

**CALDWELL COUNTY
BOARD OF EDUCATION**

Lenoir, North Carolina

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the fiscal year ended June 30, 2008



CALDWELL COUNTY SCHOOLS

**CALDWELL COUNTY
BOARD OF EDUCATION**
Lenoir, North Carolina

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2008

Prepared By:
CALDWELL COUNTY SCHOOLS
Finance Department

**CALDWELL COUNTY BOARD OF EDUCATION
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LETTER OF TRANSMITTAL

December 1, 2008

Members of the Caldwell County Board
of Education and Citizens of Caldwell County,
North Carolina

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Caldwell County Board of Education operating as “Caldwell County Schools”, for the fiscal year ended June 30, 2008, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and Finance Officer.

This report has been prepared by the Caldwell County Schools Finance Department in accordance with GAAP (Generally Accepted Accounting Principles). We believe the data presented is accurate in all material respects and is presented in a manner designed to reflect the financial position and results of operations of the Board. To enable the reader to gain maximum understanding of the Board’s financial activity, we have included all necessary disclosures.

The Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budgets Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the North Carolina Single Audit Implementation Act. Information relating to this single audit, including a schedule of expenditures of federal and state awards, the report on compliance and on internal controls, reports on compliance with requirements applicable to each major federal and state program, and a schedule of findings and questioned costs are included in the compliance subsection of the financial section of the comprehensive annual financial report.

The Caldwell County Board of Education, whose members are elected by the citizens of Caldwell County, has the authority to designate management, make binding decisions, and influence operations. The Board has final approval over the budget and primary accountability for fiscal matters, including deficits. Accordingly, Caldwell County Schools are not included in any other reporting entity as a component unit and has no component units.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Managements Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Caldwell County Board of Education's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

The Caldwell County Public School System is a comprehensive school district serving the entire county including the municipalities of Lenoir, Granite Falls, Hudson, Gamewell, Cedar Rock, Cahah's Mountain, Sawmills and parts of the town of Blowing Rock, Hickory and Rhodhiss. The system was created through a merger of the Caldwell County and City of Lenoir public school systems in July 1974.

The school system is led by the Caldwell County Board of Education and the Superintendent. The Board consists of seven members who are responsible for setting policy. The Board is elected on a non-partisan basis. The Superintendent is appointed by the Board and serves as the chief executive officer. The Superintendent and his administrative team are charged with managing the operation of the school system.

Caldwell County Schools is the twenty-ninth largest system in North Carolina out of one hundred fifteen. The system includes eleven elementary, four K-8, four middle, three high schools, two alternative schools, and an early college high school and a middle college, both of which are located on the campus of the community college. The system employees over one thousand seven hundred full-time employees and has a student population of thirteen thousand and forty-three. There are eight hundred ninety-three certified teachers, of which one hundred and sixty-nine are certified by the National Board of Professional Teaching Standards.

Caldwell County is located in scenic northwestern North Carolina, approximately 70 miles northwest of Charlotte, 85 miles west of Winston-Salem and 90 miles east of Asheville. The altitude of the County ranges from 900 to 5,964 feet above sea level with topography ranging from rolling foothills to high-forested mountains. It has a land area of 471 square miles and an estimated population of 78,645. There are ten incorporated municipalities in Caldwell County. The City of Lenoir is the largest municipality and serves as the county seat.

Established in 1841, Caldwell County was carved from the counties of Burke and Wilkes. A bill to establish the county was rejected in 1839 because a faction within the state legislature wished to form two Democratic counties instead of one Whig county. Representative Elisha P. Miller reintroduced the bill on November 19, 1840 to establish a county from Burke and Wilkes to be named Boone. It was first read and rejected on December 5, 1840. It was read a second time and passed by the casting vote of the Speaker, Robert B. Gilliam on December 14, 1840. There was some confusion over the selection of the name; however, when Charles Manley, Clerk of the House, suggested to Representative Miller that the county be named for Dr. Joseph Caldwell, first President of the University of North Carolina and an advocate of the public school system and a railroad system stretching from Morehead City through the questioned county to Tennessee, the bill was ratified and signed on January 11, 1841.

Economic Conditions and Outlook

Our entire four-county region, also known as the Greater Hickory Metro Region or the Unifour, has experienced an economic downturn. The unemployment rate for Caldwell County was at 7.5% in June 2008 and continues to increase. Enrollment at Caldwell Community College has increased 20% over the past four years.

For almost one hundred years, the primary employers in Caldwell County have been furniture and textile manufacturers. The industries continue to struggle. The primary reasons for the loss of these jobs are “outsourcing” and the emerging “globalization” of those industries. Broyhill Furniture Industries received \$2 million in incentives from the city and the county in an effort to help them remain in the county.

Local leaders aggressively and successfully work together to increase our existing economic base and broaden the overall economic emphasis. In 2008, Caldwell County gained two Wal-Mart Super Centers along with several other retail establishments. The additional shopping options gave Caldwell County a gain in sales tax revenues.

The world’s largest search engine company, Google, opened a \$600 million data center in Lenoir and has plans to expand. The county also opened a facility to provide offload services for companies affected by the suspension of 5.2 miles of railroad, which ran through the Google site. The \$1.4 million Lenoir Transload Facility should also attract new business and industry to the area.

Major Initiatives and Accomplishments

Caldwell County Schools also has a school-business partnership program with over fifty-five business/industry partners. This program enhances the opportunity for schools and businesses to work together to promote outstanding character and citizenship. The businesses also help prepare the students for a successful work experience and support academic excellence in our schools.

The Caldwell Career Center Middle College (CCCMC) is operated by the school system on the Caldwell Community College Campus. It offers high school students the necessary skills and workplace environment to enable them to advance in their chosen careers and to maintain a quality of life that contributes to their individual happiness and to the stability of the economy of Caldwell County. Vital relationships are sustained with business and industry to allow the placement of students in career-related work experiences and assist local employers with the development of a well-prepared workforce. The class of 2008 was the first graduating class from CCCMC.

In its second year of operation, the Caldwell Early College High School achieved the status of the second highest-ranking high school in North Carolina based on state mandated tests in reading and math. Students enrolled at the Caldwell Early College High School, which is located on the campus of Caldwell Community College and Technical Institute, will receive a high school diploma and college Associate's degree at the completion of a five-year commitment. This innovative school was made possible in 2006-07 by funding through the Governor's Learn and Earn Initiative, New Schools Project, Bill and Melinda Gates Foundation and the North Carolina Education Cabinet.

Horizons Elementary School is the only elementary alternative school in North Carolina. It provides both education and mental health services on campus and serves students who have not been successful in the classroom due to their behavior. The goal of the program is to help students make positive changes in behavior and academics so that they can return to their regular school and be successful.

The Education Foundation of Caldwell County is a non-profit organization established to support high academic achievement and innovation in the Caldwell County public schools. The Foundation promotes cooperation between the schools and the private sector and encourages creativity and excellence in teaching by securing resources to enhance education. The Foundation is the only non-profit organization in Caldwell County, which exclusively supports public education.

The Caldwell County 2007 average total SAT score continues to surpass the state average as reported in the College Board 2007 SAT Summary. The total average SAT score of 1009 exceeded the state average of 1007.

The North Carolina State ABC program was implemented in 1996-97. The requirements were to improve **accountability**, return to the **basics** in reading and math and to give more **control** to the local districts. All school districts in the State are evaluated each year based on their end-of-grade and end-of-course testing. The ABCs accountability model measures school achievement in three ways: the percent of students' test scores at or above the proficient level (performance composite), academic growth (High Growth or Expected Growth) and Adequate Yearly Progress (required by federal law). The growth measure provides the basis for awarding incentive awards, but each measure is an important indicator of schools' success over time.

A total of 100% of the elementary and middle schools in the Caldwell County School System made expected or high academic growth in the 2007 – 2008 school year. This is an unprecedented academic accomplishment for Caldwell County Schools in the 12-year history of ABCs of Public Education. Eighteen schools, approximately 70%, made high academic growth, exceeding the statewide average of 55.2%. Additionally, Caldwell County Schools met 87.9% of the target goals (AYP) as identified in the federal No Child Left Behind law. The North Carolina state average was 69.5%.

Financial Information

The cost of public school education in North Carolina is financed primarily by the State. Local funds supplement the basic educational programs and are appropriated by the local Board of County Commissioners. Local boards of education have no tax levying or borrowing authority and are required to maintain accounting records in a uniform format. Long-term planning for facilities is a joint relationship between the school system and the County leaders. In North Carolina, only counties can incur long-term debt for facilities.

The management of the school system is responsible for establishing and maintaining an internal control structure designed to ensure that all the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the annual financial statements in conformity with accounting principles generally accepted in the United States of America. In addition to the annual financial report, the Board's Finance Committee receives a monthly financial report reflecting budget activity and balance sheet activity.

North Carolina General Statutes require all governmental units in the State to adopt a balanced budget by July 1 of each year. Budgets are adopted for all governmental funds and the proprietary funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget and in funds provided by the federal, state, and local governments. The budget amount reflected in the accompanying financial statements represents the original and the final budget as amended for the fiscal year.

Cash Management

Cash temporarily idle during the year was invested with the North Carolina Capital Management Trust. The Trust is approved and monitored by the North Carolina State Treasurer's Office. Caldwell County Schools adhere to the North Carolina General Statute that details the allowable investment practices for local school units in the State.

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 risk management program is discussed in detail in the Notes to the Financial Statements (Section II.B.4). Management believes that the Board carries adequate coverage for all known risks of loss. Together with a strong safety program and inspections of our facilities by the State Division of Insurance, these coverages provide the Board with a comprehensive risk management program, which meets the needs of the school system.

Independent Audit

The North Carolina State Statutes require an annual audit by independent certified public accountants. The financial statements were audited by the accounting firm of Boggs, Crump and Brown, PA, whose opinion is expressed in the Financial Section. The audit was conducted 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. The audit also met the guidelines of the federal Single Audit Act Amendments of 1996, as required by the U.S. Office of Management and Budget's Circular A-133 and the North Carolina Single Audit Implementation Act.

Awards

The Association of School Business Officials (ASBO) has awarded the Certificate of Excellence in Financial Reporting and the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Caldwell County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fifth consecutive year that the school system achieved these prestigious awards. In order to be awarded both of these certificates, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from both agencies.

Acknowledgements

The preparation of this report would not have been possible without the dedication and support of the entire staff of the Finance Department. We would like to thank all members of the department for their assistance in the preparation of this report, and to the Board's independent accounting firm, Boggs, Crump, and Brown, PA, for their assistance.

We would like to express our appreciation and thanks to the Board of Education and its Budget/Finance Committee for their continuing support and guidance in conducting the financial affairs of the school system.



Dr. Steve Stone
Superintendent



Karla O. Miller
Finance Officer

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CALDWELL COUNTY SCHOOLS

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2007**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Grome E. Brendel

President

John D. Mueser

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Caldwell County Schools
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



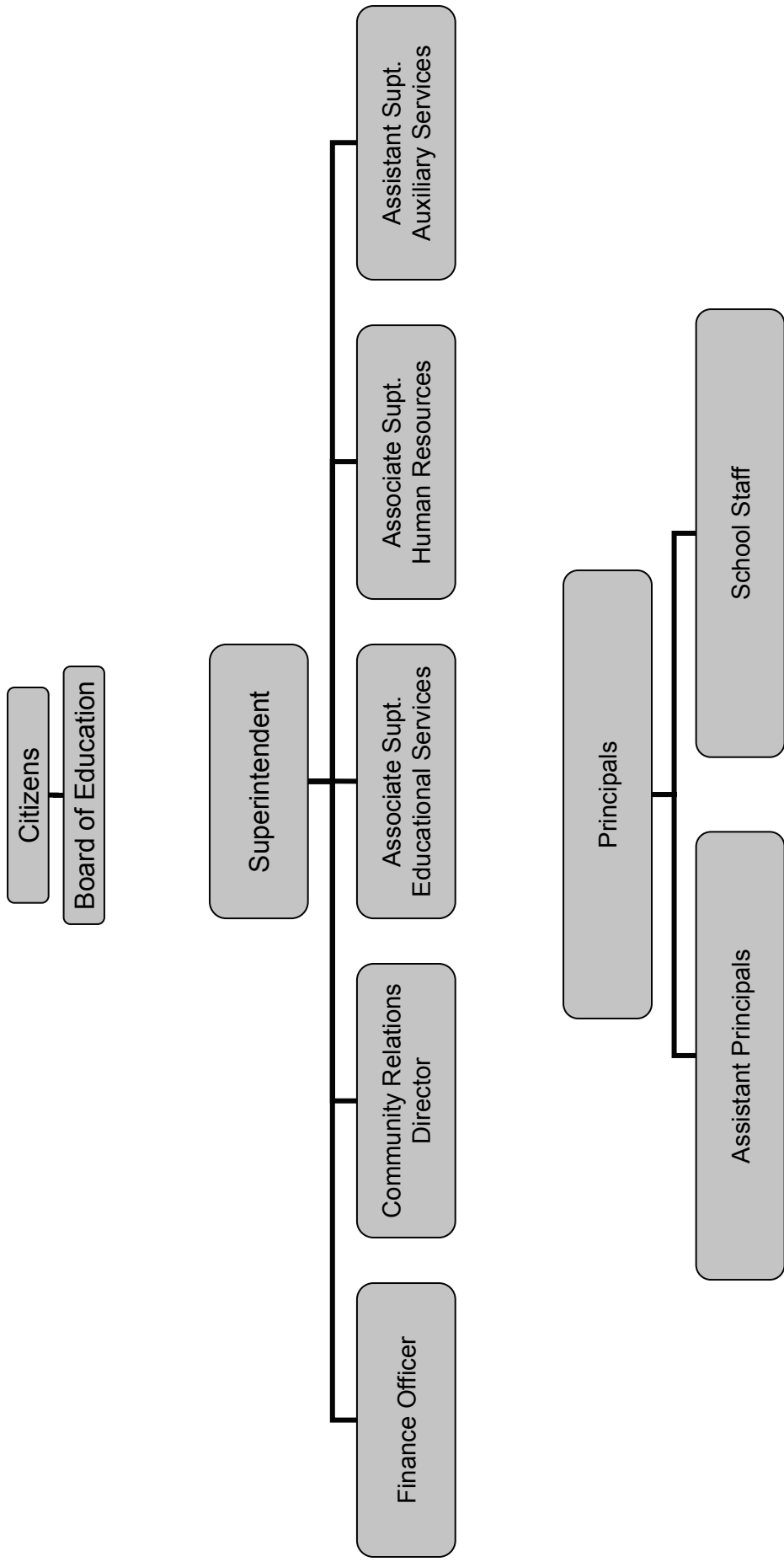
Clare S. Cox

President

Jeffrey R. Emer

Executive Director

Caldwell County Board of Education Organizational Chart



Caldwell County Board Of Education Lenoir, North Carolina

School Board Members

Dr. Sharon S. Pennell, Chairman
Dr. Helen P. Hall, Vice Chairman

Christopher S. Becker
Linda H. Coffey
Dorothy A. Darsie
Timothy W. Hawkins
Michael W. LaBrose

Principal Officers

Dr. Steve Stone, Superintendent
Dr. Caryl B. Burns, Associate Superintendent
Patricia R. Johnson, Associate Superintendent
Dr. Jeffrey R. Church, Assistant Superintendent
Karla O. Miller, Finance Officer

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Independent Auditor's Report

To the Board of Education
Caldwell County, North Carolina

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 Caldwell County Board of Education, as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Caldwell County Board of Education's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell County Board of Education, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Federal Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2008, on our consideration of the Caldwell County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Caldwell County Board of Education. The individual fund financial statements and schedules as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements and schedules and schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Boggs, Crump & Brown, P.A.
Certified Public Accountants

October 9, 2008
Morganton, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Caldwell 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, 2008. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board experienced a decreased enrollment of 79 students (or .6%) from the previous year.
- A partnership with the Community College and the County constructed a facility for the Early College High School which will be shared with the Community College on the college campus. Construction started in March 2007. Construction was completed in 2008.
- The rising cost of fuel continues to be a challenge to school systems across the state.
- Unreserved General Fund balance totaled \$2,274,973 at June 30, 2008. Total General Fund balance increased by \$1,163,328 during fiscal year 2008.

