,265
School-based support	1,352	14,273	5,657	8,616
System-wide support services:				
Support and development	5,385	12,462	1,092	11,370
Special population support and development				
Alternative programs and services support and development				
Technology support	467,086	484,464	429,420	55,044
Operational support	72,250	116,316	158,051	(41,735)
Financial and human resource	33,437	51,012	37,242	13,770
Accountability	50,101	50,101	14,999	35,102
System-wide pupil support				
Policy, leadership and public relations	15,728	16,144	18,841	(2,697)
Ancillary services	40,854	41,125	39,464	1,661
Non-programmed charges				
Capital Outlay:				
Furniture and equipment				
Buses and motor vehicles				
Repairs and maintenance				
Debt Service				
<b>Total expenditures</b>	<b>\$ 1,704,530</b>	<b>\$ 2,203,011</b>	<b>\$ 1,811,277</b>	<b>\$ 391,734</b>
Revenues over (under) expenditures	\$ (216,090)	\$ (222,891)	\$ 6,849	\$ 229,740
Appropriated fund balance	\$ 216,090	\$ 222,891		\$ (222,891)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,849</b>	<b>\$ 6,849</b>
<b>Fund balances, beginning</b>			<u>609,694</u>	
<b>Fund balances, ending</b>			<u>\$ 616,543</u>	

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Major Fund</u>	<u>Non-major Fund</u>	
	<u>School Food Service</u>	<u>Child Care</u>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,967,359	\$ 444,004	\$ 2,411,363
Due from other governments	108,197		108,197
Receivables (net)	4,215	48,762	52,977
Due from other funds	4,020	635	4,655
Inventories	297,883		297,883
<b>Total current assets</b>	<u>\$ 2,381,674</u>	<u>\$ 493,401</u>	<u>\$ 2,875,075</u>
Noncurrent assets:			
Capital assets:			
Buildings, net	\$ 86,729		\$ 86,729
Furniture and equipment, net	193,251		193,251
<b>Total noncurrent assets</b>	<u>\$ 279,980</u>		<u>\$ 279,980</u>
<b>Total assets</b>	<u>\$ 2,661,654</u>	<u>\$ 493,401</u>	<u>\$ 3,155,055</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 70,568	\$ 9,164	\$ 79,732
<b>Total current liabilities</b>	<u>\$ 70,568</u>	<u>\$ 9,164</u>	<u>\$ 79,732</u>
Deferred inflows of resources	\$ 51,186		\$ 51,186
Noncurrent liabilities:			
Compensated absences	\$ 196,234	\$ 42,260	\$ 238,494
<b>Total noncurrent liabilities</b>	<u>\$ 196,234</u>	<u>\$ 42,260</u>	<u>\$ 238,494</u>
<b>Total liabilities</b>	<u>\$ 317,988</u>	<u>\$ 51,424</u>	<u>\$ 369,412</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 279,980		\$ 279,980
Unrestricted	2,063,686	\$ 441,977	2,505,663
<b>Total net position</b>	<u>\$ 2,343,666</u>	<u>\$ 441,977</u>	<u>\$ 2,785,643</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds		Total
	Major Fund School Food Service	Non-major Fund Child Care	
<b>OPERATING REVENUES</b>			
Food sales	\$ 2,094,485		\$ 2,094,485
Child care fees		\$ 1,087,147	1,087,147
<b>Total operating revenues</b>	<b>\$ 2,094,485</b>	<b>\$ 1,087,147</b>	<b>\$ 3,181,632</b>
<b>OPERATING EXPENSES</b>			
Food cost:			
Purchase of food	\$ 2,686,239	\$ 62,749	\$ 2,748,988
Donated commodities	392,478		392,478
Salaries and benefits	3,224,920	896,131	4,121,051
Indirect costs	150,000	23,000	173,000
Materials and supplies	254,455	49,715	304,170
Repairs and maintenance	90,500		90,500
Depreciation	38,141		38,141
Contracted services		7,168	7,168
Other	95,767	30,451	126,218
<b>Total operating expenses</b>	<b>\$ 6,932,500</b>	<b>\$ 1,069,214</b>	<b>\$ 8,001,714</b>
Operating income (loss)	\$ (4,838,015)	\$ 17,933	\$ (4,820,082)
<b>NONOPERATING REVENUES</b>			
Federal reimbursements	\$ 4,197,557		\$ 4,197,557
Federal commodities	392,478		392,478
Interest earned	1,872		1,872
Other	35,260	\$ 1,091	36,351
<b>Total nonoperating revenues</b>	<b>\$ 4,627,167</b>	<b>\$ 1,091</b>	<b>\$ 4,628,258</b>
Income (loss) before contributions and transfers	\$ (210,848)	\$ 19,024	\$ (191,824)
Transfers from other funds	92,900		92,900
Change in net position	\$ (117,948)	\$ 19,024	\$ (98,924)
<b>Total net position, beginning</b>	<b>2,461,614</b>	<b>422,953</b>	<b>2,884,567</b>
<b>Total net position, ending</b>	<b>\$ 2,343,666</b>	<b>\$ 441,977</b>	<b>\$ 2,785,643</b>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Enterprise Funds</b>		<b>Total</b>
	<b>Major Fund</b>	<b>Non major Fund</b>	
	<b>School Food Service</b>	<b>Child Care</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,154,473	\$ 1,076,975	\$ 3,231,448
Cash paid for goods and services	(3,208,375)	(166,914)	(3,375,289)
Cash paid to employees for services	(3,063,172)	(885,373)	(3,948,545)
Net cash provided (used) by operating activities	<u>\$ (4,117,074)</u>	<u>\$ 24,688</u>	<u>\$ (4,092,386)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal reimbursements	\$ 4,197,557		\$ 4,197,557
Due to/from other funds	(832)	\$ 369	(463)
Other nonoperating revenues	35,260	1,091	36,351
Net cash provided by noncapital financing activities	<u>\$ 4,231,985</u>	<u>\$ 1,460</u>	<u>\$ 4,233,445</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	\$ (32,250)		\$ (32,250)
Net cash provided by capital and related financing activities	<u>\$ (32,250)</u>		<u>\$ (32,250)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	\$ 1,872		\$ 1,872
Net increase in cash and cash equivalents	\$ 84,533	\$ 26,148	\$ 110,681
Balances, beginning	1,882,826	417,856	2,300,682
Balances, ending	<u>\$ 1,967,359</u>	<u>\$ 444,004</u>	<u>\$ 2,411,363</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (4,838,015)	\$ 17,933	\$ (4,820,082)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	\$ 38,141		\$ 38,141
Donated commodities consumed	392,478		392,478
Salaries paid by special revenue fund	92,900		92,900
Changes in assets and liabilities:			
Decrease in due from other governments	27,196		27,196
Increase in accounts receivable	(4,215)	\$ (10,170)	(14,385)
Decrease in inventory	69,333		69,333
Increase in accounts payable and accrued liabilities	4,466	6,167	10,633
Increase in deferred inflows of resources	37,007		37,007
Increase in long-term liabilities	63,635	10,758	74,393
Total adjustments	<u>\$ 720,941</u>	<u>\$ 6,755</u>	<u>\$ 727,696</u>
Net cash provided (used) by operating activities	<u>\$ (4,117,074)</u>	<u>\$ 24,688</u>	<u>\$ (4,092,386)</u>

