

**TRANSYLVANIA COUNTY BOARD  
OF EDUCATION**

**BREVARD, NORTH CAROLINA**

**REPORT ON COMPLIANCE**

**FOR THE YEAR ENDED JUNE 30, 2013**

**TRANSYLVANIA COUNTY BOARD OF EDUCATION**  
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**JUNE 30, 2013**

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Transylvania County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Transylvania County Board of Education, North Carolina, as of and for the year ended June 30, 2013 (not presented here), and the related notes to the financial statements, which collectively comprises the Transylvania County Board of Education's basic financial statements, and have issued our report thereon dated November 7, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Culbert & Anderson, Inc.*

Brevard, North Carolina  
November 7, 2013



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Transylvania County, North Carolina

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

In our opinion, the Transylvania 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, 2013.

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

Management of the Transylvania 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 Transylvania 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 Transylvania County Board of Education's internal control over compliance.

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

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

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

*Carlson & Andersen, Inc.*

Brevard, North Carolina  
November 7, 2013





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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Transylvania County, North Carolina

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Transylvania 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 Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Transylvania 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 Transylvania County Board of Education's compliance.

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

In our opinion, the Transylvania 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, 2013.

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

Management of the Transylvania 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 Transylvania 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 Transylvania County Board of Education's internal control over compliance.

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

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

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

*Carlson & Anderson, Inc.*

Brevard, North Carolina

November 7, 2013

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

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

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

<u>Name of Federal Program</u>	<u>CFDA</u>
Title I Grants to Local Education Agencies	84.010
Race to the Top – ARRA	84.395

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

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

**Program Name**

State Public School Fund

State Months of Employment

- J. The threshold for determining Type A programs for the Transylvania County Board of Education is \$300,000.
- K. Transylvania County Board of Education qualified as a low risk auditee under Section .530 of Circular A-133.

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

**II. Findings Related to the Audit of the Basic Financial Statements of the Transylvania County Board of Education**

The Transylvania County Board of Education had no findings or questioned costs related to the audit of the Basic Financial Statements for the fiscal year ended June 30, 2013.

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

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

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

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



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

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

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

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Expenditures</u>
<b>Federal Grants:</b>			
<u>U. S. Department of Agriculture</u>			
<u>Child Nutrition Cluster</u>			
Non-cash assistance (commodities) :			
Passed-through N.C. Department of Agriculture:			
National School Lunch Program	10.555	N/A	\$ <u>96,592</u>
Total Non-Cash Assistance			\$ 96,592
Cash assistance:			
Passed-through N.C. Department of Public Instruction:			
School Breakfast Program	10.553	N/A	479,925
National School Lunch Program	10.555	N/A	914,250
Passed-through the N.C. Department of Health and Human Services:			
Division of Public Health:			
Summer Food Service Program for Children	10.559	N/A	<u>61,852</u>
Total Cash Assistance			\$ <u>1,456,027</u>
Total Child Nutrition Cluster			\$ <u>1,552,619</u>
Total U. S. Department of Agriculture			\$ <u>1,552,619</u>
 <u>U.S. Department of Education</u>			
Passed-through the N.C. Department of Public Instruction:			
<u>Title I, Part A Cluster</u>			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	PRC 050	\$ <u>1,470,313</u>
Total Title I, Part A Cluster			\$ <u>1,470,313</u>
<u>School Improvement Grants Cluster</u>			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA) - School Improvements	84.010	PRC 105	\$ <u>135,077</u>
Total State School Improvement Cluster			\$ <u>135,077</u>
<u>Special Education Cluster</u>			
Special Education - Grants to States (IDEA, Part B)			
- Education of the Handicapped	84.027	PRC 060	\$ 816,496
- Special Needs Targeted Assistance	84.027	PRC 118	8,507
Special Education - Grants to States (IDEA, Preschool)			
- Preschool Handicapped	84.173	PRC 049	<u>45,421</u>
Total Special Education Cluster			\$ <u>870,424</u>
<u>Education for Homeless Children and Youth Cluster</u>			
Education for Homeless Children and Youth	84.196	PRC 026	\$ <u>21,491</u>
Total Education for Homeless Children and Youth Cluster			\$ <u>21,491</u>
Career and Technical Education - Basic Grants to States	84.048	PRC 017	\$ 48,051
Special Education State Improvement Grant	84.323	PRC 082	8,377
Rural Education	84.358	PRC 109	65,297
English Language Acquisition Grants	84.365	PRC 111	8,929
Improving Teacher Quality State Grants	84.367	PRC 103	250,849
Race to the Top, Recovery Act	84.395	PRC 156	103
Education Jobs Fund	84.410	PRC 155	<u>61</u>
Total U. S. Department of Education			\$ <u>2,878,972</u>

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

U.S. Department of Health and Human Services

Direct Program:

Medicaid Reimbursement	N/A	PRC 305	\$ <u>1,128</u>
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U.S. Department of Labor

Employment and Training Administration:

Passed through the N.C. Department of Public Instruction:

Workforce Grant	17.259	PRC 303	\$ <u>74,606</u>
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Total Federal Awards			\$ <u>4,507,325</u>
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**State Grants:**

Cash Assistance:

N.C. Department of Public Instruction:

State Public School Fund	N/A	N/A	\$ 18,188,398
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Driver Training-SPSF	N/A	PRC 012	63,633
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School Technology Fund - SPSF	N/A	PRC 015	43,013
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Vocational Education:

-State Months of Employment	N/A	PRC 013	1,140,665
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- Program Support Funds	N/A	PRC 014	58,043
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State Kindergarten Breakfast	N/A	N/A	9,581
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Non-Cash Assistance:

N.C. Department of Public Instruction:

Textbooks			<u>40,553</u>
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Total State assistance			\$ <u>19,543,886</u>
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Total federal and State assistance			\$ <u><u>24,051,211</u></u>
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**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Transylvania 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.