Overview of the Financial Statements

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

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

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The proprietary funds are presented on the full accrual basis of accounting. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on 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 assets 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 assets and how they have changed. Net assets - 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 assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

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

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

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

Fund Financial Statements

The fund financial statements provide 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 particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

Caldwell County Board of Education has two types of funds:

Governmental funds: Most of the Board's basic services are included in the governmental funds, which generally focus on two things - how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the

bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between 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 Funds, the Capital Outlay Fund, and the Federal Grants Fund.

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

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Caldwell County Board of Education has two proprietary funds - both enterprise funds - the School Food Service Fund and the Child Care Fund.

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

Financial Analysis of the District as a Whole

Net assets is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$65,725,025 as of June 30, 2008. The largest component of net assets is invested in capital assets, net of related debt, of \$58,957,554. It comprises 89.70% of the total net assets.

Following is a summary of the Statement of Net Assets:

**Table 1
Condensed Statement of Net Assets
as of June 30, 2008**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current assets	\$13,222,543	\$10,874,620	\$2,687,034	\$ 2,592,878	\$15,909,577	\$13,467,498
Capital assets	58,429,862	59,606,838	838,315	853,642	59,268,177	60,460,480
Total assets	<u>71,652,405</u>	<u>70,481,458</u>	<u>3,525,349</u>	<u>3,446,520</u>	<u>75,177,754</u>	<u>73,927,978</u>
Current liabilities	4,937,924	4,316,375	145,742	132,138	5,083,666	4,448,513
Long-term liabilities	4,210,693	4,201,736	158,370	164,590	4,369,063	4,366,326
Total liabilities	<u>9,148,617</u>	<u>8,518,111</u>	<u>304,112</u>	<u>296,728</u>	<u>9,452,729</u>	<u>8,814,839</u>
Invested in capital assets, net of related debt	58,119,239	58,819,943	838,315	853,642	58,957,554	59,673,585
Restricted net assets	1,091,178	1,136,311			1,091,178	1,136,311
Unrestricted net assets	<u>3,293,371</u>	<u>2,007,093</u>	<u>2,382,922</u>	<u>2,296,150</u>	<u>5,676,293</u>	<u>4,303,243</u>
Total net assets	<u>\$62,503,788</u>	<u>\$61,963,347</u>	<u>\$3,221,237</u>	<u>\$ 3,149,792</u>	<u>\$65,725,025</u>	<u>\$65,113,139</u>

Note that net assets increased during the year, indicating an improvement in the financial condition of the unit. The increase in net assets (.94%) was mainly due to an increase in current assets in the governmental activities. Unrestricted net assets increased in the business-type activities primarily because of an increase in current assets of the Child Care Fund. Also note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

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

Table 2
Condensed Statement of Activities
as of June 30, 2008

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 740,957	\$ 872,542	\$4,377,660	\$ 4,391,902	\$ 5,118,617	\$ 5,264,444
Operating grants and contributions	79,992,671	74,868,570	3,996,491	3,786,431	83,989,162	78,655,001
Capital grants and contributions	4,012	12,525			4,012	12,525
General revenue:						
Other revenues	22,301,236	20,860,885	44,070	70,461	22,345,306	20,931,346
Total revenues	<u>103,038,876</u>	<u>96,614,522</u>	<u>8,418,221</u>	<u>8,248,794</u>	<u>111,457,097</u>	<u>104,863,316</u>
Expenses:						
Governmental activities:						
Instructional services	84,903,428				84,903,428	
Instructional programs		72,653,300				72,653,300
System-wide support services	15,287,175				15,287,175	
Supporting services		21,008,487				21,008,487
Ancillary services	29,066				29,066	
Community services		119,096				119,096
Non-programmed charges	(710)	(12,371)			(710)	(12,371)
Interest on long-term debt	2,587	9,105			2,587	9,105
Unallocated depreciation expense	2,236,822	2,229,312			2,236,822	2,229,312
Business-type activities:						
Food service			6,985,339	6,769,462	6,985,339	6,769,462
Child care			1,401,504	1,408,179	1,401,504	1,408,179
Total expenses	<u>102,458,368</u>	<u>96,006,929</u>	<u>8,386,843</u>	<u>8,177,641</u>	<u>110,845,211</u>	<u>104,184,570</u>
Increase in net assets before transfers	580,508	607,593	31,378	71,153	611,886	678,746
Transfers in (out)	(40,067)	(38,369)	40,067	38,369		
Increase in net assets	540,441	569,224	71,445	109,522	611,886	678,746
Beginning net assets	61,963,347	61,394,123	3,149,792	3,040,270	65,113,139	64,434,393
Ending net assets	<u>\$62,503,788</u>	<u>\$61,963,347</u>	<u>\$3,221,237</u>	<u>\$ 3,149,792</u>	<u>\$65,725,025</u>	<u>\$65,113,139</u>

Total governmental activities generated revenues of \$103,038,876 while expenses in this category totaled \$102,458,368 for the year ended June 30, 2008. Comparatively, revenues were \$96,614,522 and expenses totaled \$96,006,929 for the year ended June 30, 2007. The increase in net assets stands at \$540,441 at June 30, 2008 compared to an increase in net assets of \$569,224 for fiscal year end June 30, 2007. Instructional services expenses comprised 82.9% of total governmental-type expenses while system-wide support services made up 14.9% of those expenses for 2008. Due to significant changes in function-level expense coding classification in Governmental Activities during the year, comparisons cannot be made between purpose-level expenses for the years ended June 30, 2008 and June 30, 2007. County funding comprised 15.6% of total government revenue for fiscal year end June 30, 2008 as compared to 15.9% in fiscal year end June 30, 2007 while unrestricted state funding comprised 4.1% for fiscal year end June 30, 2008 as compared to 4% for fiscal year end June 30, 2007. Much of the remaining 80.3% of total governmental revenue consists mainly of restricted State and Federal money. This revenue represented 80.1% of total revenue in 2007. Business-type activities generated revenue of \$8,418,221 and had expenses of \$8,386,843 as compared to revenues of \$8,248,794 and expenses of \$8,177,641 for the period ending June 30, 2007. Net assets increased in the business-type activities by \$71,445 as compared to an increase of \$109,522 for the period ending June 30, 2007.

Financial Analysis of the District's Funds

Governmental Funds: The focus of Caldwell 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 continued to perform well with total fund balance increasing by \$1,534,991 for a total combined fund balance of \$8,973,493. Fund balance of governmental funds increased by \$1,412,938 during fiscal 2007. The General Fund and the Capital Outlay Fund reported an increase in fund balance of \$1,163,328 and \$416,796 respectively while the Individual School Fund reported a slight decrease in fund balance of (\$45,133). Total governmental activity expenditures increased by \$5,515,235 with an increase of \$5,457,051 in total state and federal grant revenues funding most of the increase in expenditures. General Fund expenditures remained fairly consistent compared to prior year with a decrease of \$369,357 or 2.3%. Capital Outlay expenditures decreased by \$430,586 or 11.5%.

The Board's business-type funds reported a combined increase in net assets of \$71,445 as compared to an increase of \$109,522 for the period ended June 30, 2007. The School Food Service Fund reported a decrease in net assets of (\$9,409) while the Child Care Fund reported an increase in net assets of \$80,854 as compared to an increase of net assets of \$82,536 and \$26,986 respectively for fiscal year ended June 30, 2007. The increase in performance of the Child Care Fund was due to an increase in fees of \$56,342 while operating expenses remained consistent with prior year. The School Food Service Fund reported a (\$9,409) decrease in net assets as compared to an increase in net assets of \$82,536 in 2007. The decrease from 2007 was mainly due to food sales being down by \$70,584 while expenses went up by \$175,061. Federal reimbursements went up \$175,735.

When analyzing the school districts financial reports, it is important to understand what type of costs are reported in each functional category. A brief description of each function category reported on the government-wide statement of activities and the fund statements follows:

Regular instructional services - The entire cost of regular classrooms are reported in this category, including teacher and teacher assistant salaries and benefits, instructional supplies, material, books and equipment.

Special population services - The cost of additional instructional services for students certified as exceptional children are reported in this category, including teacher and teacher assistant salaries and benefits, contracts with outside providers, instructional supplies, materials, books and equipment.

Alternative programs and services - The cost of activities designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these at-risk students are recorded in this category. This includes costs of those individuals responsible for providing school curriculum development and coordination as well as lead teachers for alternative programs and services. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

School leadership services - The cost of principals, assistant principals, school treasurers, school clerical support, supplies, materials and equipment are reported in this category.

Co-curricular services - The cost of extra-curricular programs, such as athletics, marching band, and after-school clubs, are reported in this category, including extra-duty pay and benefits to/for coaches/sponsors, contracts to lease facilities and equipment and for security and officials, instructional supplies, materials, books and equipment.

School based support services - The cost of other direct services to students, such as guidance services, educational media services, student accounting, health, safety and security support services, instructional technology services, and unallocated staff development are reported in this category.

Support and development services - Cost of activities to provide program leadership, support, and development services for regular curricular programs of instruction, JROTC, cultural arts, physical education, foreign language and technology curricular support and development services.

Special population support and development services - Costs of activities to provide program leadership, support, and development services primarily for identifying and serving students having special physical, emotional, or mental impediments to learning are recorded in this category. Also, included are support and development services for those students needing specialized services such as limited English proficiency and gifted education.

Alternative programs and services support and development - Costs of activities to provide program leadership, support, and development services for programs designed to identify students likely to be unsuccessful in traditional classrooms and/or to drop out and to provide special alternative and/or additional learning opportunities for these

at risk students are recorded in this category. Programs include summer school instruction, remediation, alcohol and drug prevention, extended day, services to help keep students in school, as well as alternative educational settings, instructional delivery models, and supporting services for identified students.

Technology support services - Costs of central activities associated with implementing, supporting and maintaining the computer hardware, software, peripherals, technical infrastructure which provide technology system services to the school system as a whole. Also, included is the development and implementation of technological systems; and technology user support services for the school system.

Operational support services - Costs of activities for the operational support of the school system such as printing and copying services, communication services, utility services, transportation of students, facilities, planning and construction, custodial and housekeeping services, maintenance services, and warehouse and delivery services.

Financial and human resource services - costs of activities concerned with acquisition, management, reporting and protection of financial resources; and with recruitment, retention, placement, and development of human resources.

Accountability services - costs of activities concerned with the development, administration, reporting and analysis of student progress. This area includes the testing and reporting for student accountability and also the planning, research development and program evaluation costs of the school system.

System-wide pupil support services - Costs of activities that provide program leadership, support, and development services for system-wide pupil support activities for students in grades K-12. These areas include educational media support, student accounting support, guidance support, health support, safety and security support, and instructional technology support system-wide services.

Policy, leadership and public relations services - Costs of activities concerned with the overall general administration of and executive responsibility for the entire school system. These costs include costs of activities of the elected body (Board of Education), legal services, audit services, costs of activities performed by the superintendent, associate superintendents and other system-wide leadership positions generally directing and managing all affairs of the school system.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations and other developments. Revisions totaled an increase of \$515,433. The Board was also able to remain under budget when comparing the budget to actual expenditures. Actual expenditures were \$1,743,644 under budget. This was due in large part to regular instructional services, school leadership and operational support services expenditures being under budget by \$665,108, \$321,853 and \$275,631 respectively.

Capital Assets

Capital assets decreased by \$1,192,303 (or 1.97%) from the previous year. Depreciation for the total primary government totaled \$2,816,411 while additions from capital expenditures totaled \$1,624,108. The following is a summary of the capital assets, net of depreciation at year-end.

Table 3
Summary of Capital Assets
as of June 30, 2008

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Land	\$ 2,716,383	\$ 2,716,383	\$	\$	\$ 2,716,383	\$ 2,716,383
Construction in progress	295,830	699,398			295,830	699,398
Buildings	52,949,279	53,309,841			52,949,279	53,309,841
Equipment and furniture	861,947	942,879	838,315	853,642	1,700,262	1,796,521
Vehicles	<u>1,606,423</u>	<u>1,938,337</u>			<u>1,606,423</u>	<u>1,938,337</u>
Total	<u>\$58,429,862</u>	<u>\$59,606,838</u>	<u>\$838,315</u>	<u>\$853,642</u>	<u>\$59,268,177</u>	<u>\$60,460,480</u>

More detailed information concerning capital assets is available in the notes to the financial statements (Note II.A.4).

Debt Outstanding

During the year the Board's outstanding debt decreased by \$476,272 due to payments made on the installment financing to pay for school buses. The Board is limited by North Carolina statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

More detailed information concerning long-term debt activity is available in the notes to the financial statements (Note II.B.7).

Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district. The following factors have an affect on the economic outlook of Caldwell County.

- The County's unemployment rate of 7.5% is higher than the state average of 5.9%.
- The worlds largest search engine company, Google, opened a data center in Caldwell County during the fiscal year.