(continued)

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



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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

The State Public School Fund paid salaries and benefits of \$92,900 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected as an operating transfer in and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$392,478 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$392,478 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities present 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 on 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 of which is 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Board reports the following major governmental funds:

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

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

*Other Restricted Fund.* The Other Restricted Fund accounts for grants, programs, reimbursements, and other special revenues that are not accounted for in the General Fund or the other special revenue 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 individual Schools Fund is reported as a special revenue fund.

*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 is reported as a capital projects fund. It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Henderson County appropriations, restricted sales tax moneys, proceeds of Henderson County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following nonmajor governmental funds:

*Federal Grants Fund.* The Federal Grants Fund accounts for various programs and grants passed through the North Carolina Department of Public Instruction from the U.S. Government.

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 and is reported as an enterprise fund.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 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 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. Per State law no budget is required for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. Amounts may be transferred between sub-functions and objects of expenditure within a function without limitations and without a report to the Board of Education being required. All amendments must be approved by the governing board. 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 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. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**4. Capital Assets**

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

It is the policy of the Board to capitalize all capital assets costing \$5,000 or more with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. 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.

Henderson 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 give the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	<u>Years</u>
Buildings	50
Equipment and furniture	10
Vehicles	6
Computer equipment	3

**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 two items that meet this criterion – grants receivable in the Special Revenue funds and prepaid items in the Enterprise Funds.

**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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, 2013 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate of the current portion of compensated absences based on prior year's records has been made.

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

**8. Net Position/Fund Balances**

Net Position

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

Fund Balance

In the governmental fund financial statements, fund balance is composed of three 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:

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

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

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

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

**Assigned Fund Balance** – portion of fund balance that the Henderson County Board of Public 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 as restricted fund balance.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Other assigned - portion of fund balance that is intended to be utilized for specific purposes as specified by federal and State grants and other programs as designated by the Board of Public Education.

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

The Henderson County Board of Public Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief 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 assigned fund balance, and lastly unassigned fund balance. The Chief Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Public Education.

**9. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$62,251,404 consists of several elements as follows:

	<b>Amount</b>
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)	\$ 135,829,953
Less accumulated depreciation	<u>(66,432,242)</u>
Net capital assets	\$ 69,397,711
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 financing	\$ (162,425)
Compensated absences	<u>(6,983,882)</u>
Total adjustment	<u><u>\$ 62,251,404</u></u>



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,359,784 as follows:

	<b>Amount</b>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 484,473
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,393,237)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the Statement of Activities - it affects only the Government-wide Statement of Net Position.	(324,854)
Principal payments on debt owed are recorded as use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	316,085
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	(2,442,251)
Total adjustment	\$ (4,359,784)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

During the fiscal year ended June 30, 2013 the Board reported expenditures within the Local, Other Restricted and the Capital Outlay Funds that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance. In the General Fund expenditures exceeded amounts appropriated in the budget by a total of \$191,767. Additional expenditures were recorded in the Regular Instruction Programs, Technology Support, Operational Support, and also in Ancillary Services but corresponding budget amendments were not approved prior to the close of the fiscal year. In the Other Restricted Fund expenditures exceeded amounts appropriated in the budget by a total of \$44,432. Additional expenditures were recorded in Operational Support and the Policy, Leadership and Public Relations functions but corresponding budget amendments were not approved prior to the close of the year. In the Capital Outlay Fund expenditures exceeded amounts appropriated in the budget by a total of \$324,854. Budget amendments were not approved prior to year end for the installment financing of the purchase of four buses completed during the year.

Management will continue to monitor budgets monthly and make necessary adjustments and amendments to avoid expenditures in excess of appropriations.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

At June 30, 2013 the Board had deposits with banks and savings and loans with a carrying amount of \$6,227,852 and with the State Treasurer of \$1,588. The bank balances with the financial institutions and the State Treasurer were \$6,765,041 and \$352,933, respectively. Of these balances, \$1,447,696 was covered by federal depository insurance and \$5,317,345 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

**2. Investments**

At June 30, 2013, the Board of Public Education had \$111,050 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 \$1,422,381 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2013. The Board has no policy for managing interest rate risk or credit risk.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**3. Accounts Receivable**

Receivables at the government-wide level at June 30, 2013 were as follows:

	<u>Due from other funds (Internal Balances)</u>	<u>Due from other governments</u>	<u>Other</u>	<u>Total</u>
<b>Governmental activities:</b>				
General Fund			\$ 12,942	\$ 12,942
Capital Outlay Fund			750	750
Other Restricted Fund		\$ 167,684	73,543	241,227
Other Governmental Activities		<u>3,292,034</u>		<u>3,292,034</u>
<b>Total</b>		<u><u>\$ 3,459,718</u></u>	<u><u>\$ 87,235</u></u>	<u><u>\$ 3,546,953</u></u>
<b>Business-type activities:</b>				
School Food Service	\$ 4,020	\$ 108,197	\$ 4,215	\$ 116,432
Child Care	<u>635</u>		<u>48,762</u>	<u>49,397</u>
<b>Total</b>	<u><u>\$ 4,655</u></u>	<u><u>\$ 108,197</u></u>	<u><u>\$ 52,977</u></u>	<u><u>\$ 165,829</u></u>

Due from other governments consists of the following:

<b>Governmental activities:</b>		
State Public School Fund	\$ 3,001,937	Operating funds from DPI
Federal Grants Fund	290,097	Federal grant funds
Other Restricted Fund	<u>167,684</u>	State sales tax refund
<b>Total</b>	<u><u>\$ 3,459,718</u></u>	
<b>Business-type activities:</b>		
School Food Service Fund	<u><u>\$ 108,197</u></u>	Federal funds

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 6,544,954			\$ 6,544,954
<b>Total capital assets not being depreciated</b>	<b>\$ 6,544,954</b>			<b>\$ 6,544,954</b>
Capital assets being depreciated:				
Buildings	\$ 116,283,868			\$ 116,283,868
Equipment and furniture	2,781,113	\$ 84,306	\$ (20,829)	2,844,590
Vehicles	9,770,571	400,167	(14,196)	10,156,542
<b>Total capital assets being depreciated</b>	<b>\$ 128,835,552</b>	<b>\$ 484,473</b>	<b>\$ (35,025)</b>	<b>\$ 129,285,000</b>
Less accumulated depreciation for:				
Buildings	\$ 54,562,503	\$ 1,984,480		\$ 56,546,983
Equipment and furniture	1,694,547	59,725	\$ (20,829)	1,733,443
Vehicles	7,816,981	349,032	(14,196)	8,151,817
<b>Total accumulated depreciation</b>	<b>\$ 64,074,031</b>	<b>\$ 2,393,237</b>	<b>\$ (35,025)</b>	<b>\$ 66,432,243</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 64,761,521</b>			<b>\$ 62,852,757</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 71,306,475</b>			<b>\$ 69,397,711</b>
<b>Business-type activities:</b>				
School Food Service Fund:				
Capital assets being depreciated:				
Buildings	\$ 161,694			\$ 161,694
Furniture and office equipment	932,856			932,856
Vehicles	40,344	\$ 32,250		72,594
<b>Total capital assets being depreciated</b>	<b>\$ 1,134,894</b>	<b>\$ 32,250</b>		<b>\$ 1,167,144</b>
Less accumulated depreciation for:				
Buildings	\$ 50,408	\$ 7,504		\$ 57,912
Furniture and office equipment	758,271	30,368		788,639
Vehicles	40,344	269		40,613
<b>Total accumulated depreciation</b>	<b>\$ 849,023</b>	<b>\$ 38,141</b>		<b>\$ 887,164</b>
<b>School Food Service capital assets, net</b>	<b>\$ 285,871</b>			<b>\$ 279,980</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 285,871</b>			<b>\$ 279,980</b>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 1,159,926
Special population services	332,813
Alternative programs and services	108,604
School leadership services	117,506
Co-curricular services	104,381
School-based support services	119,530
Support and development services	9,238
Special population support and development services	14,314
Alternative programs and services support and development	7,466
Technology support services	53,363
Operational support services	279,658
Financial and human resource	39,676
Accountability services	4,815
System-wide pupil support services	1,894
Policy, leadership and public relations services	22,280
Ancillary services	5,070
Non-programmed charges	<u>12,703</u>
Total	<u><u>\$ 2,393,237</u></u>

**Financing Commitments**

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. The Henderson County Board of Public Education has entered into an agreement to purchase eight buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf the County Board of Public Education out of funds allocated to the County Board of Public Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2013, has been recorded.

The payments due in the fiscal year ended June 30, 2013 are as follows:

Total purchase price, four buses	\$324,854
Total payments made in 2012-2013	\$162,428
Total payments made in 2013-2014	\$ 81,213
Total payments made in 2014-2015	\$ 81,213

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**B. Liabilities**

**1. Pension Plan and Other Postemployment Obligations**

**a. Teachers' and State Employees' Retirement System**

*Plan Description.* The Henderson County Board of Public 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 8.33% of annual covered payroll. The contribution requirements of plan members and the Henderson County Board of Public 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, 2013, 2012, and 2011 were \$5,487,558, \$4,884,469, and \$3,302,616, respectively, equal to the required contributions for each year.

**b. Other Post-employment Benefits**

**1. Healthcare Benefits**

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 establishes 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 or 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, 2013, 2012, and 2011, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,491,483, \$3,282,573, and \$3,282,519, respectively. These contributions represented 5.3%, 5.0%, and 4.9%, of covered payroll, respectively.

2. Long-term Disability Benefits

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



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 5 years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013, 2012, and 2011, the Board paid all annual required contributions to the DIPNC for disability benefits of \$289,859, \$341,388, and \$348,349, respectively. These contributions represented .44%, .52%, and .52% of covered payroll, respectively.

c. Other Employment Benefits

In addition to providing pension and post-employment healthcare and long term disability benefits, the Board provides death benefits and short term disability benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

Short-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**2. Accounts Payable**

Accounts payable as of June 30, 2013 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities:		
General	\$ 239,809	\$ 352,848
Other Governmental	24,414	3,307,736
	<u>\$ 264,223</u>	<u>\$ 3,660,584</u>
Business-type Activities:		
School Food Service	\$ 70,568	
Child Care	9,164	
	<u>\$ 79,732</u>	

**3. Deferred Inflows of Resources**

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

Grants receivable (Special Revenue Funds)	\$ 36,317
Grants receivable (Proprietary Funds)	<u>51,186</u>
Total Unearned Revenues	<u>\$ 87,503</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 purchases insurance through a commercial agency for general liability, with an aggregate limit of \$2,000,000 per location for general liability. The policy provides additional coverage in the amount of \$1,000,000 aggregate per year for School District and Educator's legal liability. Statutory worker's compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Worker's 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 purchases insurance through a commercial agency which insures the tangible property assets of the Board. Buildings and contents are insured on a replacement cost basis.

The Board also participates in the Teacher's 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 funds, at any given time, are performance bonded through a commercial surety bond. The chief finance officer is bonded for \$250,000. The remaining employees who have access to funds are covered by a commercial policy up to \$250,000.

