

# **Haywood County Board of Education**

Financial Statements  
For the Year Ended  
June 30, 2015

# HAYWOOD COUNTY BOARD OF EDUCATION

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ANDERSON SMITH & WIKE PLLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Haywood County Board of Education  
Waynesville, 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 Haywood County Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and the 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 misstatements, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Haywood County Board of Education as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, the Other Special Revenue Fund and the Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 54 and 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not 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 Haywood County Board of Education's basic financial statements. The 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual 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 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 10, 2015 on our consideration of Haywood County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Haywood County Board of Education's internal control over financial reporting and compliance.

*Anderson Smith & Wike PLLC*

November 10, 2015  
Statesville, North Carolina  
(704)-562-5039

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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

***Financial Highlights***

- Enrollment decreased in FY 14-15 by 184 students or 2.43% from the previous fiscal year.
- The Board of Education and County Commissioners approved a funding formula in April 2015 that increased the FY 2015-16 PPA by \$39.46 per student. However, the county appropriation decreased in FY 2015-16 by \$180,773 due to the school system experiencing another drop in enrollment - going from a 10-day count of 7,400 in FY 2014-15 to a 10-day count of 7,188 in FY 2015-16.
- A new charter school opened in Haywood County in FY 2015-16 with an initial enrollment of 226 students.

***Overview of the Financial Statements***

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

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

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

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

***Government-wide Statements***

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

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

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

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

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

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

***Fund Financial Statements***

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds – not the unit as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

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

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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Haywood County Board of Education has three types of funds:

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

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

*Proprietary fund:* 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. Haywood County Board of Education has one proprietary fund – an enterprise fund – the School Food Service Fund.

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

*Fiduciary fund:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Haywood County Board of Education has one fiduciary fund – the Haywood County Schools Foundation Fund, which provides scholarships to many Haywood County students, is accounted for as a Private-Purpose Trust Fund. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The fiduciary fund statement of Net Position is shown as Exhibit 9 and 10 of this report.

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

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$55,604,072 as of June 30, 2015. The largest component of net position is the net investment in capital assets, of \$65,854,198. It comprises 118% the total net position.



**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

Following is a summary of the Statement of Net Position:

<b>Table 1</b>						
<b>Condensed Statement of Net Position</b>						
<b>As of June 30, 2015 and 2014</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Current assets	\$ 8,595,300	\$ 9,419,533	\$ 151,374	\$ 267,080	\$ 8,746,674	\$ 9,686,613
Capital assets	<u>65,967,312</u>	<u>65,968,785</u>	<u>295,692</u>	<u>317,290</u>	<u>66,263,004</u>	<u>66,286,075</u>
Total assets	<u>74,562,612</u>	<u>75,388,318</u>	<u>447,066</u>	<u>584,370</u>	<u>75,009,678</u>	<u>75,972,688</u>
Deferred outflows of resources	<u>3,550,217</u>	<u>-</u>	<u>121,155</u>	<u>-</u>	<u>3,671,372</u>	<u>-</u>
Current liabilities	4,343,239	4,090,829	154,792	116,993	4,498,031	4,207,822
Long-term liabilities	<u>5,708,021</u>	<u>2,194,219</u>	<u>219,397</u>	<u>136,938</u>	<u>5,927,418</u>	<u>2,331,157</u>
Total liabilities	<u>10,051,260</u>	<u>6,285,048</u>	<u>374,189</u>	<u>253,931</u>	<u>10,425,449</u>	<u>6,538,979</u>
Deferred inflows of resources	<u>12,234,029</u>	<u>-</u>	<u>417,500</u>	<u>-</u>	<u>12,651,529</u>	<u>-</u>
Net investment in						
capital assets	65,558,506	65,850,212	295,692	317,290	65,854,198	66,167,502
Restricted net position	1,774,226	1,627,031	-	-	1,774,226	1,627,031
Unrestricted net position	<u>(11,505,192)</u>	<u>1,626,027</u>	<u>(519,160)</u>	<u>13,149</u>	<u>(12,024,352)</u>	<u>1,639,176</u>
Total net assets	<u>\$ 55,827,540</u>	<u>\$ 69,103,270</u>	<u>\$ (223,468)</u>	<u>\$ 330,439</u>	<u>\$ 55,604,072</u>	<u>\$ 69,433,709</u>

Note that net position decreased during the year, indicating deterioration in the financial condition of the Board. The decrease in net position (20%) was due largely due to the implementation of GASB 68. Also note that the Board carries capital assets for which Haywood County carries the offsetting debt.

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Revenues:						
<b>Program revenues:</b>						
Charges for services	\$ 87,949	\$ 87,841	\$ 1,399,074	\$ 1,674,941	\$ 1,487,023	\$ 1,762,782
Operating grants and contributions	47,007,999	46,392,100	3,168,362	3,272,741	50,176,361	49,664,841
Capital grants and contributions	527,382	118,574	-	-	527,382	118,574
<b>General revenues:</b>						
Other revenues	21,080,863	19,956,365	65	487	21,080,928	19,956,852
<b>Total revenues</b>	<u>68,704,193</u>	<u>66,554,880</u>	<u>4,567,501</u>	<u>4,948,169</u>	<u>73,271,694</u>	<u>71,503,049</u>
Expenses:						
<b>Governmental activities:</b>						
Instructional services	53,129,103	52,821,362	-	-	53,129,103	52,821,362
System-wide support services	13,986,567	13,898,275	-	-	13,986,567	13,898,275
Ancillary services	366,298	319,055	-	-	366,298	319,055
Non-programmed charges	34,080	11,159	-	-	34,080	11,159
Unallocated depreciation	214,754	184,245	-	-	214,754	184,245
<b>Business-type activities:</b>						
Food service	-	-	4,693,879	5,082,030	4,693,879	5,082,030
<b>Total expenses</b>	<u>67,730,802</u>	<u>67,234,096</u>	<u>4,693,879</u>	<u>5,082,030</u>	<u>72,424,681</u>	<u>72,316,126</u>
Transfers in (out)	(56,800)	(66,510)	56,800	66,510	-	-
Increase(decrease) in net position	916,591	(745,726)	(69,578)	(67,351)	847,013	(813,077)
Beginning net position (as restated)	54,910,949	69,848,996	(153,890)	397,790	54,757,059	70,246,786
Ending net position	<u>\$ 55,827,540</u>	<u>\$ 69,103,270</u>	<u>\$ (223,468)</u>	<u>\$ 330,439</u>	<u>\$ 55,604,072</u>	<u>\$ 69,433,709</u>

Total governmental activities generated revenues of \$68.7 million while expenses in this category totaled \$67.7 million for the year ended June 30, 2015. Comparatively, revenues were \$66.6 million and expenses totaled \$67.2 million for the year ended June 30, 2014. After transfers to the business-type activities, the increase in net position stands at \$916,591 at June 30, 2015, compared to a decrease of \$745,726 in 2014. Instructional services comprised 78% of total governmental-type expenses while system-wide support services made up 21% of those expenses for 2015. County funding comprised 21% of total governmental revenue. Much of the remaining 79% of total governmental revenue for 2015 consists of restricted State and federal money. Business-type activities generated revenue of \$4.6 million and had expenses of \$4.7 million in 2015. Net position

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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decreased in the business-type activities by \$69,578, after transfers in from the governmental activities of \$56,800.