Requests for Information

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

Caldwell County Board of Education
1914 Hickory Boulevard SW
Lenoir, North Carolina 28645

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$9,118,620	\$2,071,609	\$11,190,229
Due from other governments	3,518,859	111,137	3,629,996
Receivables (net)	37,989	42,741	80,730
Inventories	547,075	461,547	1,008,622
	<u>13,222,543</u>	<u>2,687,034</u>	<u>15,909,577</u>
Total current assets			
Capital assets (Note 1):			
Land, improvements, and construction in progress	3,012,213		3,012,213
Other capital assets, net of depreciation	55,417,649	838,315	56,255,964
	<u>58,429,862</u>	<u>838,315</u>	<u>59,268,177</u>
Total capital assets			
	<u>71,652,405</u>	<u>3,525,349</u>	<u>75,177,754</u>
Total assets			
LIABILITIES			
Accounts payable and accrued expenses	299,543	24,031	323,574
Accrued salaries and wages payable	3,812,756	59,538	3,872,294
Unearned revenue	136,752	36,892	173,644
Liabilities due within one year	688,873	25,281	714,154
	<u>4,937,924</u>	<u>145,742</u>	<u>5,083,666</u>
Total current liabilities			
Long-term liabilities:			
Due in more than one year	4,210,693	158,370	4,369,063
	<u>9,148,617</u>	<u>304,112</u>	<u>9,452,729</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	58,119,239	838,315	58,957,554
Restricted for:			
Individual schools	1,091,178		1,091,178
Unrestricted (deficit)	3,293,371	2,382,922	5,676,293
	<u>\$62,503,788</u>	<u>\$3,221,237</u>	<u>\$65,725,025</u>
Total net assets			

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$54,372,978	\$ -	\$ 46,733,678	\$ -
Special Populations	9,522,485		9,303,251	
Alternative Programs	5,968,460	14,230	5,879,319	
School Leadership	6,383,105		4,341,506	
Co-Curricular	3,222,202	724,110	1,844,520	
School-Based Support	5,434,198		5,015,434	
System-wide Support services:				
Support and Development	1,054,381		819,157	
Special Population Support and Development	425,015		285,574	
Alternative Programs and Services Support and Development	129,032		121,992	
Technology Support	907,207		258,220	
Operational Support	10,374,734	2,617	3,987,492	4,012
Financial and Human Resource	867,291		569,674	
Accountability	238,598		75,535	
System-wide Pupil Support	71,457			
Policy, Leadership, and Public Relations	1,219,460		645,366	
Ancillary Services	29,066		53	
Non-programmed charges	(710)		111,900	
Interest on long-term debt	2,587			
Unallocated depreciation expense**	2,236,822			
Total governmental activities	102,458,368	740,957	79,992,671	4,012
Business-type activities:				
School food service	6,985,339	3,003,042	3,891,431	
Child care	1,401,504	1,374,618	105,060	
Total business-type activities	8,386,843	4,377,660	3,996,491	0
Total primary government	\$110,845,211	\$5,118,617	\$ 83,989,162	\$ 4,012

General revenues:

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

Transfers

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (7,639,300)	\$	\$ (7,639,300)
(219,234)		(219,234)
(74,911)		(74,911)
(2,041,599)		(2,041,599)
(653,572)		(653,572)
(418,764)		(418,764)
(235,224)		(235,224)
(139,441)		(139,441)
(7,040)		(7,040)
(648,987)		(648,987)
(6,380,613)		(6,380,613)
(297,617)		(297,617)
(163,063)		(163,063)
(71,457)		(71,457)
(574,094)		(574,094)
(29,013)		(29,013)
112,610		112,610
(2,587)		(2,587)
(2,236,822)		(2,236,822)
<u>(21,720,728)</u>		<u>(21,720,728)</u>
	(90,866)	(90,866)
	78,174	78,174
	(12,692)	(12,692)
<u>(21,720,728)</u>	<u>(12,692)</u>	<u>(21,733,420)</u>
13,799,727		13,799,727
2,265,345		2,265,345
3,070,543		3,070,543
1,142,785		1,142,785
266,800	44,070	310,870
1,756,036		1,756,036
(40,067)	40,067	0
<u>22,261,169</u>	<u>84,137</u>	<u>22,345,306</u>
540,441	71,445	611,886
<u>61,963,347</u>	<u>3,149,792</u>	<u>65,113,139</u>
<u>\$ 62,503,788</u>	<u>\$ 3,221,237</u>	<u>\$ 65,725,025</u>

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	\$4,036,317		\$1,091,178	\$3,991,125		\$9,118,620
Due from other governments	74,478	2,757,711		420,227	266,443	3,518,859
Receivables (Net)	37,008			981		37,989
Inventories	547,075					547,075
Total assets	\$4,694,878	\$2,757,711	\$1,091,178	\$4,412,333	\$266,443	\$13,222,543
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 210,790			\$ 88,753		\$ 299,543
Accrued salaries and benefits payable	850,226	2,704,856			257,674	3,812,756
Unearned Revenues	51,391	52,855		23,737	8,769	136,752
Total liabilities	1,112,407	2,757,711	0	112,490	266,443	4,249,051
Fund balances:						
Reserved for:						
Inventories	547,075					547,075
State statute	97,735			397,471		495,206
Unreserved:						
Designated for subsequent year's expenditures	662,688			1,619,892		2,282,580
General Fund	2,274,973					2,274,973
Special Revenue Funds			1,091,178			1,091,178
Capital Projects Fund				2,282,480		2,282,480
Total fund balances	3,582,471	0	1,091,178	4,299,843	0	8,973,492
Total liabilities and fund balances	\$4,694,878	\$2,757,711	\$1,091,178	\$4,412,333	\$266,443	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	58,429,862
Some liabilities, including bonds payable and accrued vacation pay, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(4,899,566)

Net assets of government activities \$62,503,788

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 207,718	\$73,292,756	\$	\$1,142,785	\$	\$74,643,259
Caldwell County	13,799,727			2,265,345		16,065,072
U.S. Government	766,436				6,713,390	7,479,826
Contributions and donations	34,406		2,049,391			2,083,797
Other	2,008,689		724,110	160,090		2,892,889
Total revenues	16,816,976	73,292,756	2,773,501	3,568,220	6,713,390	103,164,843
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	5,238,395	48,020,187			603,464	53,862,046
Special Populations	168,085	6,264,901			3,034,806	9,467,792
Alternative Programs	328,754	3,261,247			2,324,509	5,914,510
School Leadership	1,538,897	4,377,739				5,916,636
Co-Curricular	397,464		2,818,634			3,216,098
School-Based Support	443,408	4,829,878			234,364	5,507,650
System-wide support services:						
Support and Development	183,033	664,806			154,351	1,002,190
Special Population Support and Development	127,529	212,279			73,295	413,103
Alternative Programs and Services Support and Development	8,553	38,565			83,427	130,545
Technology Support	547,940	345,564			12,313	905,817
Operational Support	5,393,036	3,944,686			35,076	9,372,798
Financial and Human Resource	170,068	648,273			9,562	827,903
Accountability	153,712	75,535				229,247
System-wide Pupil Support Policy, Leadership, and Public Relations	583,086	611,317			34,049	1,228,452
Ancillary services	29,013					29,013
Nutrition services					53	53
Non-programmed charges	13,357	(2,221)			114,121	125,257
Debt service:						
Principal	105,963			435,739		541,702
Interest and other charges	2,590					2,590
Capital outlay:						
Real property and buildings				1,886,888		1,886,888
Furniture and equipment				896,896		896,896
Buses and motor vehicles				103,760		103,760
Total expenditures	15,500,866	73,292,756	2,818,634	3,323,283	6,713,390	101,648,929
Excess (deficiency) of revenues over expenditures	1,316,110	0	(45,133)	244,937	0	1,515,914
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	(146,497)			106,430		(40,067)
Installment purchase obligations issued				65,429		65,429
Total other financing sources (uses)	(146,497)	0		171,859		25,362
Net changes in fund balance	1,169,613	0	(45,133)	416,796		1,541,276
Fund balances- beginning	2,419,144		1,136,311	3,883,047		7,438,502
Decrease in reserve for inventories	(6,285)					(6,285)
Fund balances - ending	\$ 3,582,472	\$ -	\$1,091,178	\$4,299,843	\$	\$ 8,973,493

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

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
RECONCILIATION OF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

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

Net changes in fund balances - total governmental funds	\$ 1,541,276
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	(1,176,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Adjustment for change in inventory methods	(6,285)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amount 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.	476,272
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences liability change	<u>(293,846)</u>
Total changes in net assets of governmental activities	<u>\$ 540,441</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 144,360	\$ 213,015	\$ 207,718	\$ (5,297)
Caldwell County	13,799,747	13,799,747	13,799,727	(20)
U.S. Government	781,342	1,170,320	766,436	(403,884)
Contributions and donations	31,480	41,780	34,406	(7,374)
Other	1,589,798	1,637,298	2,008,689	371,391
Total Revenues	16,346,727	16,862,160	16,816,976	(45,184)
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	5,713,714	5,903,503	5,238,395	665,108
Special Populations	181,810	175,110	168,085	7,025
Alternative Programs	208,491	506,502	328,754	177,748
School Leadership	1,920,750	1,860,750	1,538,897	321,853
Co-Curricular	369,780	397,780	397,464	316
School-Based Support	449,906	502,355	443,408	58,947
System-wide Support services:				
Support and Development	148,700	196,504	183,033	13,471
Special Population Support and Development	100,984	136,665	127,529	9,136
Alternative Programs and Services Support and Development	9,200	9,200	8,553	647
Technology Support	652,456	595,548	547,940	47,608
Operational Support	5,678,475	5,668,667	5,393,036	275,631
Financial and Human Resource Accountability	147,060	173,009	170,068	2,941
System-wide Pupil Support	125,435	154,378	153,712	666
Policy, Leadership, and Public Relations	67,858	67,988	67,983	5
	795,729	744,251	583,086	161,165
Ancillary Services	29,768	29,767	29,013	754
Nutrition Services				
Non-programmed charges	10,000	14,000	13,357	643
Debt Service:				
Principal	105,963	105,963	105,963	0
Interest and other charges	2,590	2,590	2,590	0
Total expenditures	16,718,669	17,244,530	15,500,866	1,743,664
Revenues over (under) expenditures	(371,942)	(382,370)	1,316,110	1,698,480
Other financing sources (uses):				
Transfers to other funds	(146,720)	(146,720)	(146,497)	223
Total other financing sources (uses)	(146,720)	(146,720)	(146,497)	223
Revenues and other sources over (under) expenditures and other uses	(518,662)	(529,090)	1,169,613	1,698,703
Fund balances, beginning of year	518,662	529,090	2,419,144	1,890,054
Decrease in reserve for inventories			(6,285)	(6,285)
Fund balances, end of year	\$	\$	\$ 3,582,472	\$ 3,582,472

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

State Public School Fund				Federal Grant Fund			
Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$73,319,196	\$75,279,776	\$73,292,756	(\$1,987,020)	\$	\$	\$	\$
				7,406,017	7,812,631	6,713,390	(1,099,241)
<u>73,319,196</u>	<u>75,279,776</u>	<u>73,292,756</u>	<u>(1,987,020)</u>	<u>7,406,017</u>	<u>7,812,631</u>	<u>6,713,390</u>	<u>(1,099,241)</u>
50,161,329	48,955,741	48,020,187	935,554	497,434	611,118	603,464	7,654
5,179,331	6,286,715	6,264,901	21,814	3,576,197	3,717,447	3,034,806	682,641
3,140,573	3,810,330	3,261,247	549,083	2,260,390	2,491,905	2,324,509	167,396
4,315,824	4,503,088	4,377,739	125,349				
	0	0	0				
4,720,263	4,978,585	4,829,878	148,707	312,537	278,715	234,364	44,351
685,097	709,370	664,806	44,564	93,656	159,949	154,351	5,598
149,298	212,288	212,279	9	181,834	146,474	73,295	73,179
41,154	38,627	38,565	62	205,550	141,570	83,427	58,143
322,910	454,645	345,564	109,081	18,085	16,363	12,313	4,050
3,279,695	3,965,456	3,944,686	20,770	34,000	38,000	35,076	2,924
600,838	677,974	648,273	29,701	79,436	24,338	9,562	14,776
87,848	75,578	75,535	43	5,900	2,900	0	2,900
						0	
635,036	611,379	611,317	62	0	35,118	34,049	1,069
				0	75	53	22
		(2,221)	2,221	140,998	148,659	114,121	34,538
<u>73,319,196</u>	<u>75,279,776</u>	<u>73,292,756</u>	<u>1,987,020</u>	<u>7,406,017</u>	<u>7,812,631</u>	<u>6,713,390</u>	<u>1,099,241</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			0				
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$1,736,835	\$ 334,774	\$2,071,609
Due from other governments	84,239	26,898	111,137
Receivables (net)	42,741		42,741
Inventories	461,547		461,547
Total current assets	<u>2,325,362</u>	<u>361,672</u>	<u>2,687,034</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	838,315		838,315
Total noncurrent assets	<u>838,315</u>		<u>838,315</u>
Total assets	<u><u>\$3,163,677</u></u>	<u><u>\$ 361,672</u></u>	<u><u>\$3,525,349</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 5,196	\$ 18,835	\$ 24,031
Accrued salaries and wages payable	31,516	28,022	59,538
Unearned revenue	14,251	22,641	36,892
Compensated absences	13,115	12,166	25,281
Total current liabilities	<u>64,078</u>	<u>81,664</u>	<u>145,742</u>
Noncurrent liabilities:			
Compensated absences	105,506	52,864	158,370
Total noncurrent liabilities	<u>105,506</u>	<u>52,864</u>	<u>158,370</u>
Total liabilities	<u>169,584</u>	<u>134,528</u>	<u>304,112</u>
NET ASSETS			
Invested in capital assets	838,315		838,315
Unrestricted	2,155,778	227,144	2,382,922
Total net assets	<u><u>\$2,994,093</u></u>	<u><u>\$ 227,144</u></u>	<u><u>\$3,221,237</u></u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$3,003,042	\$	\$3,003,042
Child care fees		1,374,618	1,374,618
Other			
Total operating revenues	<u>3,003,042</u>	<u>1,374,618</u>	<u>4,377,660</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,153,000	88,888	2,241,888
Donated commodities	373,298		373,298
Salaries and benefits	3,540,401	1,126,281	4,666,682
Indirect costs	311,784	105,060	416,844
Materials and supplies	336,779	36,913	373,692
Repairs and maintenance	74,122		74,122
Depreciation	143,925		143,925
Non Capitalized Equipment	31,203	1,589	32,792
Purchased services	20,827	42,773	63,600
Total operating expenses	<u>6,985,339</u>	<u>1,401,504</u>	<u>8,386,843</u>
Operating (loss)	<u>(3,982,297)</u>	<u>(26,886)</u>	<u>(4,009,183)</u>
NONOPERATING REVENUES			
Federal reimbursements	3,189,474	0	3,189,474
Federal commodities	373,298		373,298
State reimbursements	15,919		15,919
Interest earned	41,390	2,680	44,070
Gain (loss) on sale of fixed assets	956		956
Indirect costs not paid	311,784	105,060	416,844
Total nonoperating revenue	<u>3,932,821</u>	<u>107,740</u>	<u>4,040,561</u>
Income (loss) before transfers	(49,476)	80,854	31,378
Transfers from other funds	40,067		40,067
Change in net assets	(9,409)	80,854	71,445
Total net assets - beginning	<u>3,003,502</u>	<u>146,290</u>	<u>3,149,792</u>
Total net assets - ending	<u><u>\$2,994,093</u></u>	<u><u>\$ 227,144</u></u>	<u><u>\$3,221,237</u></u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,919,124	\$ 1,402,170	\$ 4,321,294
Cash paid for goods and services	(2,713,190)	(159,691)	(2,872,881)
Cash paid for employees services and benefits	(3,499,737)	(1,132,898)	(4,632,635)
Net cash provided (used) by operating activities	(3,293,803)	109,581	(3,184,222)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	3,205,393		3,205,393
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(128,598)		(128,598)
Proceeds from sale of capital assets	956		956
Net cash (used) by capital and related financing activities	(127,642)		(127,642)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	41,390	2,680	44,070
Net increase (decrease) in cash and cash equivalents	(174,662)	112,261	(62,401)
Balances - beginning of year	1,911,497	222,513	2,134,010
Balances - end of year	<u>\$ 1,736,835</u>	<u>\$ 334,774</u>	<u>\$ 2,071,609</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (3,982,297)	\$ (26,886)	\$ (4,009,183)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	143,925		143,925
Donated commodities consumed	373,298		373,298
Salaries paid by special revenue fund	40,067		40,067
Indirect costs not paid	311,784	105,060	416,844
Changes in assets and liabilities:			
Decrease (increase) in due from other governments	(69,083)	24,304	(44,779)
Decrease (increase) in accounts receivable	(16,657)		(16,657)
Decrease (increase) in inventory	(95,121)		(95,121)
Increase (decrease) in accounts payable and accrued liabilities	5,243	4,446	9,689
Increase (decrease) in accrued annual leave	(6,784)	(591)	(7,375)
Increase (decrease) in unearned revenues	1,822	3,248	5,070
Total adjustments	688,494	136,467	824,961
Net cash provided (used) by operating activities	<u>\$ (3,293,803)</u>	<u>\$ 109,581</u>	<u>\$ (3,184,222)</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Noncash investing, capital and financing activities:

The General Fund paid salaries and benefits of \$40,067 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 8.

Indirect costs of \$416,844 that would be due to the General Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibits 7.

The School Food Service Fund received donated commodities with a value of \$373,298 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$373,298 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

I. Summary of Significant Accounting Policies

The accounting policies of Caldwell 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:

A. Reporting Entity

The Caldwell 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 Caldwell County, North Carolina. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity. There are no component units included within the reporting entity.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund fund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

I. Summary of Significant Accounting Policies - (Cont'd)

B. Basis of Presentation - (Cont'd)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

The Board reports the following major governmental funds:

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

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

Federal Grants Fund. The Federal Grants Fund includes appropriations from the federal government, generally the U.S. Department of Education, which are passed-thru the North Carolina 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.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S. 115C-426]. Capital projects are funded by Caldwell County appropriations, restricted sales tax moneys, proceeds of Caldwell County bonds issued for public school construction, lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise funds:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

Child Care Fund. The Child Care Fund is used to account for the preschool and after school child care program within the school system.

I. Summary of Significant Accounting Policies - (Cont'd)

C. Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets 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.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys between functions within the purpose level. Amendments are required for any revisions that

I. Summary of Significant Accounting Policies - (Cont'd)

D. Budgetary Data - (Cont'd)

alter total expenditures of any fund or that change purpose level appropriations. All amendments must be approved by the governing board. Budget amendments of \$1,026,226 and \$497,649 were made in November and January for changes in allotments in the State Public School Fund. During the year there were several other immaterial budget amendments made. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

1. Deposits and Investments - (Cont'd)

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

2. Cash and Cash Equivalents

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

3. Inventories

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriate resources and, thus, an equivalent portion of fund balance is reserved.

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

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1982 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. 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.

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

4. Capital Assets - (Cont'd)

Caldwell 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	50
Building Improvements	20
Equipment and furniture	10
Vehicles	8
Computer equipment	3

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.

5. 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.

6. 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. In addition to the maximum 30 days, noncertified support personnel were awarded an additional 10 days in fiscal years ended June 30, 2003 and June 30, 2004 and an additional 5 days in fiscal year ended June 30, 2006 for a possible accumulation of 55 days as of June 30, 2007. 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, 2008

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

6. Compensated Absences - (Cont'd)

is recorded in the government-wide and proprietary fund financial statements on a LIFO 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.

7. Net Assets/Fund Balances

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets 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.

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by the grant agreement. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 115C-425(a)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

7. Net Assets/Fund Balances - (Cont'd)

Reserved for assets held for resale - portion of fund balance not available for appropriation because it represents the year-end balance of assets held for resale, which are not expendable, available resources.

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 20087-20098 budget ordinance.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

8. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$53,530,296 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)	\$95,971,600
Less Accumulated Depreciation	<u>(37,541,738)</u>

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

8. Reconciliation of Government-wide and Fund Financial Statements - (Cont'd)

<u>Description</u>	<u>Amount</u>
Net capital assets	\$58,429,862
<p>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:</p>	
Bonds, leases, and installment financing Compensated absences	<u>(4,899,566)</u>
Total adjustment	<u>\$53,530,296</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$1,000,835) as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,495,510
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,672,486)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets	(65,429)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	541,701

I. Summary of Significant Accounting Policies - (Cont'd)

F. Assets, Liabilities, and Fund Equity - (Cont'd)

8. Reconciliation of Government-wide and Fund Financial Statements - (Cont'd)

<u>Description</u>	<u>Amount</u>
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	\$ (293,846)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>(6,285)</u>
Total adjustment	<u>\$ (1,000,835)</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged

II. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

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, 2008 the Board had deposits with banks and savings and loans with a carrying amount of \$8,957,443 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$8,580,543 and \$1,194,644, respectively. Of these balances, \$200,000 was covered by federal depository insurance and \$9,575,207 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2008, the Board of Education had \$2,232,786 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standards and Poor's. The Board has no policy for managing interest rate risk or credit risk.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2008, were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 74,478	\$ 37,008
Other governmental activities	<u>3,444,381</u>	<u>981</u>
Total	<u>\$ 3,518,859</u>	<u>\$ 37,989</u>
Business-type activities:		
School Food Service	\$ 84,239	\$ 42,741
Child Care	<u>26,898</u>	
Total	<u>\$ 111,137</u>	<u>\$ 42,741</u>

II. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 13,750	State - Sales tax
	13,690	Federal - SAY Grant
	4,104	Federal - Teaching American History
	6,372	Federal - Tech Prep
	1,500	Federal - Even Start
	3,208	State - More at Four
	1,382	State - Medicaid
	30,472	County - Fines & Forfeitures
State Public School Fund	2,704,856	Operating funds from DPI
	52,855	State - Sales tax
Capital Outlay Fund		State Public School Building
	396,490	Capital Fund
	23,737	State - Sales tax
Federal Grants Fund	257,674	Federal grant funds
	<u>8,769</u>	State - Sales tax
Total	<u>\$3,518,859</u>	

Business Activities

School Food Service	\$ 76,539	Federal funds
School Food Service	7,700	State - Sales tax
Child Care	925	State - Sales tax
Child Care	<u>25,973</u>	County - DSS
Total	<u>\$ 111,137</u>	

4. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,716,383	\$	\$	\$	\$ 2,716,383
Construction in progress	<u>699,398</u>	<u>(628,413)</u>	<u>224,845</u>		<u>295,830</u>
Total capital assets not being depreciated	<u>3,415,781</u>	<u>\$ (628,413)</u>	<u>\$ 224,845</u>	<u>\$</u>	<u>3,012,213</u>
Capital assets being depreciated:					
Buildings	80,329,548	\$ 628,413	\$ 1,068,991	\$	82,026,952
Equipment and furniture	2,469,974		97,924		2,567,898
Vehicles	<u>8,260,787</u>		<u>103,750</u>		<u>8,364,537</u>
Total capital assets being depreciated	<u>91,060,309</u>	<u>\$ 628,413</u>	<u>\$ 1,270,665</u>	<u>\$</u>	<u>92,959,387</u>

II. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:					
Buildings	\$27,019,707	\$	\$ 2,057,966	\$	\$29,077,673
Equipment and furniture	1,527,095		178,856		1,705,951
Vehicles	6,322,450		435,664		6,758,114
Total accumulated depreciation	<u>34,869,252</u>	<u>\$</u>	<u>\$ 2,672,486</u>	<u>\$</u>	<u>37,541,738</u>
Total capital assets being depreciated, net	<u>56,191,057</u>				<u>55,417,649</u>
Governmental activity capital assets, net	<u>\$59,606,838</u>				<u>\$58,429,862</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated				
Furniture and office equipment	<u>\$ 2,106,792</u>	<u>\$ 128,598</u>	<u>\$ (13,673)</u>	<u>\$ 2,221,717</u>
Total capital assets being depreciated	<u>2,106,792</u>	<u>\$ 128,598</u>	<u>\$ (13,673)</u>	<u>2,221,717</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,253,150</u>	<u>\$ 143,925</u>	<u>\$ (13,673)</u>	<u>1,383,402</u>
Total accumulated depreciation	<u>1,253,150</u>	<u>\$ 143,925</u>	<u>\$ (13,673)</u>	<u>1,383,402</u>
School Food Service capital assets, net	<u>853,642</u>			<u>838,315</u>
Business-type activities capital assets, net	<u>\$ 853,642</u>			<u>\$ 838,315</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,236,822
Operational support services	<u>435,664</u>
Total	<u>\$2,672,486</u>

II. Detail Notes on All Funds - (Cont'd)

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

Construction commitments

Caldwell County has an active renovation and construction project as of June 30, 2008. The project is for an addition at the Education Center. At year end, the County's commitment with the contractor for school construction is as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Education Center	\$224,845	\$88,482

Financing Commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Caldwell County Board of Education has entered into an agreement to purchase 10 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the bus from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2008, has been recorded.

The payments due in the fiscal year ended June 30, 2009 are as follows:

Total purchase price, 10 buses	\$741,490
Total payments due in 08-09	247,163
Remaining payment in subsequent years	494,327

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Caldwell County Board of Education contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes

II. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

1. Pension Plan Obligations - (Cont'd)

a. Teachers' and State Employees' Retirement System - (Cont'd)

financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 3.05% of annual covered payroll. The contribution requirements of plan members and Caldwell County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2008, 2007, and 2006 were \$2,029,069, \$1,680,469, and \$1,356,631, respectively, equal to the required contributions for each year.

b. Other Post-employment Benefits

The post employment health care benefits are provided through multiple-employer cost-sharing plans administered by the State.

The Board makes monthly contributions to the State for these benefits. Health care benefits are provided to retirees (at no charge to the retirees) of the Teachers' and State Employees' Retirement System (System) who have at least five years of contributing membership in the System. These benefits are provided through the State's Comprehensive Major Medical Plan. Once retirees become eligible for Medicare coverage, they must elect to participate in Part A and Part B coverage to maintain the level of coverage provided prior to 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 State sets monthly contribution rates for post-employment health care benefits, death benefits, and disability benefits, which are the same for all boards of education across the State. For the fiscal year ended June 30, 2008, the Board made contributions to the State for post-employment health care benefits of \$2,727,601, these contributions represented 4.10% of covered payroll.

2. Other Employment Benefits

In addition to providing pension and post employment healthcare benefits, the Board provides disability benefits and death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-

II. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

2. Other Employment Benefits - (Cont'd)

administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year, of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as qualified employee is disabled.

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.

3. Accounts Payable

Accounts payable as of June 30, 2008, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 210,790	\$ 850,226	\$1,061,016
Other Governmental	<u>88,753</u>	<u>2,962,530</u>	<u>3,051,283</u>
Total governmental activities	<u>\$ 299,543</u>	<u>\$3,812,756</u>	<u>\$4,112,299</u>
Business-type Activities:			
School Food Service	\$ 5,196	\$ 31,516	\$ 36,712
Other Business-type	<u>18,835</u>	<u>28,022</u>	<u>46,857</u>
Total business-type activities	<u>\$ 24,031</u>	<u>\$ 59,538</u>	<u>\$ 83,569</u>

II. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

4. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (Child Care Fund)	\$ 22,641
Pre-payments (School Food Service Fund)	14,251
Sales tax refunds receivable (General Fund)	13,750
Sales tax refunds receivable (Special Revenue Funds)	61,624
Sales tax refunds receivable (Capital Outlay Fund)	23,737
Grants not yet earned (General Fund)	<u>37,641</u>
Total	<u>\$ 173,644</u>

5. 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 \$2,000,000, and \$1,400,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$100,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for workers' compensation coverage. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Excess reinsurance is purchased through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake. The Board also has a flood insurance policy for Collettsville Elementary School which is considered a flood risk. Coverage limits are \$500,000 for the building and \$255,300 for contents with a \$5,000 deductible for each. Flood insurance is not carried at other school locations because these locations are not considered to be a flood risk.

II. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

5. Risk Management - (Cont'd)

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

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

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

6. Contingent Liabilities

At June 30, 2008, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

7. Long-Term Obligations

a. Installment Purchase

The Board is authorized by State law [G.S.115C-47(28a)] to enter into installment purchase contracts to finance energy conservation measures that will reduce its operating costs.

In April 2000, the Board entered into such a contract to reduce the energy costs associated with one of the elementary schools. The financing contract requires principal payments for eight years beginning in the fiscal year 2001 with interest rate of 5.29 percent. This contract was completed as of June 30, 2008.