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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**5. Long-term Obligations**

a. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchase	\$ 153,656	\$ 324,854	\$ 316,085	\$ 162,425	\$ 81,213
Compensated absences	<u>4,541,631</u>	<u>\$ 5,137,015</u>	<u>2,694,764</u>	<u>6,983,882</u>	<u>6,285,497</u>
Total	<u>\$ 4,695,287</u>	<u>\$ 5,461,869</u>	<u>\$ 3,010,849</u>	<u>\$ 7,146,307</u>	<u>\$ 6,366,710</u>
Business-type activities:					
Compensated absences	<u>\$ 164,101</u>	<u>\$ 98,456</u>	<u>\$ 24,063</u>	<u>\$ 238,494</u>	<u>\$ 205,105</u>

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

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**C. Interfund Balances and Activity**

*Due to/from other funds*

Due to/from other funds at June 30, 2013 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Restricted Fund	\$ 52,245
State Public School Fund	Other Restricted Fund	4,319
Federal Grants Fund	Other Restricted Fund	29,898
Capital Outlay Fund	Other Restricted Fund	6,676
Individual Schools	Other Restricted Fund	310,436
School Food Service Fund	Other Restricted Fund	4,020
Child Care Fund	Other Restricted Fund	635
		<hr/>
Total		<u>\$ 408,229</u>

*Transfers to/from other funds*

Transfers to/from other funds at June 30, 2013 consist of the following:

From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 92,900</u>
Total	<u>\$ 92,900</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**D. Fund Balance**

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

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

Total fund balance - General Fund	\$ 2,627,243
Less:	
Stabilization by State Statute	65,186
Appropriated Fund Balance in 2014 Budget	1,437,962
Remaining Fund Balance	\$ 1,124,095

**IV. RELATED ORGANIZATION**

The Henderson County Education Foundation, Inc. (Foundation) is a related organization to the Henderson County Board of Public Education. The Foundation has a self-perpetuating board of directors and the Board of Public Education is not accountable for the Foundation. Financial information related to the Foundation is available from the Henderson County Education Foundation, Inc., P.O. Box 1267, Hendersonville, North Carolina 28793.

**V. 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.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**VI. CHANGE IN ACCOUNTING PRINCIPLES**

The Board implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, or Net Position.

**VII. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 12, 2013, which is the date the financial statements were available to be issued.



**INDIVIDUAL  
FUND  
SCHEDULES**

## **GENERAL FUND**

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The General Fund is the principal operating fund for the Henderson County Board of Public Education mandated by State law as the Local Current Expense Fund. This fund accounts for all activities of the Henderson County Board of Public Education not included in other specified funds. These activities are funded principally by an appropriation to the Henderson County Board of Public Education by the Henderson County Commissioners. The majority of the expenditures are for current operating needs, primarily instructional programs and supporting services. The General Fund is accounted for on the modified accrual basis of accounting.

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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Henderson County:			
Appropriation from general revenues	<u>\$ 20,700,000</u>	<u>\$ 20,700,000</u>	
Other :			
ABC revenues	\$ 57,700	\$ 40,022	\$ (17,678)
Sales taxes		52,244	52,244
Fines and forfeitures	<u>455,000</u>	<u>451,365</u>	<u>(3,635)</u>
Total	<u>\$ 512,700</u>	<u>\$ 543,631</u>	<u>\$ 30,931</u>
<b>Total revenues</b>	<u>\$ 21,212,700</u>	<u>\$ 21,243,631</u>	<u>\$ 30,931</u>
<b>Expenditures:</b>			
Instructional programs:			
Regular instructional	\$ 7,403,340	\$ 7,407,367	\$ (4,027)
Special populations	929,111	927,809	1,302
Alternative programs	55,699	55,625	74
School leadership	1,385,969	1,385,802	167
Co-curricular	682,850	682,748	102
School-based support	<u>831,234</u>	<u>830,285</u>	<u>949</u>
Total	<u>\$ 11,288,203</u>	<u>\$ 11,289,636</u>	<u>\$ (1,433)</u>
System-wide support services:			
Support and development	\$ 408,289	\$ 400,545	\$ 7,744
Special population support and development	297,300	297,273	27
Alternative programs and services support and development	56,290	55,931	359
Technology support	834,015	842,380	(8,365)
Operational support	8,492,863	8,671,581	(178,718)
Financial and human resource	1,029,536	1,028,158	1,378
Accountability	179,148	175,932	3,216
System-wide pupil support	29,952	26,653	3,299
Policy, leadership, and public relations	<u>329,776</u>	<u>328,857</u>	<u>919</u>
Total	<u>\$ 11,657,169</u>	<u>\$ 11,827,310</u>	<u>\$ (170,141)</u>

(continued)

HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Ancillary services	<u>\$ 97,629</u>	<u>\$ 98,286</u>	<u>\$ (657)</u>
Nonprogrammed charges:			
Payments to charter schools	<u>\$ 389,760</u>	<u>\$ 389,592</u>	<u>\$ 168</u>
<b>Total expenditures</b>	<u>\$ 23,432,761</u>	<u>\$ 23,604,824</u>	<u>\$ (172,063)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ (2,220,061)</u>	<u>\$ (2,361,193)</u>	<u>\$ (141,132)</u>
Appropriated fund balance	<u>2,220,061</u>	<u>                    </u>	<u>(2,220,061)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (2,361,193)</u>	<u>\$ (2,361,193)</u>
<b>Fund balance, beginning</b>		<u>4,988,436</u>	
<b>Fund balance, ending</b>		<u>\$ 2,627,243</u>	

## OTHER RESTRICTED FUND

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**Other Restricted Fund** – This fund accounts for grants, programs, reimbursements, and other special revenues that are not accounted for in the General Fund or in other special revenue funds.

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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
OTHER RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
State of North Carolina	\$ 192,610	\$ 196,419	\$ 3,809
U.S. Government	853,147	656,572	(196,575)
Indirect Costs	412,505	359,949	(52,556)
Other Restricted Grants	257,930	298,378	40,448
Rental of School Property	27,500	20,694	(6,806)
Tuition and Fees	118,950	122,740	3,790
Investment earnings	23,600	9,647	(13,953)
Other	93,878	153,727	59,849
<b>Total revenues</b>	<b>\$ 1,980,120</b>	<b>\$ 1,818,126</b>	<b>\$ (161,994)</b>
<b>Expenditures:</b>			
Instructional programs:			
Regular instructional	\$ 507,735	\$ 475,769	\$ 31,966
Special populations	655,781	400,780	255,001
Alternative programs	192,605	178,662	13,943
School leadership	35,065	34,637	428
Co-curricular	25,928	16,663	9,265
School-based support	14,273	5,657	8,616
<b>Total</b>	<b>\$ 1,431,387</b>	<b>\$ 1,112,168</b>	<b>\$ 319,219</b>
System-wide support services:			
Support and development	\$ 12,462	\$ 1,092	\$ 11,370
Technology support	484,464	429,420	55,044
Operational support	116,316	158,051	(41,735)
Financial and human resource	51,012	37,242	13,770
Accountability	50,101	14,999	35,102
Policy, leadership, and public relations	16,144	18,841	(2,697)
<b>Total</b>	<b>\$ 730,499</b>	<b>\$ 659,645</b>	<b>\$ 70,854</b>