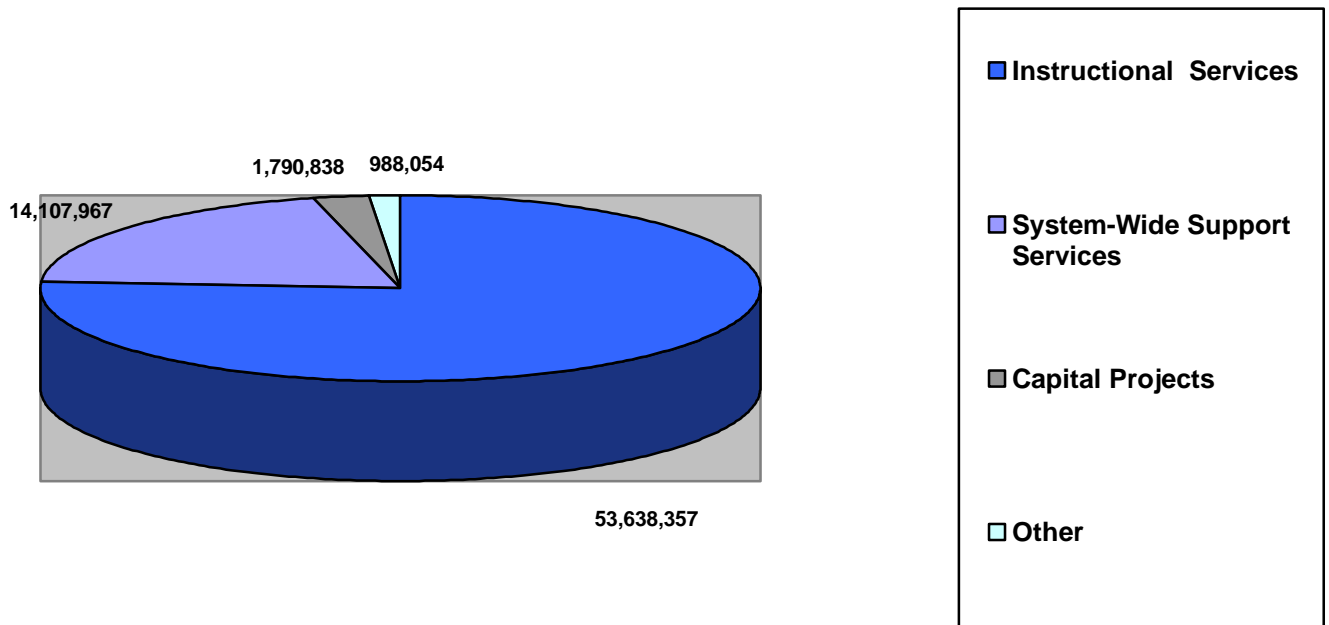
**Financial Analysis of the Board's Funds**

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

The Board's governmental funds reported a combined fund balance of \$6,203,692, a \$1,016,023 decrease from last year. The General Fund had expenditures in excess of revenues of \$1,108,382.

Proprietary Fund: The Board's business-type fund had a decrease in net position in the current year of \$69,578.

**Categorization of Expenditures for Governmental Funds**



Expenditures are presented on the modified accrual basis of accounting.

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for changes in expenditures. Generally, budget amendments fall into four categories: 1) amendments made as the Department of Public Instruction issues allotment revisions which include additions and changes; 2) amendments to adjust Federal Program differences between planning allotments and initial

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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allotments; 3) amendments to recognize new funding sources such as federal or State grants; and 4) amendments to appropriate fund balance at the Board's direction.

**Capital Assets**

Capital assets decreased by \$23,071 from the previous year. This decrease was due to depreciation expense exceeding capital additions in the current year. The following is a summary of the capital assets, net of depreciation at year-end.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14
Land	\$ 3,395,756	\$ 3,395,756	\$ -	\$ -	\$ 3,395,756	\$ 3,395,756
Construction in progress	-	1,395,268	-	-	-	1,395,268
Buildings and improvements	59,653,179	58,819,854	-	-	59,653,179	58,819,854
Equipment and furniture	1,309,497	1,409,703	295,692	317,290	1,605,189	1,726,993
Vehicles	1,608,880	948,204	-	-	1,608,880	948,204
Total	<u>\$ 65,967,312</u>	<u>\$ 65,968,785</u>	<u>\$ 295,692</u>	<u>\$ 317,290</u>	<u>\$ 66,263,004</u>	<u>\$ 66,286,075</u>

**Debt Outstanding**

During the year the Board's outstanding debt for installment purchases increased by \$290,233. This decrease is not considered significant and occurred during the normal operations of the Board. 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 the majority of the debt issued for school construction.

**Economic Factors**

The Board anticipates reduced state funding due to the new charter school, placing added pressure on the local budget to make up for these reductions. While the County has experienced a 5.6% population increase from 2006 to 2015, the school system continues to experience declining enrollments.

The County experienced a .5% increase in local unemployment over last year to 5.5% at June 30, 2015.

Sales tax revenue increased in FY 14-15 for the County by 12%, likely due to the sale of the county's hospital to Duke-Lifepoint in July 2014.

**HAYWOOD COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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***Requests for Information***

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

Angie Gardner, Finance Officer  
Haywood County Board of Education  
1230 North Main Street  
Waynesville, NC 28786

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,491,768	\$ -	\$ 6,491,768
Due from other governments	2,030,351	130,778	2,161,129
Receivables (net)	8,117	3,516	11,633
Internal balances	65,064	(65,064)	-
Inventories	-	82,144	82,144
Capital assets			
Land, improvements, and construction in progress	3,395,756	-	3,395,756
Other capital assets, net of depreciation	62,571,556	295,692	62,867,248
Total capital assets	65,967,312	295,692	66,263,004
Total assets	74,562,612	447,066	75,009,678
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	3,550,217	121,155	3,671,372
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	270,893	5,961	276,854
Accrued salaries and wages payable	2,120,715	11,512	2,132,227
Unavailable revenues	-	55,703	55,703
Long-term liabilities:			
Net pension liability	3,332,373	113,721	3,446,094
Due within one year	1,951,631	81,616	2,033,247
Due in more than one year	2,375,648	105,676	2,481,324
Total liabilities	10,051,260	374,189	10,425,449
<b>DEFERRED INFLOWS OF RESOURCES</b>	12,234,029	417,500	12,651,529
<b>NET POSITION</b>			
Net investment in capital assets	65,558,506	295,692	65,854,198
Restricted for:			
Stabilization by State statute	303,698	-	303,698
Individual schools	1,424,766	-	1,424,766
Capital Outlay	45,762	-	45,762
Unrestricted	(11,505,192)	(519,160)	(12,024,352)
Total net position	\$ 55,827,540	\$ (223,468)	\$ 55,604,072