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 monies 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 a special third party financing arrangement by Suntrust Equipment Finance & Leasing Corporation at total payments less than the purchase price. In 2006, the Board entered into an installment

II. Detail Notes on All Funds - (Cont'd)

B. Liabilities - (Cont'd)

7. Long-Term Obligations - (Cont'd)

a. Installment Purchase - (Cont'd)

purchase contract to finance the purchase of thirteen school buses, and in 2007, the Board entered into an installment purchase contract to finance the purchase of one school bus. These financing contracts require principal only payments of \$288,813 and \$21,810 respectively due at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2008 including \$- 0 - of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2008	\$ 310,623	\$ - 0 -
Principal payments	\$ 310,623	
Total interest payments		\$ - 0 -

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, 2008:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 786,895	\$ 65,429	\$ 541,701	\$ 310,623	\$ 310,623
Compensated absences	4,295,097	3,190,673	2,896,827	4,588,943	378,250
Total	<u>\$5,081,992</u>	<u>\$3,256,102</u>	<u>\$ 3,438,528</u>	<u>\$4,899,566</u>	<u>\$ 688,873</u>
Business-type activities:					
Compensated absences	\$ 191,026	\$ 166,562	\$ 173,937	\$ 183,651	\$ 25,281

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

II. Detail Notes on All Funds - (Cont'd)

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2008, consist of the following:

	<u>Amount</u>
From the General Fund to the Capital Outlay Fund for Capital Outlay	<u>\$ 106,430</u>
From General Fund to School Food Service Fund for administrative costs	<u>\$ 40,067</u>

III. 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.

IV. Significant Effects of Subsequent Events

Fines, Forfeitures and Supplemental School Tax

Due to recent State Supreme Court ruling, Caldwell County Board of Education may be required to disburse additional funds to various charter schools in its vicinity. These payments represent a portion of the fines and forfeitures that the County Board of Education has received over the past three years. If requested to do so by a charter school with at least one enrolled student from Caldwell county, Caldwell County Board of Education must make these payments to the charter schools during the upcoming fiscal year. The amount, if any, of any liability cannot be reasonably estimated at this time.

**CALDWELL COUNTY BOARD OF EDUCATION
GENERAL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>REVENUES</u>	Local Current Expenses 2008		
	Budget	Actual	Variances
State of North Carolina:			
More At Four	\$ 213,015	\$ 207,718	\$ (5,297)
Total State of N.C.	213,015	207,718	(5,297)
Caldwell County - Appropriation	13,799,747	13,799,727	(20)
Total Caldwell County	13,799,747	13,799,727	(20)
United States Government:			
ROTC	106,810	112,603	5,793
Reading Project		3,544	3,544
Even Start	72,281	72,281	0
Teaching American History	335,761	155,438	(180,323)
Tech Prep	387,793	319,908	(67,885)
Justice Assistance Grant	117,675	102,662	(15,013)
Drop-Out Prevention	150,000		(150,000)
Total U.S. Government	1,170,320	766,436	(403,884)
Other:			
ABC Revenues	18,000	19,646	1,646
CCC Reimbursement	171,180	161,689	(9,491)
Sales Taxes	85,000	67,690	(17,310)
Tuition and Fees - Rising Stars	21,850	14,230	(7,620)
Fines and Forfeitures	380,000	484,647	104,647
Rental of School Property	4,000	2,617	(1,383)
Interest Earned on Investments	50,000	99,349	49,349
Miscellaneous & School Reimbursements	391,768	578,366	186,598
Indirect Cost Allocations	75,000	125,967	50,967
Donations	41,780	34,406	(7,374)
Medicaid Reimbursement	343,000	386,696	43,696
Other Restricted Sources	57,500	42,299	(15,201)
E-Rate Reimbursement	40,000	25,493	(14,507)
Total Other	1,679,078	2,043,095	364,017
Fund Balance Appropriated	529,090		(529,090)
Total Revenue	17,391,250	16,816,976	(574,274)

EXPENDITURES

INSTRUCTIONAL SERVICES:			
Regular Instructional Services:			
Salaries		3,743,594	
Employee Benefits		850,665	
Purchased Services		471,858	
Supplies and Materials		152,750	
Non-Capitalized equipment		19,528	
Total Regular Instructional Services	5,903,503	5,238,395	665,108

EXPENDITURES**Local Current Expenses
2008**

INSTRUCTIONAL SERVICES - (CONT'D):	<u>Budget</u>	<u>Actual</u>	<u>Variances</u>
Special Population Services:			
Salaries	\$	\$ 122,653	\$
Employee Benefits		35,792	
Purchased Services		8,291	
Supplies and Materials		1,349	
Total Special Population Services	175,110	168,085	7,025
Alternative Programs and Services:			
Salaries		241,817	
Employee Benefits		70,083	
Purchased Services		4,908	
Supplies and Materials		11,946	
Total Alternative Programs and Services	506,502	328,754	177,748
School Leadership Services:			
Salaries		1,144,879	
Employee Benefits		303,711	
Purchased Services		45,022	
Supplies and Materials		38,188	
Non-Capitalized equipment		7,097	
Total School Leadership Services	1,860,750	1,538,897	321,853
Co-Curricular Services:			
Salaries		306,659	
Employee Benefits		44,211	
Purchased Services		32,430	
Insurance		14,164	
Total Co-Curricular Services	397,780	397,464	316
School-Based Support Services:			
Salaries		130,855	
Employee Benefits		26,667	
Purchased Services		253,754	
Supplies and Materials		32,132	
Total School-Based Support Services	502,355	443,408	58,947
Total Instructional Services	9,346,000	8,115,003	1,230,997
SYSTEM-WIDE SUPPORT SERVICES:			
Support and Development Services:			
Salaries		135,690	
Employee Benefits		26,610	
Purchased Services		11,152	
Supplies and Materials		9,581	
Total Support and Development Services	196,504	183,033	13,471
Special Population Support and Development Services:			
Salaries		55,190	
Employee Benefits		17,076	
Purchased Services		55,263	
Total Special Population Support And Development Services	136,665	127,529	9,136
Alternative Programs and Services:			
Salaries		776	
Employee Benefits		120	
Purchased Services		5,952	
Supplies and Materials		1,705	
Total Alternative Programs and Services	9,200	8,553	647

EXPENDITURES - (Cont'd):**Local Current Expenses
2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):			
Technology Support Services:			
Salaries	\$	\$ 233,320	\$
Employee Benefits		58,837	
Purchased Services		28,144	
Supplies and Materials		100,124	
Non-Capitalized equipment		127,515	
Total Technology Support Services	<u>595,548</u>	<u>547,940</u>	<u>47,608</u>
Operational Support Services:			
Salaries		1,298,955	
Employee Benefits		467,332	
Purchased Services		2,405,869	
Supplies and Materials		898,210	
Insurance		284,220	
Non-Capitalized equipment		38,450	
Total Operational Support Services	<u>5,668,667</u>	<u>5,393,036</u>	<u>275,631</u>
Financial and Human Resource Services:			
Salaries		104,326	
Employee Benefits		17,621	
Purchased Services		38,640	
Supplies and Materials		4,360	
Non-Capitalized equipment		5,121	
Total Financial and Human Resource Services	<u>173,009</u>	<u>170,068</u>	<u>2,941</u>
Accountability Services:			
Salaries		69,041	
Employee Benefits		13,291	
Purchased Services		37,124	
Supplies and Materials		31,878	
Non-Capitalized equipment		2,378	
Total Accountability Services	<u>154,378</u>	<u>153,712</u>	<u>666</u>
System-Wide Pupil Support:			
Salaries		52,966	
Employee Benefits		15,017	
Total System-Wide Pupil Support Services	<u>67,988</u>	<u>67,983</u>	<u>5</u>
Policy, Leadership and Public Relations Services:			
Salaries		268,020	
Employee Benefits		47,065	
Purchased Services		210,137	
Supplies and Materials		57,864	
Total Policy, Leadership and Public Relations Services	<u>744,251</u>	<u>583,086</u>	<u>161,165</u>
Total System-Wide Support Services	<u>7,746,210</u>	<u>7,234,940</u>	<u>511,270</u>
ANCILLARY SERVICES:			
Ancillary Services:			
Salaries		22,205	
Employee Benefits		6,808	
Total Ancillary Services	<u>29,767</u>	<u>29,013</u>	<u>754</u>

EXPENDITURES - (Cont'd):**Local Current Expenses
2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variances</u>
Non-Programmed Charges:			
Payments to Charter Schools	\$ 14,000	\$ 13,357	\$
Total Programmed Charges	14,000	13,357	643
Debt Service:			
Principle	105,963	105,963	
Interest	2,590	2,590	
Total Debt Service	108,553	108,553	0
Total Expenditures	17,244,530	15,500,866	1,743,664
Excess of Revenue Over (Under) Expenditures	146,720	1,316,110	1,169,390
OTHER FINANCING SOURCES (USES):			
Operating Transfers (Out)	(146,720)	(146,497)	223
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,169,613	\$ 1,169,613
Fund Balance - July 1, 2007		2,419,144	
Decrease in Reserve for Inventories		(6,285)	
Fund Balance - June 30, 2008		\$ 3,582,472	

CALDWELL COUNTY BOARD OF EDUCATION
STATE PUBLIC SCHOOL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2008		Variance
	Budget	Actual	
REVENUES:			
State of North Carolina	\$75,279,776	\$73,292,756	\$(1,987,020)
Total Revenues	75,279,776	73,292,756	(1,987,020)
EXPENDITURES:			
INSTRUCTIONAL SERVICES:			
Regular Instructional:			
Salaries		35,799,219	
Employee Benefits		8,853,899	
Purchased Services		610,974	
Supplies and Materials		2,756,095	
Total Regular Instructional Services	48,955,741	48,020,187	935,554
Special Populations:			
Salaries		4,879,838	
Employee Benefits		1,242,895	
Purchased Services		68,336	
Supplies and Materials		73,832	
Total Special Populations Services	6,286,715	6,264,901	21,814
Alternative Programs and Services:			
Salaries		2,279,165	
Employee Benefits		566,889	
Purchased Services		48,509	
Supplies and Materials		366,684	
Total Alternative Programs and Services	3,810,330	3,261,247	549,083
School Leadership Services:			
Salaries		3,532,043	
Employee Benefits		845,440	
Purchased Services		256	
Total School Leadership Services	4,503,088	4,377,739	125,349
School-Based Support Services:			
Salaries		3,632,848	
Employee Benefits		835,813	
Purchased Services		356,725	
Supplies and Materials		4,492	
Total School-Based Support Services	4,978,585	4,829,878	148,707
Total Instructional Services	68,534,459	66,753,952	1,780,507

EXPENDITURES - (Cont'd):	2008		
	Budget	Actual	Variance
SYSTEM-WIDE SUPPORT SERVICES			
Support and Development Services:			
Salaries	\$	\$ 557,153	\$
Employee Benefits		106,993	
Purchased Services		529	
Supplies and Materials		131	
Total Support and Development Services	709,370	664,806	44,564
Special Population Support and Development Services:			
Salaries		168,395	
Employee Benefits		36,134	
Purchased Services		7,750	
Total Special Population Support And Development Services	212,288	212,279	9
Alternative Programs and Services:			
Salaries		28,538	
Employee Benefits		9,250	
Supplies and Materials		777	
Total Alternative Programs and Services	38,627	38,565	62
Technology Support Services:			
Salaries		118,741	
Employee Benefits		27,855	
Purchased Services		151,510	
Supplies and Materials		47,458	
Total Technology Support Services	454,645	345,564	109,081
Operational Support Services:			
Salaries		2,700,737	
Employee Benefits		607,096	
Purchased Services		64,753	
Supplies and Materials		570,626	
Other		1,474	
Total Operational Support Services	3,965,456	3,944,686	20,770
Financial and Human Resource Services:			
Salaries		469,904	
Employee Benefits		113,677	
Workshop Expenses		64,692	
Total Financial and Human Resource Services	677,974	648,273	29,701
Accountability Services:			
Salaries		59,763	
Employee Benefits		15,772	
Total Accountability Services	75,578	75,535	43

	2008		
	Budget	Actual	Variance
EXPENDITURES - (Cont'd):			
Policy, Leadership and Public Relations Services:			
Salaries	\$	\$ 512,898	\$
Employee Benefits		98,419	
	611,379	611,317	62
Total Policy, Leadership and Public Relations Services:			
	6,745,317	6,541,025	204,292
Total System-Wide Support Services			
NON-PROGRAMMED CHARGES:			
Sales Tax Refund		(2,221)	
Total Non-Programmed Charges		(2,221)	2,221
Total Expenditures	75,279,776	73,292,756	1,987,020
Excess of Revenue Over (Under) Expenditures	0	0	0
Fund Balance:			
Beginning of Year	0	0	0
End of Year	\$ -	\$ -	\$ -

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2008		Variance	2007
	Budget	Actual		Actual
Revenues:				
State of North Carolina	\$1,823,239	\$1,142,785	\$ (680,454)	\$1,079,810
Caldwell County	1,900,000	2,265,345	365,345	2,685,107
Other	64,500	160,090	95,590	202,389
Total Revenues	<u>3,787,739</u>	<u>3,568,220</u>	<u>(219,519)</u>	<u>3,967,306</u>
Expenditures:				
Building Repairs and Construction	3,269,163	1,886,888	1,382,275	1,519,171
Purchase and Replacement of Furniture and Equipment	1,273,837	896,896	376,941	816,134
Purchase of Vehicles	939,290	103,760	835,530	943,181
Debt Service:				
Principal	435,739	435,739	0	475,383
Total Expenditures	<u>5,918,029</u>	<u>3,323,283</u>	<u>2,594,746</u>	<u>3,753,869</u>
Excess of Revenues Over (Under) Expenditures	(2,130,290)	244,937	2,375,227	213,437
Other Financing Sources (Uses):				
Operating Transfers - In	106,430	106,430	0	86,077
Installment purchase obligations issued	741,490	65,429	(676,061)	866,450
Fund Balance Appropriated	<u>1,282,370</u>		<u>(1,282,370)</u>	
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>416,796</u>	<u>\$ 416,796</u>	<u>1,165,964</u>
Fund Balance:				
Beginning of Year, July 1, 2007		<u>3,883,047</u>		<u>2,717,083</u>
End of Year, June 30, 2008		<u><u>\$4,299,843</u></u>		<u><u>\$3,883,047</u></u>

**CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>2008 Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
REVENUE				
State of North Carolina:				
Public School Building Capital Fund	\$ 887,500	\$ 369,645	\$ (517,855)	\$ 139,590
Public School Building Capital Fund - Lottery	500,000	337,401	(162,599)	464,837
State Appropriations - Buses	435,739	435,739	0	475,383
Total State Revenues	<u>1,823,239</u>	<u>1,142,785</u>	<u>(680,454)</u>	<u>1,079,810</u>
Caldwell County:				
Appropriation from general revenues	1,900,000	2,040,313	140,313	2,191,306
Appropriation - Issued Installment Purchase		225,032	225,032	493,801
Total	<u>1,900,000</u>	<u>2,265,345</u>	<u>365,345</u>	<u>2,685,107</u>
Other:				
Sales Tax	32,500	29,941	(2,559)	36,699
Interest Earned	20,000	126,137	106,137	153,165
Disposition Fixed Assets	12,000	4,012	(7,988)	12,525
Total	<u>64,500</u>	<u>160,090</u>	<u>95,590</u>	<u>202,389</u>
Total Revenues	<u>\$3,787,739</u>	<u>\$3,568,220</u>	<u>\$ (219,519)</u>	<u>\$3,967,306</u>

CALDWELL COUNTY BOARD OF EDUCATION
 FOOD SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008			2007
	Budget	Actual	Variance	Actual
Operating Revenues:				
Food Sales	\$3,009,075	\$3,003,042	\$ (6,033)	\$3,073,626
Operating Expenses:				
Business Support Services:				
Purchase of Food		2,621,419		2,508,356
Salaries and Benefits		3,533,617		3,380,472
Materials and Supplies		336,779		275,794
Repairs and Maintenance		74,122		74,864
Purchased Services		20,827		17,604
Capital Outlay		128,598		78,392
Non-Capitalized Equipment		31,203		67,905
Total Operating Expenses	6,864,238	6,746,565	117,673	6,403,387
Operating (Loss)	(3,855,163)	(3,743,523)	111,640	(3,329,761)
Nonoperating Revenue:				
Federal Reimbursements	3,204,029	3,189,474	(14,555)	3,013,739
Federal Commodities	350,000	373,298	23,298	300,567
Interest Earned	67,766	41,390	(26,376)	67,967
Gain (Loss) on Sale of Fixed Assets	2,000	956	(1,044)	(3,451)
State Reimbursement	16,000	15,919	(81)	19,671
Total Nonoperating Revenue	3,639,795	3,621,037	(18,758)	3,398,493
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	(215,368)	(122,486)	92,882	68,732
Other Financing Sources:				
Transfer From Other Funds		40,067	40,067	38,369
Fund Balance Appropriated	215,368		(215,368)	
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ (82,419)	\$ (82,419)	\$ 107,101
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ (82,419)		\$ 107,101
Reconciling Items:				
Depreciation		(143,925)		(147,482)
Equipment Purchases		128,598		78,392
Increase in Inventory		95,121		38,268
(Increase) Decrease in Accrued Vacation Pay		(6,784)		6,257
Net Income (Loss) (Full Accrual)		\$ (9,409)		\$ 82,536

CALDWELL COUNTY BOARD OF EDUCATION
CHILD CARE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2007)

	2008		2007	
	Budget	Actual	Variance	Actual
Operating Revenues:				
Child Care Fees	\$1,731,610	\$1,374,618	\$ (356,992)	\$1,318,276
Operating Expenses:				
Business Support Services:				
Purchase of Food		88,888		71,486
Salaries and Benefits		1,125,690		1,170,642
Materials and Supplies		36,913		16,195
Non Capitalized Equipment		1,589		
Purchased Services		42,773		38,754
Total Operating Expenses	1,731,610	1,295,853	435,757	1,297,077
Operating Income	0	78,765	78,765	21,199
Nonoperating Revenue:				
Federal Reimbursements				1,437
Interest Earned		2,680		2,494
Total Nonoperating Revenue	0	2,680	2,680	3,931
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 81,445	\$ 81,445	\$ 25,130
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ 81,445		\$ 25,130
Reconciling Items:				
(Increase) Decrease in Accrued Vacation Pay		(591)		1,856
Net Income (Full Accrual)		\$ 80,854		\$ 26,986

Caldwell County Board of Education
Statistical Section
June 30, 2008

The statistical section of Caldwell County Board of Education's (the system) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the system's overall financial outlook.

The sub-sections are as follows:

Financial Trends

These tables contain trend information to help the reader understand how the system's financial performance and operations have changed over time. Government-wide data are presented for the past six fiscal years. Governmental Fund revenue sources and expenditures by function are presented over a ten-year period.

Revenue and Debt Capacity

Since the system has no tax-levying or debt-issuing authority, the County of Caldwell provides significant funding to the schools. Selected fiscal data from the County of Caldwell have been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the system's financial activities take place. County information is included.

Operating Information

These tables contain service data to help the reader understand how the information in the system's financial report relates to the services the system provides and the activities it performs.

Sources: Caldwell County Board of Education, North Carolina, Annual Financial Report and County of Caldwell, North Carolina, Annual Financial Report unless otherwise noted

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FINANCIAL TRENDS

CALDWELL COUNTY BOARD OF EDUCATION
Net Assets by Component
Last Six Fiscal Years

Fiscal Year Ended June 30,	2008	2007	2006	2005	2004	2003
Governmental Activities						
Invested in Capital Assets,						
Net of Related Debt	\$ 58,119,239	\$ 58,819,943	59,397,254	57,117,604	56,561,111	57,151,671
Restricted	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	3,293,371	2,007,093	827,781	(1,024,406)	(526,663)	(1,814,321)
Total Governmental Activities	62,503,788	61,963,347	61,394,123	58,295,928	58,501,503	57,815,623
Business-Type Activities						
Invested in Capital Assets,						
Net of Related Debt	838,315	853,642	926,741	917,917	818,499	876,155
Restricted	-	-	-	-	-	-
Unrestricted	2,382,922	2,296,150	2,113,529	2,152,225	2,097,876	1,704,031
Total Business-Type Activities	3,221,237	3,149,792	3,040,270	3,070,142	2,916,375	2,580,186
District-Wide						
Invested in Capital Assets,						
Net of Related Debt	58,957,554	59,673,585	60,323,995	58,035,521	57,379,610	58,027,826
Restricted	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	5,676,293	4,303,243	2,941,310	1,127,819	1,571,213	(110,290)
Total District-Wide	65,725,025	65,113,139	64,434,393	61,366,070	61,417,878	60,395,809

Note: The Board implemented GASB 34 in fiscal year ended June 30, 2003.

CALDWELL COUNTY BOARD OF EDUCATION
Changes in Net Assets
Last Six Fiscal Years

Table 2

Fiscal Year Ended June 30,	2008	2007	2006	2005	2004	2003
Expenses						
Governmental Activities:						
Instructional Programs	\$ 84,903,428	\$ 72,653,300	\$ 68,662,750	\$ 65,126,692	\$ 60,541,093	\$ 59,071,506
Support Services	15,287,175	21,008,487	20,349,841	19,010,588	17,952,690	18,255,803
Community Services	29,066	119,096	162,587	405,465	395,453	183,487
Non-Programmed Charges	(710)	(12,371)	(44,950)	(19,551)	(37,350)	(19,491)
Interest on Long-Term Debt	2,587	9,105	15,334	21,243	26,848	32,165
Depreciation, Unallocated	2,236,822	2,229,312	2,178,605	2,071,021	2,022,844	2,387,770
Total Governmental Activities Expenses	<u>102,458,368</u>	<u>96,006,929</u>	<u>91,324,167</u>	<u>86,615,458</u>	<u>80,901,578</u>	<u>79,911,240</u>
Business-Type Activities:						
School Food Service	6,985,339	6,769,462	6,713,234	6,300,952	5,889,253	5,584,518
Child Care	1,401,504	1,408,179	1,547,066	1,447,963	1,310,744	1,188,936
Total Business-Type Activities Expenses	<u>8,386,843</u>	<u>8,177,641</u>	<u>8,260,300</u>	<u>7,748,915</u>	<u>7,199,997</u>	<u>6,773,454</u>
Total District-Wide Expenses	<u>\$ 110,845,211</u>	<u>\$ 104,184,570</u>	<u>\$ 99,584,467</u>	<u>\$ 94,364,373</u>	<u>\$ 88,101,575</u>	<u>\$ 86,684,694</u>
Program Revenues						
Governmental Activities:						
Charges for Services	740,957	872,542	796,620	846,358	956,221	794,888
Operating Grants and Contributions	79,992,671	74,868,570	70,969,240	66,821,581	63,423,544	60,938,365
Capital Grants and Contributions	4,012	12,525	15,317	68,425	192,320	163,291
Total Governmental Activities Program Revenues	<u>80,737,640</u>	<u>75,753,637</u>	<u>71,781,177</u>	<u>67,736,364</u>	<u>64,572,085</u>	<u>61,896,544</u>
Business-Type Activities:						
Charges for Services:						
School Food Service	3,003,042	3,073,626	3,180,897	3,172,787	3,175,799	3,147,298
Child Care	1,374,618	1,318,276	1,260,529	1,367,453	1,228,967	1,125,485
Operating Grants and Contributions:						
School Food Service	3,891,431	3,672,036	3,523,781	3,194,920	2,970,240	2,764,357
Child Care	105,060	114,395	170,239	171,408	154,505	131,651
Capital Grants and Contributions			3,580			
Total Business-Type Activities Program Revenues	<u>8,374,151</u>	<u>8,178,333</u>	<u>8,139,026</u>	<u>7,906,568</u>	<u>7,529,511</u>	<u>7,168,791</u>
Total District-Wide Program Revenues	<u>89,111,791</u>	<u>83,931,970</u>	<u>79,920,203</u>	<u>75,642,932</u>	<u>72,101,596</u>	<u>69,065,335</u>
Net (Expense)/Revenue						
Governmental Activities	\$ (21,720,728)	\$ (20,253,292)	\$ (19,542,990)	\$ (18,879,094)	\$ (16,329,493)	\$ (18,014,696)
Business-Type Activities	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	<u>\$ (21,733,420)</u>	<u>\$ (20,252,600)</u>	<u>\$ (19,664,264)</u>	<u>\$ (18,721,441)</u>	<u>\$ (15,999,979)</u>	<u>\$ (17,619,359)</u>

CALDWELL COUNTY BOARD OF EDUCATION
Changes in Net Assets (Continued)
Last Six Fiscal Years

Table 2
(cont'd)

Fiscal Year Ended June 30,	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue						
Governmental Activities:	(21,720,728)	(20,253,292)	(19,542,990)	(18,879,094)	(16,329,493)	(18,014,696)
Business-Type Activities:	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	<u>(21,733,420)</u>	<u>(20,252,600)</u>	<u>(19,664,264)</u>	<u>(18,721,441)</u>	<u>(15,999,979)</u>	<u>(17,619,359)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Unrestricted County Appropriations - Operating	13,799,727	12,699,727	12,489,978	12,160,978	11,816,978	11,585,272
Unrestricted County Appropriations - Capital	2,265,345	2,685,107	6,266,941	3,364,450	1,737,440	1,641,174
Unrestricted State Appropriations - Operating	3,070,543	2,784,799	1,972,529	1,654,205	1,375,398	1,312,357
Unrestricted State Appropriations - Capital	1,142,785	1,079,810	295,897	350,257	397,380	1,351,359
Unrestricted Federal Appropriations - Capital		14,979		24,187		188,430
Investment Earnings, Unrestricted	266,800	294,691	261,027	117,080	30,073	61,041
Miscellaneous, Unrestricted	1,756,036	1,301,772	1,392,884	1,408,706	1,658,104	1,311,402
Transfers	(40,067)	(38,369)	(38,071)			(3,400)
Total Governmental Activities	<u>22,261,169</u>	<u>20,822,516</u>	<u>22,641,185</u>	<u>19,079,863</u>	<u>17,015,373</u>	<u>17,447,635</u>
Business-Type Activities						
Unrestricted State Appropriations - Operating						
Investment Earnings, Unrestricted	44,070	70,461	53,331	30,573	6,675	6,907
Miscellaneous, Unrestricted						
Transfers	40,067	38,369	38,071			3,400
Total Business-Type Activities	<u>84,137</u>	<u>108,830</u>	<u>91,402</u>	<u>30,573</u>	<u>6,675</u>	<u>10,307</u>
Total District-Wide	<u><u>\$22,345,306</u></u>	<u><u>\$20,931,346</u></u>	<u><u>\$22,732,587</u></u>	<u><u>\$19,110,436</u></u>	<u><u>\$17,022,048</u></u>	<u><u>\$17,457,942</u></u>
Change in Net Assets						
Governmental Activities	540,441	569,224	3,098,195	200,769	685,880	(567,061)
Business-type Activities	71,445	109,522	(29,872)	188,226	336,189	405,644
Total District-Wide	<u><u>611,886</u></u>	<u><u>678,746</u></u>	<u><u>\$3,068,323</u></u>	<u><u>\$388,995</u></u>	<u><u>\$1,022,069</u></u>	<u><u>(\$161,417)</u></u>

Note: The Board implemented GASB 34 in fiscal year ended June 30, 2003.