(continued)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
OTHER RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Ancillary services	\$ 41,125	\$ 39,464	\$ 1,661
<b>Total expenditures</b>	<u>\$ 2,203,011</u>	<u>\$ 1,811,277</u>	<u>\$ 391,734</u>
<b>Excess of revenues over (under) expenditures</b>	\$ (222,891)	\$ 6,849	\$ 229,740
Appropriated fund balance	<u>222,891</u>	<u>                    </u>	<u>(222,891)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	\$ 6,849	<u>\$ 6,849</u>
<b>Fund balance, beginning</b>		<u>609,694</u>	
<b>Fund balance, ending</b>		<u>\$ 616,543</u>	

## CAPITAL PROJECTS FUND

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Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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**Capital Outlay Fund** – This fund, which is mandated by State law, is used to account for the acquisition, construction, renovation, and replacement of the local administrative unit's capital assets and other major capital outlays, other than those financed by the Individual Schools Fund and the Enterprise Funds. The major revenue source is the County of Henderson.

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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
State of North Carolina:			
State appropriations - buses	\$ 316,085	\$ 316,085	
Henderson County:			
General county revenues	\$ 500,000	\$ 500,000	
Other:			
Contributions	\$ 8,000	\$ 7,176	\$ (824)
<b>Total revenues</b>	<u>\$ 824,085</u>	<u>\$ 823,261</u>	<u>\$ (824)</u>
<b>EXPENDITURES</b>			
Capital outlay:			
Furniture and equipment	\$ 25,400	\$ 25,400	
Buses and motor vehicles		324,854	\$ (324,854)
Repairs and maintenance	942,630	942,109	521
Debt service - principal	316,085	316,085	
<b>Total expenditures</b>	<u>\$ 1,284,115</u>	<u>\$ 1,608,448</u>	<u>\$ (324,333)</u>
<b>Excess of revenues over (under) expenditures before other financing sources</b>	<u>\$ (460,030)</u>	<u>\$ (785,187)</u>	<u>\$ (325,157)</u>
<b>OTHER FINANCING SOURCES</b>			
Installment purchase obligation issued		\$ 324,854	\$ 324,854
<b>Excess of revenues and other sources over (under) expenditures</b>	<u>\$ (460,030)</u>	<u>\$ (460,333)</u>	<u>\$ (303)</u>
Appropriated fund balance	<u>460,030</u>		<u>(460,030)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ (460,333)</u>	<u>\$ (460,333)</u>
<b>Fund balance, beginning</b>		<u>733,117</u>	
<b>Fund balance, ending</b>		<u>\$ 272,784</u>	

# **NONMAJOR GOVERNMENTAL FUND**

## **FEDERAL GRANTS FUND**

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**Federal Grants Fund** – This fund accounts for programs and grants passed through the North Carolina Department of Public Instruction from the U.S. Government.

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**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
FEDERAL GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
U.S. Government	\$ 10,887,934	\$ 8,547,640	\$ (2,340,294)
<b>Total revenues</b>	<u>\$ 10,887,934</u>	<u>\$ 8,547,640</u>	<u>\$ (2,340,294)</u>
<b>Expenditures:</b>			
Instructional services:			
Regular instructional	\$ 888,760	\$ 663,558	\$ 225,202
Special populations	3,240,428	2,695,509	544,919
Alternative programs	3,836,704	2,650,018	1,186,686
School-based support	<u>948,586</u>	<u>680,573</u>	<u>268,013</u>
<b>Total</b>	<u>\$ 8,914,478</u>	<u>\$ 6,689,658</u>	<u>\$ 2,224,820</u>
System-wide support services:			
Support and development	\$ 3,500	\$ 2,226	\$ 1,274
Special populations	324,843	278,536	46,307
Alternative programs and services support and development	289,714	282,918	6,796
Technology support	944,098	940,509	3,589
Operational support	172,823	166,699	6,124
Financial and human resources	1,000	146	854
Non-programmed charges	<u>237,478</u>	<u>186,948</u>	<u>50,530</u>
<b>Total</b>	<u>\$ 1,973,456</u>	<u>\$ 1,857,982</u>	<u>\$ 115,474</u>
<b>Total expenditures</b>	<u>\$ 10,887,934</u>	<u>\$ 8,547,640</u>	<u>\$ 2,340,294</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance, beginning</b>		<u>-</u>	
<b>Fund balance, ending</b>		<u>\$ -</u>	

## ENTERPRISE FUNDS

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

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**School Food Service Fund** - This fund is used to account for the food service program within the school system. This program provides breakfast and lunch to students in the Henderson County Public Schools. Primary revenue sources are meal charges, federal commodity subsidies, and USDA reimbursements.

**Child Care Fund** - This fund is used to account for the before and after school care and the summer care programs offered by the various elementary schools within the school system.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHOOL FOOD SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues, food sales	<u>\$ 2,799,240</u>	<u>\$ 2,094,485</u>	<u>\$ (704,755)</u>
Operating expenditures:			
Business support services:			
Purchase of food		\$ 2,616,908	
Donated commodities		392,478	
Salaries and benefits		3,161,284	
Indirect costs		150,000	
Materials and supplies		254,455	
Repairs and maintenance		90,500	
Other		95,767	
Total business support services	<u>\$ 7,101,625</u>	<u>\$ 6,761,392</u>	<u>\$ 340,233</u>
Capital outlay	<u>\$ 80,000</u>	<u>\$ 32,250</u>	<u>\$ 47,750</u>
Total operating expenditures	<u>\$ 7,181,625</u>	<u>\$ 6,793,642</u>	<u>\$ 387,983</u>
Operating loss	<u>\$ (4,382,385)</u>	<u>\$ (4,699,157)</u>	<u>\$ (316,772)</u>
Nonoperating revenues:			
Federal reimbursements	\$ 3,849,685	\$ 4,197,557	\$ 347,872
Federal commodities	377,080	392,478	15,398
Interest earned	2,500	1,872	(628)
Other	9,990	35,260	25,270
Total nonoperating revenues	<u>\$ 4,239,255</u>	<u>\$ 4,627,167</u>	<u>\$ 387,912</u>
Excess of revenues over (under) expenditures before other financing sources	<u>\$ (143,130)</u>	<u>\$ (71,990)</u>	<u>\$ 71,140</u>
Other financing sources:			
Transfers from other funds	92,900	92,900	-
Appropriated fund balance	<u>50,230</u>	<u>-</u>	<u>(50,230)</u>
Excess of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 20,910</u>	<u>\$ 20,910</u>