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**

*Exhibit 2*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
Instructional programs:				
Regular instructional	\$ 30,707,750	\$ -	\$ 26,440,702	\$ -
Special populations	7,536,566	-	6,965,288	-
Alternative programs	4,285,965	-	3,668,681	-
School leadership	3,885,178	-	2,380,388	-
Co-curricular	3,904,752	-	-	-
School-based support	2,808,892	-	2,109,819	-
Support services:				
Support and development	556,373	-	297,879	-
Special populations	258,600	-	254,880	-
Alternative programs	306,649	-	218,704	-
Technology support	1,032,039	-	354,016	-
Operational support	9,805,465	87,949	3,787,634	527,382
Financial and human resource services	612,611	-	160,214	-
Accountability	101,764	-	7,667	-
System-wide pupil support services	331,988	-	-	-
Policy, leadership and public relations	981,078	-	270,954	-
Ancillary services	366,298	-	91,173	-
Non programmed charges	34,080	-	-	-
Unallocated depreciation expense**	214,754	-	-	-
Total governmental activities	67,730,802	87,949	47,007,999	527,382
Business-type activities:				
School food service	4,693,879	1,399,074	3,168,362	-
Total primary government	\$ 72,424,681	\$ 1,487,023	\$ 50,176,361	\$ 527,382

General revenues:

Unrestricted county appropriations - operating

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues

Change in net position

Net position-beginning, as previously reported

Restatement

Net position-beginning

Net position-ending

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

**Net (Expense) Revenue and Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (4,267,048)	\$ -	\$ (4,267,048)
(571,278)	-	(571,278)
(617,284)	-	(617,284)
(1,504,790)	-	(1,504,790)
(3,904,752)	-	(3,904,752)
(699,073)	-	(699,073)
(258,494)	-	(258,494)
(3,720)	-	(3,720)
(87,945)	-	(87,945)
(678,023)	-	(678,023)
(5,402,500)	-	(5,402,500)
(452,397)	-	(452,397)
(94,097)	-	(94,097)
(331,988)	-	(331,988)
(710,124)	-	(710,124)
(275,125)	-	(275,125)
(34,080)	-	(34,080)
(214,754)	-	(214,754)
<u>(20,107,472)</u>	<u>-</u>	<u>(20,107,472)</u>
-	(126,443)	(126,443)
<u>(20,107,472)</u>	<u>(126,443)</u>	<u>(20,233,915)</u>
14,427,389	-	14,427,389
-	65	65
6,653,474	-	6,653,474
(56,800)	56,800	-
<u>21,024,063</u>	<u>56,865</u>	<u>21,080,928</u>
<u>916,591</u>	<u>(69,578)</u>	<u>847,013</u>
69,103,270	330,439	69,433,709
<u>(14,192,321)</u>	<u>(484,329)</u>	<u>(14,676,650)</u>
<u>54,910,949</u>	<u>(153,890)</u>	<u>54,757,059</u>
<u>\$ 55,827,540</u>	<u>\$ (223,468)</u>	<u>\$ 55,604,072</u>



**HAYWOOD COUNTY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2015**

**Exhibit 3**

	<b>Major Funds</b>			
	<b>General</b>	<b>State Public School</b>	<b>Individual Schools</b>	<b>Federal Grants</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,750,634	\$ -	\$ 1,445,343	\$ 95,000
Due from other governments	36,814	1,742,316	-	173,095
Due from other funds	160,064	-	-	-
Receivables (net)	8,007	-	-	-
Total assets	<u>\$ 3,955,519</u>	<u>\$ 1,742,316</u>	<u>\$ 1,445,343</u>	<u>\$ 268,095</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 270,893	\$ -	\$ -	\$ -
Accrued salaries and wages payable	169,334	1,742,316	-	173,095
Due to other funds	-	-	20,577	95,000
Total liabilities	<u>440,227</u>	<u>1,742,316</u>	<u>20,577</u>	<u>268,095</u>
Fund balances:				
Restricted:				
Stabilization by State statute	204,885	-	-	-
Capital Outlay	-	-	-	-
Individual Schools	-	-	1,424,766	-
Assigned:				
Designated for subsequent year's expenditures	1,933,961	-	-	-
Designated for band expenditures	60,000	-	-	-
Special revenues	-	-	-	-
Unassigned	1,316,446	-	-	-
Total fund balances	<u>3,515,292</u>	<u>-</u>	<u>1,424,766</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,955,519</u>	<u>\$ 1,742,316</u>	<u>\$ 1,445,343</u>	<u>\$ 268,095</u>

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

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.
- Deferred outflows of resources related to pensions
- Some liabilities, including compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds.
- Net pension liability
- Deferred inflows of resources related to pensions
- Net position of governmental activities

<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
<u>Other Special Revenue</u>	<u>Capital Outlay</u>	
\$ 1,155,029	\$ 45,762	\$ 6,491,768
78,126	-	2,030,351
20,577	-	180,641
110	-	8,117
<u>\$ 1,253,842</u>	<u>\$ 45,762</u>	<u>\$ 8,710,877</u>

\$ -	\$ -	\$ 270,893
35,970	-	2,120,715
-	-	115,577
<u>35,970</u>	<u>-</u>	<u>2,507,185</u>

98,813	-	303,698
-	45,762	45,762
-	-	1,424,766
-	-	1,933,961
-	-	60,000
1,119,059	-	1,119,059
-	-	1,316,446
<u>1,217,872</u>	<u>45,762</u>	<u>6,203,692</u>
<u>\$ 1,253,842</u>	<u>\$ 45,762</u>	

65,967,312  
3,550,217

(4,327,279)  
(3,332,373)  
(12,234,029)  
\$ 55,827,540

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

**Exhibit 4**

	<b>Major Funds</b>			
	<b>General</b>	<b>State Public School</b>	<b>Individual Schools</b>	<b>Federal Grants</b>
<b>REVENUES</b>				
State of North Carolina	\$ -	\$ 40,984,510	\$ -	\$ -
Haywood County	14,427,389	-	-	-
U.S. Government	-	-	-	4,618,534
Other	514,184	-	3,755,975	-
Total revenues	<u>14,941,573</u>	<u>40,984,510</u>	<u>3,755,975</u>	<u>4,618,534</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services:				
Regular instructional	4,646,023	25,221,744	-	258,000
Special populations	391,389	5,133,066	-	1,623,793
Alternative programs	534,493	1,338,394	-	2,221,117
School Leadership	1,635,985	2,380,388	-	-
Co-curricular	329,170	-	3,707,439	-
School-based support	766,882	2,068,861	-	27,982
System-wide support services:				
Support and development	268,290	267,873	-	25,691
Special populations	12,452	182,093	-	72,787
Alternative programs	24,491	31,820	-	151,469
Technology support	555,754	183,704	-	94,922
Operational support	5,139,448	3,698,553	-	88,891
Financial and human resource services	466,407	150,992	-	6,018
Accountability	79,976	-	-	-
System-wide pupil support services	342,943	-	-	-
Policy, leadership and public relations	742,473	270,222	-	-
Ancillary services:				
Community	2,634	-	-	-
Nutrition	77,006	-	-	-
Non-programmed charges	34,139	-	-	47,864
<b>Capital outlay</b>	-	-	-	-
<b>Debt Service</b>	-	-	-	-
Principal	-	-	-	-
Total expenditures	<u>16,049,955</u>	<u>40,927,710</u>	<u>3,707,439</u>	<u>4,618,534</u>
Revenues over (under) expenditures	(1,108,382)	56,800	48,536	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (to) from other funds	-	(56,800)	-	-
Installment purchase obligations issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(56,800)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,108,382)	-	48,536	-
Fund balances-beginning	4,623,674	-	1,376,230	-
Fund balances-ending	<u>\$ 3,515,292</u>	<u>\$ -</u>	<u>\$ 1,424,766</u>	<u>\$ -</u>