CALDWELL COUNTY BOARD OF EDUCATION
Fund Balances
Governmental Funds
Last Ten Fiscal Years

Table 3

Fiscal Year Ended June 30,	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 644,810	\$ 717,124	\$ 683,581	\$ 670,156	\$ 620,760
Unreserved:					
Designated	662,688	518,662	905,818	1,330,000	886,774
Undesignated	2,274,973	1,183,358	549,994	603,856	1,163,036
Total General Fund	<u>\$ 3,582,471</u>	<u>\$ 2,419,144</u>	<u>\$ 2,139,393</u>	<u>\$ 2,604,012</u>	<u>\$ 2,670,570</u>
All Other Governmental Funds					
Reserved	\$ 397,471	\$ 605,448	\$ 57,062	\$ 277,315	\$ 179,159
Unreserved:					
Designated:					
Capital Projects Funds	1,619,892	1,272,570	260,000	200,000	255,735
Special Revenue Funds					
Undesignated:					
Capital Projects Funds	2,282,480	2,005,029	2,400,021	615,637	668,494
Special Revenue Funds	1,091,178	1,136,311	1,169,088	1,109,778	1,363,667
Total All Other Governmental Funds	<u>\$ 5,391,021</u>	<u>\$ 5,019,358</u>	<u>\$ 3,886,171</u>	<u>\$ 2,202,730</u>	<u>\$ 2,467,055</u>
Fiscal Year Ended June 30,					
	2003	2002	2001	2000	1999
General Fund					
Reserved	\$ 659,747	\$ 578,233	\$ 612,101	\$ 1,702,148	\$ 1,207,486
Unreserved:					
Designated	383,428	155,540	895,474		187,969
Undesignated	337,347	1,655,638	358,401	691,617	465,892
Total General Fund	<u>\$ 1,380,522</u>	<u>\$ 2,389,411</u>	<u>\$ 1,865,976</u>	<u>\$ 2,393,765</u>	<u>\$ 1,861,347</u>
All Other Governmental Funds					
Reserved	\$ 221,982	\$ 413,632	\$ 501,884	\$ 2,972,451	\$ 313,223
Unreserved:					
Designated:					
Capital Projects Funds	775,146				701,000
Special Revenue Funds					
Undesignated:					
Capital Projects Funds	145,329	707,916	298,754	(2,521,849)	18,098
Special Revenue Funds	1,335,816				
Total All Other Governmental Funds	<u>\$ 2,478,273</u>	<u>\$ 1,121,548</u>	<u>\$ 800,638</u>	<u>\$ 450,602</u>	<u>\$ 1,032,321</u>

CALDWELL COUNTY BOARD OF EDUCATION
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

Table 4

Fiscal Year Ended June 30,	2008	2007	2006	2005	2004
Revenues					
State of North Carolina	\$ 74,643,259	\$ 69,480,490	\$ 63,942,617	\$ 60,498,340	\$ 58,173,533
Caldwell County	16,065,072	15,384,834	18,756,919	15,525,428	13,554,418
U.S. Government	7,479,826	7,185,544	7,174,513	6,023,681	5,200,273
Other	4,976,686	4,658,879	4,675,481	4,809,000	4,527,639
Total Revenues	<u>103,164,843</u>	<u>96,709,747</u>	<u>94,549,530</u>	<u>86,856,449</u>	<u>81,455,863</u>
Expenditures					
Instructional Programs	78,377,082	72,523,660	68,423,257	65,180,666	60,517,435
Support Services	18,457,236	19,495,729	18,797,614	17,570,667	16,783,571
Community Services	1,257,518	121,057	175,473	405,351	400,560
Non-Programmed Charges	125,257	109,120	74,477	81,516	42,128
Debt Service	544,292	605,642	316,824	213,523	130,259
Capital Outlay	2,887,544	3,278,486	5,797,065	4,057,278	2,356,289
Total Expenditures	<u>101,648,929</u>	<u>96,133,694</u>	<u>93,584,710</u>	<u>87,509,001</u>	<u>80,230,242</u>
Revenues Over (Under) Expenditures	1,515,914	576,053	964,820	(652,552)	1,225,621
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	65,429	866,450	309,905	249,792	-
Transfers In (Out)	(40,067)	(38,369)	(38,071)	-	-
Net Change in Fund Balances	<u>\$ 1,541,276</u>	<u>\$ 1,404,134</u>	<u>\$ 1,236,654</u>	<u>\$ (402,760)</u>	<u>\$ 1,225,621</u>
Fiscal Year Ended June 30,					
	2003	2002	2001	2000	1999
Revenues					
State of North Carolina	\$ 57,242,081	\$ 58,054,180	\$ 60,424,992	\$ 59,100,566	\$ 54,556,355
Caldwell County	13,260,142	13,764,799	13,295,689	12,166,230	11,151,243
U.S. Government	4,752,698	3,823,105	3,461,161	3,065,559	2,521,588
Other	4,042,552	5,493,631	7,322,091	7,260,594	7,054,466
Total Revenues	<u>79,297,473</u>	<u>81,135,715</u>	<u>84,503,933</u>	<u>81,592,949</u>	<u>75,283,652</u>
Expenditures					
Instructional Programs	59,317,076	55,402,661	54,560,766	50,739,769	47,229,696
Support Services	17,341,774	19,130,554	18,920,077	16,734,030	15,603,180
Community Services	176,655	1,547,199	1,526,385	1,351,359	1,368,506
Non-Programmed Charges	47,385	2,365	43,292	33,135	25,587
Debt Service	130,259	130,258	191,010	-	-
Capital Outlay	3,312,552	3,758,518	9,902,735	12,593,507	9,664,775
Total Expenditures	<u>80,325,701</u>	<u>79,971,555</u>	<u>85,144,265</u>	<u>81,451,800</u>	<u>73,891,744</u>
Revenues Over (Under) Expenditures	(1,028,228)	1,164,160	(640,332)	141,149	1,391,908
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	-	-	694,487	189,953	-
Transfers In (Out)	(3,400)	(69,829)	(150,159)	(186,379)	(186,288)
Net Change in Fund Balances	<u>\$ (1,031,628)</u>	<u>\$ 1,094,331</u>	<u>\$ (96,004)</u>	<u>\$ 144,723</u>	<u>\$ 1,205,620</u>

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REVENUE AND DEBT CAPACITY

CALDWELL COUNTY BOARD OF EDUCATION
General Governmental Revenues by Source
Last Ten Fiscal Years

Table 5

Fiscal Year Ended June 30,	State of North Carolina	Caldwell County	U. S. Government	Other	TOTAL
2008	\$ 74,643,259	\$ 16,065,072	\$ 7,479,826	\$ 2,203,185	\$ 100,391,342
2007	69,480,490	15,384,834	7,185,544	2,122,122	94,172,990
2006	63,942,617	18,756,919	7,174,513	2,131,256	92,005,305
2005	60,498,340	15,525,428	6,023,681	2,158,402	84,205,851
2004	58,173,533	13,554,418	5,200,273	1,932,253	78,860,477
2003	57,242,081	13,260,142	4,752,698	1,588,071	76,842,992
2002	58,054,180	13,764,799	3,787,703	1,672,937	77,279,619
2001	60,574,991	15,533,994	3,418,100	1,492,223	81,019,308
2000	59,100,566	12,166,230	3,065,559	4,264,165	78,596,520
1999	54,556,355	11,151,243	2,521,588	4,717,413	72,946,599

Note: Includes General, State Public School, Federal Grant and Capital Projects funds.

CALDWELL COUNTY BOARD OF EDUCATION
General Governmental Expenditures by Function
Per Pupil and in Total
Last Ten Fiscal Years

Table 6

Fiscal Year Ended June 30,	Average Daily Membership	Instructional Programs	Support Services	Community Services	Non-Program. Charges	Other	Total
			0				7,361
2008	12974	\$ 75,558,448	\$ 18,457,236	\$ 1,257,518	\$ 125,257	\$ 108,553	\$ 95,507,012
		5,377	1,499	9	8	10	6,903
2007	13,010	69,954,126	19,495,729	121,057	109,120	130,259	89,810,291
		5,103	1,455	14	6	10	6,587
2006	12,922	65,938,342	18,797,614	175,473	74,477	130,258	85,116,164
		4,846	1,367	32	6	10	6,262
2005	12,850	62,276,179	17,570,667	405,351	81,516	130,259	80,463,972
		4,547	1,317	31	3	10	5,908
2004	12,746	57,949,900	16,783,571	400,560	42,128	130,259	75,306,418
		4,512	1,376	14	3	10	5,915
2003	12,602	56,855,864	17,342,120	176,655	41,493	130,259	74,546,391
		4,387	1,333	21	1	10	5,752
2002	12,629	55,402,661	16,838,804	261,889	9,636	130,258	72,643,248
		4,359	1,343	14	3	15	5,735
2001	12,517	54,560,766	16,806,290	179,986	43,292	191,010	71,781,344
		4,079	1,239	12	3	-	5,333
2000	12,372	50,469,074	15,334,209	148,742	33,135	-	65,985,160
		3,906	1,186	51	2	-	5,144
1999	12,093	47,229,696	14,343,046	613,841	25,587	-	62,212,170

Note: Includes General, State Public School and Federal Grant funds

**CALDWELL COUNTY BOARD OF EDUCATION
Capital Projects Fund
Expenditures by Function
Last Ten Fiscal Years**

Table 7

Fiscal Year Ended June 30,	Building and Site Improvements	Furniture and Equipment	Vehicles	Total
2008	\$ 1,886,888	\$ 896,896	\$ 539,499	\$ 3,323,283
2007	1,519,171	816,134	1,418,564	3,753,869
2006	4,661,464	822,832	499,335	5,983,631
2005	2,614,073	937,700	588,769	4,140,542
2004	1,526,062	726,474	103,753	2,356,289
2003	2,242,966	873,016	196,570	3,312,552
2002	2,872,840	728,711	156,967	3,758,518
2001	8,711,878	1,063,363	127,494	9,902,735
2000	11,295,307	1,159,167	139,033	12,593,507
1999	9,019,057	607,350	38,368	9,664,775

CALDWELL COUNTY BOARD OF EDUCATION
School Food Service
Expenditures by Function
Last Ten Fiscal Years

Table 8

Fiscal Year Ended June 30,	Food Purchases	Donated Commodities	Salaries and Benefits	Other	Total
2008	\$ 2,153,000	\$ 373,298	\$ 3,540,401	\$ 918,640	\$ 6,985,339
2007	2,169,521	300,567	3,374,215	925,159	6,769,462
2006	2,155,191	289,477	3,132,948	1,135,618	6,713,234
2005	2,110,161	271,129	2,891,668	1,027,994	6,300,952
2004	1,893,114	349,859	2,811,824	834,456	5,889,253
2003	1,799,791	337,290	2,636,660	810,777	5,584,518
2002	2,087,107	-	2,698,659	856,683	5,642,449
2001	1,929,036	222,007	2,525,481	979,987	5,656,511
2000	1,707,406	225,548	2,117,444	662,868	4,713,266
1999	1,513,482	300,613	2,416,335	635,190	4,865,620

CALDWELL COUNTY BOARD OF EDUCATION
School Food Service
Revenues by Source
Last Ten Fiscal Years

Table 9

Fiscal Year Ended June 30,	Food Sales	Federal Reimburse- ments	Federal Commodities	Other	Total
2008	\$ 3,003,042	\$ 3,189,474	\$ 373,298	\$ 370,049	\$ 6,935,863
2007	3,073,626	3,013,739	300,567	425,697	6,813,629
2006	3,180,897	2,837,090	289,477	450,797	6,758,261
2005	3,172,787	2,538,456	271,129	413,319	6,395,691
2004	3,175,799	2,259,099	349,859	367,648	6,152,405
2003	3,147,298	2,088,247	337,290	345,013	5,917,848
2002	3,102,604	1,991,651	290,351	343,138	5,727,744
2001	3,258,809	1,795,010	316,269	371,679	5,741,767
2000	2,831,906	1,716,773	225,548	101,037	4,875,264
1999	2,660,307	1,608,620	300,613	340,583	4,910,123

**CALDWELL COUNTY BOARD OF EDUCATION
Child Care Expenditures by Function
Last Ten Fiscal Years**

Table 10

Fiscal Year Ended June 30,	Salaries and Benefits	Food Purchases	Other	Total
2008	\$ 1,126,281	\$ 88,888	\$ 186,335	\$ 1,401,504
2007	1,168,786	71,486	167,907	1,408,179
2006	1,215,523	94,906	236,637	1,547,066
2005	1,047,441	91,255	309,267	1,447,963
2004	967,237	88,757	254,750	1,310,744
2003	921,680	n/a	267,256	1,188,936
2002	1,057,180	n/a	220,859	1,278,039
2001	1,034,854	n/a	311,545	1,346,399
2000	928,105	n/a	274,512	1,202,617
1999	717,760	n/a	36,905	754,665

Note: Food Purchases are included in Other expenditures prior to 2004.

CALDWELL COUNTY BOARD OF EDUCATION
Child Care
Revenues by Source
Last Ten Fiscal Years

Table 11

Fiscal Year Ended June 30,	Child Care Fees	Federal Reimbursements	Other	Total
2008	\$ 1,374,618	\$ -	\$ 107,740	\$ 1,482,358
2007	1,318,276	1,437	115,452	1,435,165
2006	1,260,529	42,500	131,067	1,434,096
2005	1,367,453	42,570	131,427	1,541,450
2004	1,228,967	31,548	123,266	1,383,781
2003	1,125,485	17,822	114,543	1,257,850
2002	1,284,637	35,402	*	1,320,039
2001	1,282,905	43,061	*	1,325,966
2000	1,052,013	-	*	1,052,013
1999	929,322	-	*	929,322

CALDWELL COUNTY BOARD OF EDUCATION
Assessed Value of Taxable Property
Last Ten Fiscal Years

Table 12

Fiscal Year ended June 30,	Real Property			Personal Property	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			
2008	\$3,279,688,059	\$931,385,820	\$166,791,893	\$831,528,408	\$5,209,394,180	0.6599
2007	3,372,003,068	714,617,100	0	1,029,338,400	5,115,958,568	0.5399
2006	N/A	N/A	4,011,837,607	1,043,271,835	5,055,109,442	0.5399
2005	2,657,286,000	601,943,000	162,455,219	870,502,000	4,292,186,219	0.5399
2004	2,599,927,000	608,283,000	164,201,374	888,221,000	4,260,632,374	0.5839
2003	N/A	N/A	3,283,920,258	921,069,000	4,204,989,258	0.5839
2002	N/A	N/A	3,185,385,165	919,302,000	4,104,687,165	0.5561
2001	N/A	N/A	2,581,169,325	936,140,000	3,517,309,325	0.5829
2000	N/A	N/A	2,493,871,979	845,617,000	3,339,488,979	0.5829
1999	N/A	N/A	2,422,928,000	801,514,000	3,224,442,000	0.5829

CALDWELL COUNTY BOARD OF EDUCATION
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Table 13

	Taxes payable in the fiscal year ended June 30									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
CALDWELL COUNTY										
General	0.6599	0.5399	0.5399	0.5399	0.5839	0.5839	0.5561	0.5829	0.5829	0.5829
CITY										
City of Lenoir	0.5400	0.5400	0.5400	0.5000	0.5000	0.5000	0.5000	0.4700	0.4900	0.4900
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5500	0.5500	0.5500	0.5900
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.1900	0.1900	0.2500	0.2500	0.1900
TOWNS										
Hudson	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3500	0.3500	0.3500	0.3500
Granite Falls	0.4200	0.4200	0.4200	0.4200	0.4400	0.4400	0.4500	0.4500	0.4500	0.4500
Rhodhiss	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
Blowing Rock	0.2800	0.2800	0.2800	0.2950	0.2950	0.2950	0.4700	0.4700	0.4700	0.4700
Sawmills	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000	0.1500	0.1500	0.1500	0.1500
VILLAGES										
Cedar Rock	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
RESCUE SERVICES	0.0085	0.0085	0.0085	0.0071	0.0071	0.0071	0.0071	0.0071	0.0700	0.0700
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
	to	to	to	to	to	to	to	to	to	to
	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1000	0.1000	0.1000	0.1000

CALDWELL COUNTY BOARD OF EDUCATION
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 14