(continued)

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHOOL FOOD SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Actual</u>
Reconciliation of modified accrual to full accrual basis:	
Reconciling items:	
Depreciation	\$ (38,141)
Equipment acquisition	32,250
Increase in accrued vacation pay	(63,636)
Decrease in inventory	<u>(69,331)</u>
Change in net assets (full accrual)	<u><u>\$ (117,948)</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
CHILD CARE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Child care fees	\$ 1,149,736	\$ 1,087,147	\$ (62,589)
<b>Total revenues</b>	\$ 1,149,736	\$ 1,087,147	\$ (62,589)
<b>EXPENDITURES</b>			
Regular community service:			
Purchase of food		\$ 62,749	
Salaries and benefits		885,373	
Indirect costs		23,000	
Materials and supplies		49,715	
Contracted services		7,168	
Other		30,451	
<b>Total regular community service</b>	\$ 1,197,860	\$ 1,058,456	\$ 139,404
Operating income (loss)	\$ (48,124)	\$ 28,691	\$ 76,815
Nonoperating revenues:			
Other	\$ 1,400	\$ 1,091	\$ (309)
Excess of revenues over (under) expenditures	\$ (46,724)	\$ 29,782	\$ 76,506
Appropriated fund balance	46,724		(46,724)
Excess of revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 29,782	\$ 29,782
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Increase in accrued vacation pay		(10,758)	
Change in net assets		\$ 19,024	

**COMPLIANCE  
SECTION**





**CARLAND & ANDERSEN, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

307 NORTH CHURCH STREET • HENDERSONVILLE, NC 28792

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Trish Cheek, CPA  
Kellie C. Kanipe, CPA  
George B. Lee, CPA  
Harold C. Reid, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Public Education  
Henderson County, 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 the Henderson County Board of Public Education, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Henderson County Board of Public Education's basic financial statements, and have issued our report thereon dated November 12, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Henderson County Board of Public 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 Henderson County Board of Public Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Henderson County Board of Public Education's financial statements are free from 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.

*Carland + Adusem, Inc.*

Hendersonville, North Carolina  
November 12, 2013



# CARLAND & ANDERSEN, INC.

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## **Report On Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act**

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Public Education  
Henderson County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited the Henderson County Board of Public Education, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Henderson County Board of Public Education's major federal programs for the year ended June 30, 2013. The Henderson County Board of Public Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Henderson County Board of Public 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 Henderson County Board of Public 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 of the Henderson County Board of Public Education's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Henderson County Board of Public Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Henderson County Board of Public 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 Henderson County Board of Public Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Henderson County Board of Public 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Centard & Anderson, Inc.*

Hendersonville, North Carolina

November 12, 2013



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## **Report On Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act**

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Public Education  
Henderson County, North Carolina

#### **Report on Compliance for Each Major State Program**

We have audited Henderson County Board of Public 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 Henderson County Board of Public Education's major State programs for the year ended June 30, 2013. The Henderson County Board of Public Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Henderson County Board of Public 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 Henderson County Board of Public 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 Henderson County Board of Public Education's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Henderson County Board of Public Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Henderson County Board of Public 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 Henderson County Board of Public Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Henderson County Board of Public 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 State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Carlinda Anderson, Inc.*

Hendersonville, North Carolina  
November 12, 2013



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**I. Summary of Auditor's Results**

- A. An unqualified opinion was issued on the financial statements of the Henderson County Board of Public Education.
- B. Our audit of the basic financial statements disclosed no material weaknesses over financial reporting or significant deficiencies in internal control.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the Board's major programs disclosed no material weaknesses or significant deficiencies in internal control over major programs.
- E. An unqualified opinion was issued on the Henderson County Board of Public Education's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on the Henderson County Board of Public Education's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no audit findings which relate to federal and State awards that are required to be reported in accordance with Section 510 (a) of Circular A-133.
- H. Major federal programs for the Henderson County Board of Public Education for the fiscal year ended June 30, 2013 are:

<u>Name of Program</u>	<u>CFDA</u>
Title I, Part A Cluster	
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010
Race to the Top-ARRA	84.395

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

- I. Major State programs for the Henderson County Board of Public Education for the fiscal year ended June 30, 2013 are:

**Name of Program**

State Public School Fund

State Months of Employment

Appropriation for School Buses

- J. The threshold for determining Type A programs for the Henderson County Board of Public Education is \$420,456
- K. Henderson County Board of Public Education qualified as a low risk auditee under Section .530 of Circular A-133.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**II. Findings and Questioned Costs related to the Audit of Federal and State Awards**

The Henderson County Board of Public Education had no findings or questioned costs related to the audit of the federal and State Awards for the fiscal year ended June 30, 2013.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2013**

A Corrective Action Plan has already been implemented by the Henderson County Board of Public Education for all prior year findings.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

The Henderson County Board of Public Education had no findings or questioned costs related to the audit of federal and State awards for the previous three fiscal years.