<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
<b>Other Special Revenue</b>	<b>Capital Outlay</b>	<b>Governmental Funds</b>
\$ 262,514	\$ 869,191	\$ 42,116,215
-	1,591,270	16,018,659
330,051	-	4,948,585
1,394,667	93	5,664,919
<u>1,987,232</u>	<u>2,460,554</u>	<u>68,748,378</u>
274,755	89,133	30,489,655
624,038	-	7,772,286
326,856	-	4,420,860
-	-	4,016,373
-	-	4,036,609
38,849	-	2,902,574
12,918	-	574,772
-	-	267,332
106,034	-	313,814
225,717	-	1,060,097
568	870,723	9,798,183
9,592	-	633,009
25,146	-	105,122
-	-	342,943
-	-	1,012,695
-	-	2,634
299,029	-	376,035
-	-	82,003
-	1,790,838	1,790,838
-	527,382	527,382
<u>1,943,502</u>	<u>3,278,076</u>	<u>70,525,216</u>
43,730	(817,522)	(1,776,838)
-	-	(56,800)
-	817,615	817,615
-	817,615	760,815
<u>43,730</u>	<u>93</u>	<u>(1,016,023)</u>
1,174,142	45,669	7,219,715
<u>\$ 1,217,872</u>	<u>\$ 45,762</u>	<u>\$ 6,203,692</u>

The accompanying notes are an integral part of the financial statements.

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

**Exhibit 4**  
**(Continued)**

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

Net changes in fund balances - total governmental funds	\$ (1,016,023)
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 capital outlays exceeded depreciation in the current period.	42,712
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	3,550,217
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(290,233)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(1,374,081)
Compensated absences	48,184
Loss on disposal of capital assets	<u>(44,185)</u>
Total changes in net position of governmental activities	<u>\$ 916,591</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE  
FUNDS  
For the Year Ended June 30, 2015**

**Exhibit 5**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Haywood County	14,338,414	14,427,389	14,427,389	-
U.S. Government	130,000	-	-	-
Other	525,000	525,000	514,184	(10,816)
Total revenues	<u>14,993,414</u>	<u>14,952,389</u>	<u>14,941,573</u>	<u>(10,816)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	6,115,875	4,953,656	4,646,023	307,633
Special populations	154,989	391,746	391,389	357
Alternative programs	442,978	596,942	534,493	62,449
School leadership	1,630,116	1,748,169	1,635,985	112,184
Co-curricular	329,253	329,253	329,170	83
School-based support	637,899	820,488	766,882	53,606
System-wide support services				
Support and development	264,031	334,260	268,290	65,970
Special populations	-	14,012	12,452	1,560
Alternative programs	-	25,104	24,491	613
Technology support	543,914	561,132	555,754	5,378
Operational support	5,311,543	5,405,178	5,139,448	265,730
Financial and human resource services	428,644	467,517	466,407	1,110
Accountability	90,279	93,189	79,976	13,213
System-wide pupil support services	359,537	366,215	342,943	23,272
Policy, leadership and public relations	784,536	801,201	742,473	58,728
Ancillary services				
Community	7,500	9,689	2,634	7,055
Nutrition	44,693	84,211	77,006	7,205
Non-programmed charges	40,000	142,800	34,139	108,661
Total expenditures	<u>17,185,787</u>	<u>17,144,762</u>	<u>16,049,955</u>	<u>1,094,807</u>
Revenues over (under) expenditures	(2,192,373)	(2,192,373)	(1,108,382)	1,083,991
Other financing sources (uses):				
Transfers (to) from other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	(2,192,373)	(2,192,373)	(1,108,382)	1,083,991
Appropriated fund balance	<u>2,192,373</u>	<u>2,192,373</u>	<u>-</u>	<u>(2,192,373)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(1,108,382)</u>	<u>\$ (1,108,382)</u>
Fund balances, beginning of year			4,623,674	
Fund balances, end of year			<u>\$ 3,515,292</u>	

The accompanying notes are an integral part of the financial statements.

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**HAYWOOD COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE  
FUNDS  
For the Year Ended June 30, 2015**

**Exhibit 5 (continued)**

	State Public School Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 39,221,230	\$ 41,178,041	\$ 40,984,510	\$ (193,531)
Haywood County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>39,221,230</u>	<u>41,178,041</u>	<u>40,984,510</u>	<u>(193,531)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	25,111,801	25,289,862	25,221,744	68,118
Special populations	4,590,301	5,145,353	5,133,066	12,287
Alternative programs	1,079,908	1,360,647	1,338,394	22,253
School leadership	2,201,212	2,397,283	2,380,388	16,895
Co-curricular	-	-	-	-
School-based support	2,029,425	2,075,354	2,068,861	6,493
System-wide support services				
Support and development	276,024	267,893	267,873	20
Special populations	173,658	182,322	182,093	229
Alternative programs	-	31,820	31,820	-
Technology support	-	246,052	183,704	62,348
Operational support	3,289,519	3,702,812	3,698,553	4,259
Financial and human resource services	154,658	151,008	150,992	16
Accountability	-	-	-	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	260,547	270,226	270,222	4
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>39,167,053</u>	<u>41,120,632</u>	<u>40,927,710</u>	<u>192,922</u>
Revenues over (under) expenditures	54,177	57,409	56,800	(609)
Other financing sources (uses):				
Transfers (to) from other funds	<u>(54,177)</u>	<u>(57,409)</u>	<u>(56,800)</u>	<u>609</u>
Revenues and other sources over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

**HAYWOOD COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE  
FUNDS  
For the Year Ended June 30, 2015**

*Exhibit 5 (continued)*

	Federal Grants Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Haywood County	-	-	-	-
U.S. Government	6,421,104	6,899,287	4,618,534	(2,280,753)
Other	-	-	-	-
Total revenues	<u>6,421,104</u>	<u>6,899,287</u>	<u>4,618,534</u>	<u>(2,280,753)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	535,322	525,073	258,000	267,073
Special populations	1,651,011	1,795,912	1,623,793	172,119
Alternative programs	2,568,488	2,747,405	2,221,117	526,288
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	55,049	66,925	27,982	38,943
System-wide support services				
Support and development	40,056	38,872	25,691	13,181
Special populations	88,510	88,531	72,787	15,744
Alternative programs	159,705	195,487	151,469	44,018
Technology support	94,970	94,970	94,922	48
Operational support	132,774	142,888	88,891	53,997
Financial and human resource services	20,000	36,000	6,018	29,982
Accountability	-	-	-	-
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	1,075,219	1,167,224	47,864	1,119,360
Total expenditures	<u>6,421,104</u>	<u>6,899,287</u>	<u>4,618,534</u>	<u>2,280,753</u>
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers (to) from other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	