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>Federal Grants:</b>			
<u>U. S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
Non-cash assistance (commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	N/A	\$ 392,478
Cash assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	N/A	931,738
National School Lunch Program	10.555	N/A	3,203,135
Seamless Summer Program	10.555	N/A	<u>62,684</u>
Total Child Nutrition Cluster			<u>\$ 4,590,035</u>
Total U. S. Department of Agriculture			<u>\$ 4,590,035</u>
<u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Title I, Part A Cluster</u>			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	PRC 050	<u>\$ 2,697,408</u>
Total Title I, Part A Cluster			<u>\$ 2,697,408</u>
<u>School Improvement Grants Cluster</u>			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	<u>\$ 213,008</u>
Total School Improvement Cluster			<u>\$ 213,008</u>
Migrant Education - State Grant Program	84.011	PRC 051	\$ 622,404
Foreign Language Assistance, Title V, Part D	84.293	PRC 104	157,700

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>Special Education Cluster</u>			
Special Education - Grants to States ( IDEA, Part B) -			
Education of the Handicapped	84.027	PRC 060	2,843,452
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	PRC 049	72,614
Coordinated Early Intervening Services	84.027	PRC 070	5,499
Special Needs Targeted Assistance	84.027	PRC 118	<u>16,457</u>
Total Special Education Cluster			<u>\$ 2,938,022</u>
<u>Education for Homeless Children and Youth Cluster</u>			
Education for Homeless Children and Youth	84.2	PRC 026	<u>\$ 27,547</u>
Total Education for Homeless Children and Youth Cluster			<u>\$ 27,547</u>
Race to the Top, Recovery Act	84.4	PRC 156	\$ 1,062,416
Teacher Quality Enhancement	84.367	PRC 103	634,113
Special Education State Improvement Grant	84.323	PRC 082	23,365
Career and Technical Education Basic Grants to States	84.048	PRC 017	<u>171,657</u>
Total U. S. Department of Education			<u>\$ 8,547,640</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resources and Services Administration</u>			
Direct Program:			
N.C. Medicaid Administrative Outreach Program		PRC 305	\$ 201,190
Medicaid Direct Services Reimbursement Program		PRC 306	<u>195,807</u>
Total U.S. Department of Health and Human Services			<u>\$ 396,997</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
ROTC	NONE	PRC 301	<u>\$ 340,031</u>
Total U.S. Department of Defense			<u>\$ 340,031</u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Labor</u>			
<u>Employment Training Administration</u>			
Passed through Southwestern NC Planning & Economic Development Commission:			
WIA Cluster:			
WIA Youth Activities	17.259	PRC 302	\$ 140,489
Total U.S. Department of Labor			<u>\$ 140,489</u>
Total Federal Assistance			<u>\$ 14,015,192</u>
<b>State Grants:</b>			
<u>N.C. Department of Public Instruction:</u>			
Cash Assistance			
State Public School Fund			\$ 66,059,426
Driver Training-SPSF		PRC 012	248,236
School Technology Fund - SPSF		PRC 015	230,266
State Kindergarten Breakfast			15,540
Vocational Education:			
- State Months of Employment		PRC 013	3,494,781
- Program Support Funds		PRC 014	476,791
NC Committee on Dropout Prevention:			
Dropout Prevention Grant		PRC 419	2,161
Non-Cash Assistance			
Textbooks			206,538
Appropriations for School Buses			<u>316,085</u>
Total State Assistance			<u>\$ 71,049,824</u>
Total Federal and State Assistance			<u>\$ 85,065,016</u>

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

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Henderson County Board of Public Education and is presented on the modified actual 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.



# **OTHER SCHEDULES**

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 COMBINING BALANCE SHEET - INDIVIDUAL SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>High Schools and Early College</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 469,135	\$ 169,660	\$ 466,884	\$ 1,105,679
Due from other funds	<u>67,165</u>	<u>61,001</u>	<u>182,267</u>	<u>310,433</u>
<b>Total Assets</b>	<u><u>\$ 536,300</u></u>	<u><u>\$ 230,661</u></u>	<u><u>\$ 649,151</u></u>	<u><u>\$ 1,416,112</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Fund balance:				
Restricted:				
Individual Schools	<u>\$ 536,300</u>	<u>\$ 230,661</u>	<u>\$ 649,151</u>	<u>\$ 1,416,112</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 536,300</u></u>	<u><u>\$ 230,661</u></u>	<u><u>\$ 649,151</u></u>	<u><u>\$ 1,416,112</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
APPLE VALLEY MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 41,659
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**REVENUES**

General	\$ 254,528	
Interest earned	<u>20</u>	<u>254,548</u>
		\$ 296,207

**EXPENDITURES**

		<u>245,505</u>
Balance, June 30, 2013		<u><u>\$ 50,702</u></u>

**COMPOSITION**

Checking account		\$ 45,040
Due from other funds		<u>5,662</u>
		<u><u>\$ 50,702</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
ATKINSON ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 29,122

**REVENUES**

General	\$ 70,308	
Interest earned	<u>7</u>	<u>70,315</u>
		\$ 99,437

**EXPENDITURES** 70,983

Balance, June 30, 2013 \$ 28,454

**COMPOSITION**

Checking account		\$ 26,100
Due from other funds		<u>2,354</u>
		<u><u>\$ 28,454</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
BRUCE DRYSDALE ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 30,055
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**REVENUES**

General	\$ 37,572	
Interest earned	<u>14</u>	<u>37,586</u>

\$ 67,641

**EXPENDITURES**

30,424

Balance, June 30, 2013

\$ 37,217

**COMPOSITION**

Checking account	\$ 33,980	
Due from other funds	<u>3,237</u>	<u>37,217</u>

\$ 37,217

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 CLEAR CREEK ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012	\$	44,703
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**REVENUES**

General		40,794
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40,794

\$ 85,497

**EXPENDITURES**

37,953

Balance, June 30, 2013	\$	47,544
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47,544

**COMPOSITION**

Checking account	\$	47,043
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Due from other funds		501
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501

\$ 47,544

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
DANA ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012	\$	28,159
 <b>REVENUES</b>		
General		42,615
	\$	70,774
 <b>EXPENDITURES</b>		
		36,283
Balance, June 30, 2013	\$	34,491
 <b>COMPOSITION</b>		
Checking account	\$	34,253
Due from other funds		238
	\$	34,491

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 EARLY COLLEGE HIGH SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012	\$	8,468
 <b>REVENUES</b>		
General		45,852
	\$	54,320
 <b>EXPENDITURES</b>		
		35,962
Balance, June 30, 2013	\$	18,358
 <b>COMPOSITION</b>		
Checking account	\$	18,129
Due from other funds		229
	\$	18,358



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
EAST HENDERSON HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 118,804

**REVENUES**

General	\$ 595,858	
Interest earned	<u>117</u>	<u>595,975</u>

\$ 714,779

**EXPENDITURES**

580,891

Balance, June 30, 2013

\$ 133,888

**COMPOSITION**

Checking account		\$ 131,081
Due from other funds		<u>2,807</u>

\$ 133,888

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 EDNEYVILLE ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 29,561

**REVENUES**

General	\$ 30,739	
Interest earned	<u>5</u>	<u>30,744</u>
		\$ 60,305

**EXPENDITURES**

	<u>44,485</u>
Balance, June 30, 2013	<u><u>\$ 15,820</u></u>

**COMPOSITION**

Checking account	\$ 15,224
Due from other funds	<u>596</u>
	<u><u>\$ 15,820</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 ETOWAH ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012	\$	14,106
 <b>REVENUES</b>		
General		45,542
	\$	59,648
 <b>EXPENDITURES</b>		
		39,012
Balance, June 30, 2013	\$	20,636
 <b>COMPOSITION</b>		
Checking account	\$	20,323
Due from other funds		313
	\$	20,636

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 FLAT ROCK MIDDLE SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 77,357

**REVENUES**

General	\$ 219,581	
Interest earned	<u>132</u>	<u>219,713</u>
		\$ 297,070

**EXPENDITURES** 223,422

Balance, June 30, 2013 \$ 73,648

**COMPOSITION**

Checking account		\$ 43,342
Due from other funds		<u>30,306</u>
		<u><u>\$ 73,648</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 FLETCHER ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 94,904
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**REVENUES**

General	\$ 43,665	
Interest earned	<u>154</u>	<u>43,819</u>
		\$ 138,723

**EXPENDITURES**

		<u>39,606</u>
Balance, June 30, 2013		<u><u>\$ 99,117</u></u>

**COMPOSITION**

Checking account		\$ 64,965
Due from other funds		<u>34,152</u>
		<u><u>\$ 99,117</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
GLENN MARLOW ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 53,938

**REVENUES**

General	\$ 132,099	
Interest earned	<u>3</u>	<u>132,102</u>
		\$ 186,040

**EXPENDITURES**

	<u>140,152</u>
Balance, June 30, 2013	<u><u>\$ 45,888</u></u>

**COMPOSITION**

Checking account	\$ 37,951
Certificate of deposit	7,700
Due from other funds	<u>237</u>
	<u><u>\$ 45,888</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 HENDERSONVILLE ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 55,302

**REVENUES**

General	\$ 64,676	
Interest earned	<u>6</u>	<u>64,682</u>
		\$ 119,984

**EXPENDITURES** 73,635

Balance, June 30, 2013 \$ 46,349

**COMPOSITION**

Checking account		\$ 44,786
Due from other funds		<u>1,563</u>
		<u><u>\$ 46,349</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 HENDERSONVILLE HIGH SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 130,480

**REVENUES**

General	\$ 509,533	
Interest earned	<u>381</u>	<u>509,914</u>
		\$ 640,394

**EXPENDITURES** 475,448

Balance, June 30, 2013 \$ 164,946

**COMPOSITION**

Checking account		\$ 83,065
Due from other funds		<u>81,881</u>
		<u><u>\$ 164,946</u></u>



**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 HENDERSONVILLE MIDDLE SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 31,387

**REVENUES**

General	\$ 182,091	
Interest earned	<u>44</u>	<u>182,135</u>
		\$ 213,522

**EXPENDITURES**

	<u>180,571</u>
Balance, June 30, 2013	<u><u>\$ 32,951</u></u>

**COMPOSITION**

Checking account		\$ 25,721
Due from other funds		<u>7,230</u>
		<u><u>\$ 32,951</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 HILLANDALE ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012	\$	34,651
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**REVENUES**

General		78,226
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78,226

\$ 112,877

**EXPENDITURES**

79,501

Balance, June 30, 2013	\$	33,376
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33,376

**COMPOSITION**

Checking account	\$	32,519
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Due from other funds		857
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857

33,376

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
MILLS RIVER ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 62,308

**REVENUES**

General	\$ 97,687	
Interest earned	<u>58</u>	<u>97,745</u>
		\$ 160,053

**EXPENDITURES** 98,881

Balance, June 30, 2013 \$ 61,172

**COMPOSITION**

Checking account		\$ 4,914
Savings account		42,520
Due from other funds		<u>13,738</u>
		<u><u>\$ 61,172</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
NORTH HENDERSON HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 208,472

**REVENUES**

General	\$ 493,390	
Interest earned	<u>3,771</u>	<u>497,161</u>
		\$ 705,633

**EXPENDITURES**

	<u>545,465</u>
Balance, June 30, 2013	<u><u>\$ 160,168</u></u>

**COMPOSITION**

Checking account	\$ 110,481
Certificate of deposit	47,610
Due from other funds	<u>2,077</u>
	<u><u>\$ 160,168</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
RUGBY MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 83,756
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**REVENUES**

General	\$ 314,492	
Interest earned	<u>73</u>	<u>314,565</u>
		\$ 398,321

**EXPENDITURES**

		<u>324,961</u>
Balance, June 30, 2013		<u><u>\$ 73,360</u></u>

**COMPOSITION**

Checking account		\$ 55,557
Due from other funds		<u>17,803</u>
		<u><u>\$ 73,360</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 SUGARLOAF ELEMENTARY SCHOOL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 29,402
 <b>REVENUES</b>		
General	\$ 43,805	
Interest earned	<u>16</u>	<u>43,821</u>
		\$ 73,223
 <b>EXPENDITURES</b>		
		<u>41,086</u>
Balance, June 30, 2013		<u><u>\$ 32,137</u></u>
 <b>COMPOSITION</b>		
Checking account		\$ 31,776
Due from other funds		<u>361</u>
		<u><u>\$ 32,137</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
UPWARD ELEMENTARY SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012		\$ 42,856
 <b>REVENUES</b>		
General	\$ 55,069	
Interest earned	<u>43</u>	<u>55,112</u>
		\$ 97,968
 <b>EXPENDITURES</b>		
		<u>63,869</u>
Balance, June 30, 2013		<u><u>\$ 34,099</u></u>
 <b>COMPOSITION</b>		
Checking account		\$ 25,081
Due from other funds		<u>9,018</u>
		<u><u>\$ 34,099</u></u>

**HENDERSON COUNTY BOARD OF PUBLIC EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
WEST HENDERSON HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Balance, July 1, 2012 \$ 122,099

**REVENUES**

General	\$ 679,441	
Interest earned	<u>412</u>	<u>679,853</u>

\$ 801,952

**EXPENDITURES**

630,161

Balance, June 30, 2013

\$ 171,791

**COMPOSITION**

Checking account		\$ 76,518
Due from other funds		<u>95,273</u>

\$ 171,791