**HAYWOOD COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE  
FUNDS  
For the Year Ended June 30, 2015**

**Exhibit 5 (continued)**

	Other Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
State of North Carolina	\$ 316,918	\$ 553,418	\$ 262,514	\$ (290,904)
Haywood County	-	-	-	-
U.S. Government	236,155	366,156	330,051	(36,105)
Other	904,550	2,212,093	1,394,667	(817,426)
Total revenues	<u>1,457,623</u>	<u>3,131,667</u>	<u>1,987,232</u>	<u>(1,144,435)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional services				
Regular instructional	113,262	315,627	274,755	40,872
Special populations	309,420	754,265	624,038	130,227
Alternative programs	506,756	473,097	326,856	146,241
School leadership	-	-	-	-
Co-curricular	-	-	-	-
School-based support	6,612	56,723	38,849	17,874
System-wide support services				
Support and development	12,918	12,918	12,918	-
Special populations	-	-	-	-
Alternative programs	99,787	141,852	106,034	35,818
Technology support	408,868	785,280	225,717	559,563
Operational support	-	1,135	568	567
Financial and human resource services	-	10,503	9,592	911
Accountability	-	25,436	25,146	290
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	-	-	-	-
Ancillary services				
Community	-	326,863	299,029	27,834
Nutrition	-	-	-	-
Non-programmed charges	-	227,968	-	227,968
Total expenditures	<u>1,457,623</u>	<u>3,131,667</u>	<u>1,943,502</u>	<u>1,188,165</u>
Revenues over (under) expenditures	-	-	43,730	43,730
Other financing sources (uses):				
Transfers (to) from other funds	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	-	-	43,730	43,730
Appropriated fund balance	-	-	-	-
Revenues, other sources, and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	43,730	<u>\$ 43,730</u>
Fund balances, beginning of year			1,174,142	
Fund balances, end of year			<u>\$ 1,217,872</u>	

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**June 30, 2015**

**Exhibit 6**

	<u>Major Fund</u>
	<u>School Food Service</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Due from other governments	130,778
Accounts receivable	3,516
Inventories	82,144
Total current assets	<u>216,438</u>
Noncurrent assets:	
Capital assets, net	<u>295,692</u>
Total assets	<u>512,130</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>121,155</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,961
Accrued salaries and wages	11,512
Due to other funds	65,064
Compensated absences	81,616
Unavailable revenues	55,703
Total current liabilities	<u>219,856</u>
Noncurrent liabilities:	
Net pension liability	113,721
Compensated absences	105,676
Total noncurrent liabilities	<u>219,397</u>
Total liabilities	<u>439,253</u>
<b>DEFERRED INTFLOWS OF RESOURCES</b>	<u>417,500</u>
<b>NET POSITION</b>	
Net investment in capital assets	295,692
Unrestricted	(519,160)
Total net position	<u>\$ (223,468)</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2015**

**Exhibit 7**

	<u>Major Fund</u>
	<u>School Food Service</u>
<b>OPERATING REVENUES</b>	
Food sales	\$ 1,399,074
<b>OPERATING EXPENSES</b>	
Purchase of food	1,886,814
Salaries and benefits	2,279,726
Indirect costs	339,216
Materials and supplies	46,256
Repairs and maintenance	56,844
Workshops	3,240
Telephone and mobile communications	7,305
Travel	13,798
Depreciation	55,348
Other	5,332
Total operating expenses	<u>4,693,879</u>
Operating loss	<u>(3,294,805)</u>
<b>NONOPERATING REVENUES</b>	
Federal reimbursements	2,577,622
Federal commodities	243,410
State Breakfast Grant	8,114
Interest earned	65
Indirect costs not paid	339,216
Total nonoperating revenues	<u>3,168,427</u>
Net loss before transfers	(126,378)
Transfer from other funds	<u>56,800</u>
Change in net position	<u>(69,578)</u>
Total net position - beginning, as previously reported	330,439
Restatement	<u>(484,329)</u>
Total net position - beginning, as restated	<u>(153,890)</u>
Total net position - ending	<u>\$ (223,468)</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2015**

**Exhibit 8**

	<u>Major Fund</u>
	<u>School Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,415,756
Cash paid for goods and services	(1,662,756)
Cash paid to employees for services	(2,304,829)
Net cash used by operating activities	<u>(2,551,829)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal reimbursements	2,577,400
State reimbursements	8,114
Net cash provided by financing activities	<u>2,585,514</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(33,750)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>65</u>
Net increase in cash and cash equivalents	-
Balance-beginning of the year	<u>-</u>
Balance-end of the year	<u>\$ -</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)**  
**For the Year Ended June 30, 2015**

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	<u>Major Fund</u>
	<u>School Food Service</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (3,294,805)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	55,348
Pension expense	46,892
Donated commodities consumed	243,410
Indirect costs not paid	339,216
Expenses paid by other funds	56,800
Changes in assets, deferred outflows of resources, and liabilities:	
Decrease in inventories	53,088
Decrease in accounts receivable	1,393
Decrease in accounts payable	(1,112)
Increase in deferred outflows of resources for pension plan contributions in the current fiscal year	(121,155)
Increase in accrued salaries and wages	6,967
Increase in due to other funds	61,447
Increase in unavailable revenues	15,289
Decrease in compensated absences	(14,607)
Total adjustments	742,976
Net cash used by operating activities	<u>\$ (2,551,829)</u>

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

Indirect costs of \$339,216 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$243,410 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue on Exhibit 7.

The State Public School Fund paid salaries and benefits of \$56,800 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 7.

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND**  
**June 30, 2015**

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**Exhibit 9**

	<b>Private- Purpose Trust Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 2,082,642
Land held for investment	<u>244,000</u>
Total Assets	<u>\$ 2,326,642</u>
<b>NET POSITION</b>	
Assets held in trust for private purposes	<u>\$ 2,326,642</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND**  
**For the Year Ended June 30, 2015**

**Exhibit D-1**

**Private-  
Purpose  
Trust Fund**

<p>Additions:</p> <p>    Contributions and other revenue</p> <p>    Investment earnings (losses)</p> <p>        Total additions</p>	<p>\$ 485,688</p> <p>(15,327)</p> <p><u>470,361</u></p>
<p>Deductions:</p> <p>    Administrative expenses</p> <p>    Fundraising expenses</p> <p>    Scholarships and grants paid</p> <p>        Total deductions</p>	<p>40,182</p> <p>37,892</p> <p>311,126</p> <p><u>389,200</u></p>
<p>Change in net position</p>	<p>81,161</p>
<p>Total net position - beginning</p>	<p><u>2,245,481</u></p>
<p>Total net position - ending</p>	<p><u><u>\$ 2,326,642</u></u></p>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

Haywood County Schools Foundation, Inc. (the “Foundation”) is a non-profit corporation that has been determined to be exempt from income tax under Internal Code Section 501(c)(3), and is governed by a board of directors appointed by the Board. Although it is legally separate from the Board, the Foundation is reported as if it were part of the primary government because its sole purpose is to promote, develop and encourage public and private support for the Haywood County school system. The Foundation is reported as a fiduciary fund. Separate financial statements have not been issued.

Basis of Presentation

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

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



**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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

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

The Board reports the following major governmental funds:

*General Fund.* The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are accounted for in another fund.

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

*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.

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

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

The Board reports one major enterprise fund, the School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

The Board reports one fiduciary fund, a private-purpose trust fund which consists of the Haywood County Schools Foundation, Inc., a component unit of the Haywood County Board of Education.

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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Measurement Focus and Basis of Accounting

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

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

All governmental and business-type activities and enterprise funds of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose function 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. Such transfers must be reported to the governing board at its next regular meeting. 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.

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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Encumbrance accounting is employed in all governmental funds except the Individual Schools Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. There were no outstanding encumbrances at June 30, 2015.

Assets, Liabilities, and Fund Equity

Deposits and Investments

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

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

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

Cash and Cash Equivalents

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

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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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.

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 1987 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. 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.

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

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

	<u>Years</u>
Buildings	30 - 50
Improvements	20
Equipment and furniture	5 - 20
Vehicles	6 - 8

Land and construction in progress are not depreciated.

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

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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Deferred outflows and inflows of resources

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

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.

Compensated Absences

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

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

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 represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through State Statute.

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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Fund Balances

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 Board of Education intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted. The Board of Education approves the appropriation.

Band expenditures – portion of fund balance that is designated for future purchases of band uniforms.

Assigned for Other Special Revenues – revenue sources restricted for expenditures that are required by federal, State and other providers to be spent for specific purposes.

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

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

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$49,623,848 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 107,817,687
Less Accumulated Depreciation	<u>41,850,375</u>
Net capital assets	65,967,312
 Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	(198,389)
Contributions made to the pension plan in current fiscal year	3,550,217
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Compensated absences	(3,918,473)
Installment purchase obligations	(408,806)
Net pension liability	(3,332,373)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(776,759)
Differences between projected and actual earnings on plan earnings	<u>(11,258,881)</u>
Total adjustment	<u>\$ 49,623,848</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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B. 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 \$1,932,614 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 2,684,038
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but no in the fund statements.	(2,641,326)
Contributions to the pension plan in the current year are not included on the Statement of activities	3,550,217
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(1,374,081)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	48,184
Loss on disposal of capital assets	(44,185)
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. This amount is the net effect of these differences in the treatment of long-term debt.	<u>(290,233)</u>
Total adjustment	<u>\$ 1,932,614</u>



**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

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

At June 30, 2015, the Board had deposits with banks and savings and loans with a carrying amount of \$4,207,250 and with the State Treasurer of \$95,000. The bank balances with the financial institutions and the State Treasurer were \$5,177,351 and \$446,023, respectively. Of these balances, \$2,116,724 was covered by federal depository insurance and \$3,506,650 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2015, the Board had \$2,625,970 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2015. The Board has no policy for managing interest rate risk or credit risk.

At June 30, 2015, the Haywood County Schools Foundation, Inc. (a blended component unit included in the basic financial statements as a Fiduciary Fund) reported \$1,646,190 of equity securities. These securities are reported at fair value.

**HAYWOOD COUNTY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2015**

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Accounts Receivable

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

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 36,814	\$ 8,007
Other Government Funds	<u>1,993,537</u>	<u>110</u>
Total	<u>\$ 2,030,351</u>	<u>\$ 8,117</u>
Business-type activities:		
School Food Service	<u>\$ 130,778</u>	<u>\$ 3,516</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 36,814	Haywood County
State Public School Fund	1,742,316	Operating funds from DPI
Federal Grants Fund	173,095	Federal grant funds
Other Special Revenue Fund	<u>78,126</u>	Federal and State grants
Total	<u>\$ 2,030,351</u>	
Business-type activities:		
School Food Service Fund	<u>\$ 130,778</u>	Federal grants

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being     depreciated:</b>				
Land	\$ 3,395,756	\$ -	\$ -	\$ 3,395,756
Construction in progress	1,395,268	1,288,420	2,683,688	-
Total capital assets not being depreciated	<u>4,791,024</u>	<u>1,288,420</u>	<u>2,683,688</u>	<u>3,395,756</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	89,712,929	2,932,573	-	92,645,502
Equipment and furniture	4,504,434	158,733	132,559	4,530,608
Vehicles	6,257,821	988,000	-	7,245,821
Total capital assets being depreciated	<u>100,475,184</u>	<u>4,079,306</u>	<u>132,559</u>	<u>104,421,931</u>
<b>Less accumulated     depreciation for:</b>				
Buildings and improvements	30,893,075	2,099,248	-	32,992,323
Equipment and furniture	3,094,731	214,754	88,374	3,221,111
Vehicles	5,309,617	327,324	-	5,636,941
Total accumulated depreciation	<u>39,297,423</u>	<u>2,641,326</u>	<u>88,374</u>	<u>41,850,375</u>
Total capital assets being depreciated, net	<u>61,177,761</u>			<u>62,571,556</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 65,968,785</u>			<u>\$ 65,967,312</u>

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>School Food Service Fund:</b>				
Capital assets being depreciated:				
Furniture and office equipment	\$ 2,115,835	\$ 33,750	\$ -	\$ 2,149,585
<b>Less accumulated depreciation for:</b>				
Furniture and office equipment	<u>1,798,545</u>	<u>55,348</u>	<u>-</u>	<u>1,853,893</u>
<b>School Food Service capital assets, net:</b>	<u>\$ 317,290</u>			<u>\$ 295,692</u>

Depreciation was charged to governmental functions as follows:

Instructional services	\$ 2,099,248
System-wide support services	327,324
Unallocated depreciation	<u>214,754</u>
Total	<u>\$ 2,641,326</u>

Construction Commitment

Haywood County Board of Education has a contract with an outstanding purchase commitment of \$250,000 for gym floor replacements at Pisgah High School and Tuscola High School. As of June 30, 2015, no expenditures have been made relating to this contract.

Liabilities

Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

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

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

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

*Contributions.* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2015 was 9.15% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by the employees during the year. Contributions to the pension plan from the Board were \$3,650,576 for the year ended June 30, 2015.

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

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the Board reported a liability of \$3,446,094 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportionate share of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2014 and at June 30, 2013, the Boards proportion was .29% and .30%, respectively.

For the year ended June 30, 2015, the Board recognized pension expense of \$1,420,973. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 803,267
Net difference between projected and actual earnings on pension plan investments	-	11,643,103
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	205,159
Board contributions subsequent to the measurement date	<u>3,671,372</u>	<u>-</u>
Total	<u>\$ 3,671,372</u>	<u>\$ 12,651,529</u>

\$3,671,372 reported as deferred outflows of resources related to pensions resulted from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ 3,176,851
2017	3,176,851
2018	3,176,851
2019	3,120,976
2020	-
Thereafter	-

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

	<u>1% Decrease (6.25%)</u>	<u>Discounted Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 24,738,472	\$ 3,446,094	\$ (14,532,212)

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

**b. Other Post-employment Benefits**

**Post-employment Healthcare Benefits**

*Plan Description.* The post-employment healthcare benefits are provided through a multiple-employer cost-sharing plans 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



**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

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

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

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2015, 2014, and 2013, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$2,190,346, \$2,061,671, and \$2,083,867, respectively. These contributions represented 5.49%, 5.4%, and 5.3% of covered payroll, respectively.

## 2. Other Employment Benefits

In addition to providing pension and post employment healthcare benefits, the Board provides death benefits and disability benefits, in accordance with State statutes, to certain employees.

### Death Benefits

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

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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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.

Disability Benefits

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

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

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

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.

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

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2015, 2014, and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$163,578, \$167,988, and \$173,000, respectively. These contributions represented 0.41%, 0.44%, and 0.44% of covered payroll, respectively.

Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities		
General	\$ 270,893	\$ 169,334
Other Governmental	-	1,951,381
Total-governmental activities	<u>\$ 270,893</u>	<u>\$ 2,120,715</u>
Business-type Activities		
School Food Service	<u>\$ 5,961</u>	<u>\$ 11,512</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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Unavailable Revenues

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

	<u>Unavailable Revenue</u>
Prepaid lunch balances (School Food Service Fund)	<u>\$ 55,703</u>

Deferred Outflows and Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ -	\$ 205,159
Difference between projected and actual earnings on plan investments	-	11,643,103
Board contributions subsequent to the measurement date	3,671,372	
Difference between expected and actual experience	-	803,267
Totals	<u>\$ 3,671,372</u>	<u>\$ 12,651,529</u>

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from Federal and local funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,550,000, and an annual aggregate limit of \$2,550,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$150,000 per claim for errors and omissions and general liability. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from federal or local funds. Workers' compensation coverage is provided by the State for through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the

**HAYWOOD COUNTY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2015**

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North Carolina Department of Public Instruction insuring the tangible property assets of the Board. Coverage is provided on an “all risk” perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. The excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. Increased Cost of Construction is covered with a \$10 million per occurrence limit.

In accordance with G.S. 115C-442, the Board’s employees who have custody of the Board’s moneys at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

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

Long-Term Obligations

a. Installment Purchases

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through third party financing arrangements with various companies. At June 30, 2015, there are remaining annual payments due on one such agreement. This financing contract requires annual payments of \$204,403 over four years.

The future minimum payments of the installment purchases as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
	<u>Principal</u>
2016	\$ 204,403
2017	204,403
Total	<u>\$ 408,806</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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b. Long-Term Obligation Activity

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Maturities
<b>Governmental activities:</b>					
Installment purchases	\$ 118,573	\$ 817,615	\$ 527,382	\$ 408,806	\$ 204,403
Net pension liability	17,406,553	-	14,074,180	3,332,373	-
Compensated absences	3,966,657	3,105,060	3,153,244	3,918,473	1,747,228
	<u>\$ 21,491,783</u>	<u>\$ 3,922,675</u>	<u>\$ 17,754,806</u>	<u>\$ 7,659,652</u>	<u>\$ 1,951,631</u>
<b>Business-type activities:</b>					
Net pension liability	\$ 594,018	\$ -	\$ 480,297	\$ 113,721	\$ -
Compensated absences	201,899	130,044	144,651	187,292	81,616
Total	<u>\$ 795,917</u>	<u>\$ 130,044</u>	<u>\$ 624,948</u>	<u>\$ 301,013</u>	<u>\$ 81,616</u>

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

Transfers to/from other funds

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

	<u>Amount</u>
From the State Public School Fund to the School Food Service Fund for administrative costs.	<u>\$ 56,800</u>

Due to/from other funds

	<u>Amount</u>
Advance from the General Fund to the Federal Grants Fund to ensure the Federal Grants Fund always has a minimum cash balance	<u>\$ 95,000</u>
Advance from the General Fund to the School Food Service Fund to fund operations	<u>\$ 65,064</u>
Advance from the Other Special Revenue Fund to the Individual Schools Fund for operating expenditures	<u>\$ 20,577</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

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Fund Balance

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

Total fund balance - General Fund	\$ 3,515,292
Less:	
Stabilization by State statute	(204,885)
Band expenditures	(60,000)
Appropriated Fund Balance in 2016 budget	<u>(1,933,961)</u>
Remaining fund balance	<u>\$ 1,316,446</u>

**NOTE 3 – 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.

**NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$14,192,321 and \$484,329, respectively.

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Two Fiscal Years\**

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	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset)	0.294%	0.296%
Board's proportionate share of the net pension liability (asset)	\$ 3,446,094	\$ 18,000,571
Board's covered-employee payroll	\$ 38,224,527	\$ 39,092,249
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.02%	46.05%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

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



**HAYWOOD COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF BOARD CONTRIBUTIONS**  
**TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**  
*Last Two Fiscal Years*

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	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,671,372	\$ 3,321,711
Contributions in relation to the contractually required contribution	<u>3,671,372</u>	<u>3,321,711</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 40,124,287	\$ 38,224,527
Contributions as a percentage of covered-employee payroll	9.15%	8.69%

**HAYWOOD COUNTY BOARD OF EDUCATION****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****For the Year Ended June 30, 2015****Exhibit A-1**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Haywood County:			
Appropriations from general revenues	\$ 14,427,389	\$ 14,427,389	\$ -
Other :			
Fines and forfeitures		352,467	
Indirect costs allocated		52,289	
Activity bus charges		87,949	
Miscellaneous		21,479	
Total	<u>525,000</u>	<u>514,184</u>	<u>(10,816)</u>
Total revenues	<u>14,952,389</u>	<u>14,941,573</u>	<u>(10,816)</u>
<b>Expenditures:</b>			
Instructional services:			
Regular instructional		4,646,023	
Special populations		391,389	
Alternative programs		534,493	
School leadership		1,635,985	
Co-curricular		329,170	
School-based support		766,882	
Total instructional services	<u>8,840,254</u>	<u>8,303,942</u>	<u>536,312</u>
System-wide support services:			
Support and development		268,290	
Special populations		12,452	
Alternative programs		24,491	
Technology support		555,754	
Operational support		5,139,448	
Financial and human resource services		466,407	
Accountability		79,976	
System-wide pupil support services		342,943	
Policy, leadership and public relations		742,473	
Total system-wide support services	<u>8,067,808</u>	<u>7,632,234</u>	<u>435,574</u>
Ancillary services	<u>93,900</u>	<u>79,640</u>	<u>14,260</u>
Non-programmed charges:	<u>142,800</u>	<u>34,139</u>	<u>108,661</u>
Total expenditures	<u>17,144,762</u>	<u>16,049,955</u>	<u>1,094,807</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL  
For the Year Ended June 30, 2015**

	<i>Exhibit A-1 (Continued)</i>		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues over (under) expenditures	(2,192,373)	(1,108,382)	1,083,991
Appropriated fund balance	<u>2,192,373</u>	<u>-</u>	<u>(2,192,373)</u>
Revenues and appropriated fund balance under expenditures and other uses	<u>\$ -</u>	(1,108,382)	<u>\$ (1,108,382)</u>
Fund balances:			
Beginning of year, July 1		<u>4,623,674</u>	
End of year, June 30		<u>\$ 3,515,292</u>	

**HAYWOOD COUNTY BOARD OF EDUCATION  
CAPITAL OUTLAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

**Exhibit B-1**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
State of North Carolina:			
Public School Building Capital Fund	\$ 131,250	\$ 82,602	\$ (48,648)
Public School Capital Fund - Lottery	628,282	259,207	(369,075)
State appropriation - buses	527,382	527,382	-
Total State of North Carolina revenues	<u>1,286,914</u>	<u>869,191</u>	<u>(417,723)</u>
Haywood County appropriations	2,153,250	1,591,270	(561,980)
Other	-	93	93
Total revenues	<u>3,440,164</u>	<u>2,460,554</u>	<u>(979,610)</u>
Expenditures:			
Current:			
Instructional services	89,133	89,133	-
System-wide support services	870,724	870,723	1
Capital outlay	2,770,540	1,790,838	979,702
Debt Service:			
Principal	<u>527,382</u>	<u>527,382</u>	<u>-</u>
Total expenditures	<u>4,257,779</u>	<u>3,278,076</u>	<u>979,703</u>
Revenues under expenditures	(817,615)	(817,522)	93
Other financing sources:			
Installment purchase obligations issued	<u>817,615</u>	<u>817,615</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>93</u>	<u>\$ 93</u>
Fund balances:			
Beginning of year, July 1		<u>45,669</u>	
End of year, June 30		<u>\$ 45,762</u>	

**HAYWOOD COUNTY BOARD OF EDUCATION  
SCHOOL FOOD SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP)  
For the Year Ended June 30, 2015**

**Exhibit C-1**

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Food sales	\$ 1,709,000	\$ 1,399,074	\$ (309,926)
Operating expenditures:			
Business support services	4,528,723	4,336,209	192,514
Operating loss	(2,819,723)	(2,937,135)	(117,412)
Nonoperating revenues:			
Federal reimbursements		2,577,622	
Federal commodities		243,410	
State Breakfast Grant		8,114	
Interest earned		65	
	<u>2,819,723</u>	<u>2,829,211</u>	<u>9,488</u>
Revenues under expenditures before transfers	-	(107,924)	(107,924)
Transfer from other funds	-	56,800	56,800
Revenues and other sources over (under) expenditures	<u>\$ -</u>	(51,124)	<u>\$ (51,124)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(55,348)	
Pension expense		(46,892)	
Contributions to the pension plan in the current year		121,155	
Indirect costs		(339,216)	
Indirect costs not paid		339,216	
Decrease in accounts payable		1,112	
Decrease in compensated absences		14,607	
Decrease in inventories		(53,088)	
Change in net position - full accrual		<u>\$ (69,578)</u>	

***COMPLIANCE SECTION***



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

To the Board of Education  
Haywood County Board of Education  
Waynesville, 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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Haywood County Board of Education, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Haywood County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated November 10, 2015.

*Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Haywood County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Compliance and Other Matters*

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

*Purpose of this Report*

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

*Anderson Smith & Wike PLLC*

**November 10, 2015**  
**Statesville, North Carolina**





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

To the Board of Education  
Haywood County Board of Education  
Waynesville, North Carolina

*Report on Compliance for Each Major Federal Program*

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

*Management's Responsibility*

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

*Auditors' Responsibility*

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

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

*Opinion on Each Major Federal Program*

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

*Report on Internal Control Over Compliance*

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. 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.

*Anderson Smith & Wike PLLC*

**November 10, 2015**  
**Statesville, North Carolina**



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

To the Board of Education  
Haywood County Board of Education  
Waynesville, North Carolina

*Report on Compliance for Each Major State Program*

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

*Management's Responsibility*

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

*Auditors' Responsibility*

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

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

### *Opinion on Each Major State Program*

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

### *Report on Internal Control Over Compliance*

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

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

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

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

*Anderson Smith & Wike PLLC*

**November 10, 2015**  
**Statesville, North Carolina**

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

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Section I. Summary of Auditors' Results

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Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes    X\_no
  
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes    X\_none reported

Noncompliance material to financial statements noted? \_\_\_yes    X\_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_yes    X\_no
  
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes    X\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_yes    X\_no

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027 84.173	Special Education Cluster: Education of the Handicapped Education of the Handicapped – Preschool
84.010	Title I, Educationally Deprived Children

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

Auditee qualified as low-risk auditee? X\_yes    \_\_\_no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? \_\_\_yes    X\_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes    X\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? \_\_\_yes    X\_no

Identification of major State programs:

Program Name  
 State Public School Fund  
 School Buses - noncash

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

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Section II. Financial Statement Findings

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Finding: None

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Section III. Federal Award Findings and Questioned Costs

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Finding: None

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Section IV. State Award Findings and Questioned Costs

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Finding: None

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

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Section II. Financial Statement Findings

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Finding: None Reported

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Section III. Federal Award Findings and Questioned Costs

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Finding: None Reported

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Section IV. State Award Findings and Questioned Costs

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Finding: None Reported



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

Finding 14-01: Corrected

**HAYWOOD COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<b>Federal Grants:</b>			
<u>U. S. Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Child Nutrition Cluster:</u>			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555		\$ 243,410
Cash Assistance:			
School Breakfast Program	10.553		688,052
National School Lunch Program	10.555		1,854,673
Summer Food Service Program for Children	10.559		34,897
Cash Assistance Subtotal			<u>2,577,622</u>
Total Child Nutrition Cluster:			<u>2,821,032</u>
<u>Office of Elementary and Secondary Education</u>			
Direct Programs:			
Carol M. White Physical Education Program	84.215		50,874
Passed-through the N.C. Department of Public Instruction:			
Title I, Grants to Local Educational Agencies			
Educationally Deprived Children	84.010	PRC 050	2,227,128
Migrant Education (Title I of IASA)	84.011	PRC 051	62,519
Reward School Mini Grant	84.010	PRC 100	67,188
Race to the Top - ARRA	84.395	PRC 154, 160	96,151
Education for Homeless Children and Youth	85.196	PRC 026	31,601
Teacher Quality Enhancement	84.367	PRC 103	210,988
Stare Personnel Development	84.323	PRC 082	42,556
Twenty-First Century Community Learning Center	84.287	PRC 110	85,821
English Language Acquisition Grants	84.365	PRC 104	18,263

**HAYWOOD COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Special Education Cluster:</u>			
Individuals with Disabilities Education Act			
- Education of the Handicapped	84.027	PRC 060	1,603,413
- Targeted Assistance	84.027	PRC 118	21,639
- Targeted Assistance for Preschool	84.027	PRC 119	1,874
- Preschool Handicapped	84.173	PRC 049	<u>56,880</u>
Total Special Education Cluster:			<u>1,683,806</u>
Passed-through the N.C. Department of Public Instruction:			
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990			
Basic Grants to States			
- Program Development	84.048	PRC 017	<u>92,513</u>
Total U.S. Department of Education			<u>4,669,408</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
JROTC	NONE		<u>127,197</u>
<u>U.S. Department of Labor</u>			
Passed through Southwestern Planning and Economic Development Commission:			
JTPA IIC	17.259	PRC 303	<u>151,980</u>
Total U.S. Department of Labor			<u>151,980</u>
Total federal assistance			<u>7,769,617</u>

**HAYWOOD COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
<b>State Grants:</b>			
<u>N.C. Department of Public Instruction:</u>			
Direct Programs:			
State Public School Fund			38,527,747
Driver Training - SPSF		PRC 012	126,999
School Technology Fund - SPSF		PRC 015	96,563
Adolescent Pregnancy Prevention			
Vocational Education			
- State Months of Employment		PRC 013	2,128,278
- Program Support Funds		PRC 014	104,923
Passed through Haywood County:			
Public School Building Capital Fund			82,602
Public School Capital Fund - Lottery			259,207
			<hr/>
Total N.C. Department of Public Instruction			41,326,319
 <u>N.C. Department of Public Instruction:</u>			
School buses - Noncash			527,382
 <u>N.C. Department of Health and Human Services:</u>			
Division of Child Development:			
Passed through Haywood County Partnership for Children			
North Carolina Pre-Kindergarten Program			262,514
 <u>N.C. Department of Agriculture</u>			
State Breakfast Funds			8,114
			<hr/>
Total State assistance			42,124,329
			<hr/>
Total federal and State assistance			<u>\$ 49,893,946</u>

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