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2008	\$34,510,433	\$32,289,220	93.56%	\$0	\$32,289,220	93.56%
2007	27,654,595	26,224,463	94.83%	793,722	27,018,185	97.70%
2006	27,418,976	25,997,284	94.81%	802,775	26,800,059	97.74%
2005	25,124,558	23,802,590	94.74%	783,333	24,585,923	97.86%
2004	24,985,656	23,649,465	94.65%	984,778	24,634,243	98.59%
2003	24,614,131	23,245,450	94.44%	1,114,413	24,359,863	98.97%
2002	22,940,807	21,916,676	95.54%	814,560	22,731,236	99.09%
2001	20,593,771	19,601,965	95.18%	836,100	20,438,065	99.24%
2000	19,535,826	18,693,869	95.69%	739,032	19,432,901	99.47%
1999	18,858,696	18,291,250	96.99%	492,317	18,783,567	99.60%

CALDWELL COUNTY BOARD OF EDUCATION
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 15

Fiscal Year	General Obligation Bonds	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita	Population
2008	\$10,238,325	n/a	0.20%	\$128.63	79,594
2007	11,753,389	n/a	0.23%	148.22	79,298
2006	13,367,034	n/a	0.26%	170.18	78,548
2005	14,998,374	n/a	0.35%	190.30	78,816
2004	16,617,417	0.82%	0.39%	212.41	78,234
2003	18,241,458	0.94%	0.43%	231.95	78,645
2002	19,868,194	1.02%	0.48%	252.63	78,645
2001	21,502,631	1.11%	0.61%	277.76	77,415
2000	23,142,004	1.27%	0.69%	303.79	76,178
1999	24,784,077	1.41%	0.77%	326.89	75,818

CALDWELL COUNTY BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Table 16

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
Caldwell County	\$10,238,325	100.00%	\$10,238,325
Underlying			
City of Lenoir	-	25.00%	0
Overlapping			
City of Hickory	<u>3,715,000</u>	1.93%	<u>71,700</u>
Totals	\$13,953,325		\$10,310,025

CALDWELL COUNTY BOARD OF EDUCATION
Legal Debt Margin Information
Last Ten Fiscal Years

Table 17

Fiscal Year ended June 30,	2008	2007	2006	2005	2004
Assessed Value of Property	\$5,209,394,180	\$5,115,958,568	\$5,055,109,442	\$4,292,186,000	\$4,260,632,374
Debt Limit 8% of Assessed Value (statutory limitation)	416,751,534	409,276,685	404,408,755	343,374,880	340,850,590
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	56,231,823	61,317,651	32,282,602	33,101,907	23,667,169
Legal Debt Margin	<u>360,519,711</u>	<u>347,959,034</u>	<u>372,126,153</u>	<u>310,272,973</u>	<u>317,183,421</u>
Total net debt applicable to the limit as a percentage of debt limit	13.49%	14.98%	7.98%	9.64%	6.94%
Fiscal Year ended June 30,	2003	2002	2001	2000	1999
Assessed Value of Property	\$4,204,989,258	\$4,104,686,000	\$3,517,309,000	\$3,339,489,000	\$3,224,442,000
Debt Limit 8% of Assessed Value (statutory limitation)	336,399,120	328,374,880	281,384,720	267,159,120	257,955,360
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	25,419,768	27,300,724	29,108,316	30,698,565	32,675,844
Legal Debt Margin	<u>310,979,352</u>	<u>301,074,156</u>	<u>252,276,404</u>	<u>236,460,555</u>	<u>225,279,516</u>
Total net debt applicable to the limit as a percentage of debt limit	7.56%	8.31%	10.34%	11.49%	12.67%

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DEMOGRAPHIC AND ECONOMIC
INFORMATION

CALDWELL COUNTY BOARD OF EDUCATION
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 18

Taxpayer	Fiscal Year ended June 30, 2008			Fiscal Year ended June 30, 1999		
	Assessed Value	Rank	% of Total County Assessed Value	Assessed Value	Rank	% of Total County Assessed Value
MDI/Merchant Distributors Inc.	\$114,511,003	1	2.20%	\$62,500,000	2	2.02%
Duke Energy	54,908,743	2	1.05%	39,391,929	3	1.27%
Broyhill Industries	47,694,492	3	0.92%	64,704,447	1	2.09%
Blue Ridge Electric Membership	40,536,010	4	0.78%	20,733,847	8	0.67%
Bernhardt Industires	30,774,469	5	0.59%	25,419,941	6	0.82%
Neptco	26,328,442	6	0.51%			
BellSouth	23,774,462	7	0.46%	29,961,549	5	0.97%
Kincaid Furniture	19,187,822	8	0.37%	23,225,834	7	0.75%
Bemis	17,127,117	9	0.33%			
Shuford Mills	14,302,445	10	0.27%	30,806,906	4	1.00%
Sealed Air Corporation				17,137,082	9	0.55%
American & Efir				16,513,691	10	0.53%

CALDWELL COUNTY BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 19

Year	Population	Personal Income (in thousands of dollars)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment	Private School Enrollment	Unemployment Rate
2008	79,594	n/a	\$29,733	n/a	12817	400	7.50%
2007	79,298	n/a	28,301	n/a	12,872	395	7.50%
2006	78,548	n/a	n/a	n/a	12,850	411	7.20%
2005	78,816	n/a	26,814	39.14	12,872	440	13.10%
2004	78,234	\$2,030,016	25,948	38.86	12,612	425	8.40%
2003	78,645	1,941,195	24,683	38.52	12,534	449	10.60%
2002	78,645	1,942,689	24,702	38.18	12,444	473	6.70%
2001	77,415	1,945,749	25,134	37.87	12,506	584	5.80%
2000	76,178	1,820,349	23,896	37.58	12,208	575	1.80%
1999	75,818	1,753,519	23,128	37.31	12,162	522	2.40%

CALDWELL COUNTY BOARD OF EDUCATION
Principal Employers
Current Year and Seven Years Ago

Table 20

Employer	Fiscal Year ended June 30, 2008			Fiscal Year ended June 30, 2001		
	County	County	County	County	County	County
	Employees	Rank	Employment	Employees	Rank	Employment
Caldwell County Schools	1000+	1	35,337			
Merchant Distributors Inc.	1000+	2	35,337			
Bernhardt Furniture, Inc.	1000+	3	35,337	1000+	1	n/a
Broyhill Furniture Industries, Inc.	500-999	4	35,337	1000+	2	n/a
Caldwell Memorial Hospital	500-999	5	35,337	500-999	4	n/a
Caldwell Community College	500-999	6	35,337			
Thomasville Furniture Industries, Inc.	500-999	7	35,337	500-999	5	n/a
Caldwell County Government	500-999	8	35,337			
Universal Mental Health Services	500-999	9	35,337			
Paxar Americas, Inc.	250-499	10	35,337			
Kincaid Furniture Co., Inc.				1000+	3	n/a
Homecare Management Corp.				250-499	6	n/a
Meridian Automotive				250-499	7	n/a
Sealed Air Corporation				250-499	8	n/a
NACCO Materials Handling Group, Inc.				250-499	9	n/a
Fairfield Chair Co.				250-499	10	n/a

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OPERATING INFORMATION

CALDWELL COUNTY BOARD OF EDUCATION
Full-Time Employees by Function
Last Ten Fiscal Years
Unaudited

Table 21

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Officials, Adm., Mgrs.	n/a	23	23	25	24
Principals	n/a	26	24	23	25
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	n/a	17	17	17	17
Elementary Teachers	n/a	456	451	452	433
Secondary Teachers	n/a	180	165	165	141
Other Teachers	n/a	257	265	264	272
Guidance	n/a	38	33	32	35
Psychological	n/a	5	7	5	5
Librarian, Audiovisual	n/a	22	24	25	24
Consultant, Supervisor	n/a	4	3	2	2
Other Professionals	n/a	56	37	27	20
Teacher Assistants	n/a	333	328	306	296
Technicians	n/a	9	7	7	5
Clerical, Secretarial	n/a	87	88	86	84
Service Workers	n/a	186	184	185	216
Skilled Crafts	n/a	20	21	14	15
Laborers, Unskilled	n/a	0	0	1	1
Total	n/a	1,719	1,677	1,636	1,615

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Officials, Adm., Mgrs.	25	17	14	12	18
Principals	25	25	24	23	23
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	20	20	20	21	20
Elementary Teachers	407	284	442	404	412
Secondary Teachers	158	259	225	202	192
Other Teachers	269	237	159	192	188
Guidance	39	37	37	35	34
Psychological	4	5	4	3	5
Librarian, Audiovisual	23	28	27	25	28
Consultant, Supervisor	3	5	7	5	4
Other Professionals	16	17	31	45	28
Teacher Assistants	294	267	271	260	252
Technicians	8	7	8	17	61
Clerical, Secretarial	89	89	87	82	85
Service Workers	224	230	201	196	184
Skilled Crafts	15	14	33	21	37
Laborers, Unskilled	1	1	7	11	8
Total	1,620	1,542	1,597	1,554	1,579

Source: NC Department of Public Instruction Statistical Profile

CALDWELL COUNTY BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years

Table 22

Fiscal Year Ended June 30,	Average Daily Membership	Percentage Increase in ADM	Operating Expenditures	Cost Per Pupil	Percentage Change	Schools	Graduating Class
2008	12,974	-0.28%	\$ 95,507,012	\$7,361	6.34%	26	n/a
2007	13,010	0.68%	89,810,291	6,903	5.51%	26	n/a
2006	12,922	0.56%	85,116,164	6,587	5.78%	25	760
2005	12,850	0.82%	80,463,972	6,262	6.85%	25	680
2004	12,746	1.14%	75,306,418	5,908	1.02%	25	622
2003	12,602	-0.21%	74,546,391	5,915	2.62%	25	686
2002	12,629	0.89%	72,643,248	5,752	1.20%	25	686
2001	12,517	1.17%	71,781,344	5,735	8.78%	25	616
2000	12,372	2.31%	65,985,160	5,333	6.06%	24	607
1999	12,093	1.80%	62,212,170	5,144	9.31%	24	561

CALDWELL COUNTY BOARD OF EDUCATION
Teachers' Salaries
Last Ten Fiscal Years

Table 23

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2008	25,250	55,910	37,355
2007	28,510	55,910	36,780
2006	26,260	55,910	36,840
2005	25,420	55,910	37,447
2004	25,250	58,440	35,126
2003	25,250	57,570	36,030
2002	25,250	55,905	35,718
2001	25,000	62,040	35,720
2000	24,050	47,820	34,295
1999	23,100	44,920	32,022

Notes: Does not include supplements, longevity or ABC bonuses.
2000 was the first year of National Board certifications.

Source: Caldwell County Schools' payroll data system

CALDWELL COUNTY BOARD OF EDUCATION
Capital Asset Information
June 30, 2008
Unaudited

Table 24

School Buildings	2008
<u>Elementary & K8 Schools</u>	
Number	16
Square Feet	962,636
Acres	309
Portables/Mobiles	8
Enrollment	6,571
<u>Middle Schools</u>	
Number	4
Square Feet	358,356
Acres	145
Portables/Mobiles	8
Enrollment	2,562
<u>High Schools</u>	
Number	6
Square Feet	677,843
Acres	213
Portables/Mobiles	8
Enrollment	3,470
<u>Support Facilities</u>	
Number	3
Square Feet	63,783
Acres	n/a
Portables/Mobiles	0

Note: Elementary school information includes the alternative elementary school. High school information includes the alternative high school.

Source: Caldwell County Schools Auxiliary Services Department

**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**

Caldwell County Board of Education
Lenoir, North Carolina

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 Caldwell County Board of Education, as of and for the year ended June 30, 2008, which collectively comprises the Caldwell County Board of Education's basic financial statements and have issued our report thereon dated October 9, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caldwell County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caldwell County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing there assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

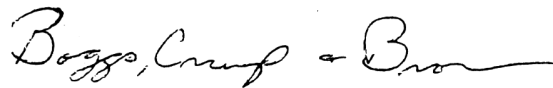
Caldwell County Board of Education
Lenoir, North Carolina

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caldwell 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 grants, 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.

We noted certain matters that we reported to management of the Caldwell County Board of Education, in a separate letter dated October 9, 2008.

This report is intended for the information and use of management, others within the organization, members of the Board of Education, and Federal and State awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



Boggs, Crump & Brown, P.A.
Certified Public Accountants

October 9, 2008
Morganton, 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
Caldwell County, North Carolina

Compliance

We have audited the compliance of the Caldwell County Board of Education, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Government Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. The Caldwell 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Caldwell County Board of Education's management. Our responsibility is to express an opinion on the Caldwell County Board of Education's compliance based on our audit.

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 Caldwell 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. Our audit does not provide a legal determination on the Caldwell County Board of Education's compliance with those requirements.

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

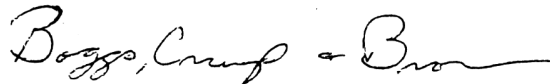
The management of the Caldwell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Caldwell County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Board of Education and federal and State awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



Boggs, Crump & Brown, P.A.
Certified Public Accountants

October 9, 2008
Morganton, 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

Caldwell County Board of Education
Lenoir, North Carolina

Compliance

We have audited the compliance of the Caldwell County Board of Education, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The Caldwell 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Caldwell County Board of Education's management. Our responsibility is to express an opinion on the Caldwell County Board of Education's compliance based on our audit.

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, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of 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 Caldwell 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. Our audit does not provide a legal determination on the Caldwell County Board of Education's compliance with those requirements.

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

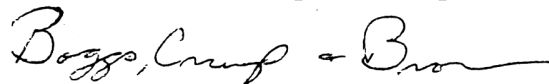
The management of the Caldwell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Caldwell County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended for the information and use of management, others within the organization, members of the Board of Education and federal and State awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



Boggs, Crump & Brown, P.A.
Certified Public Accountants

October 9, 2008
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- * Material weakness(es) identified? yes no
- * Significant deficiency(s) identified
 that are not considered to be
 material weaknesses yes none reported

Noncompliance material to financial
 statements noted yes no

Federal Awards

Internal control over major federal programs:

- * Material weakness(es) identified? yes no
- * Significant deficiency(s) identified
 that are not considered to be
 material weaknesses yes none reported

Noncompliance material to federal awards yes no

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

Any audit findings disclosed that are required
 to be reported in accordance with Section\
 510(a) of Circular A-133 yes no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Special Education Cluster:
84.027	IDEA: VI-B Handicapped
84.173	IDEA: Handicapped Preschool and Schools Program
84.027	IDEA: Capacity Building and Improvement
84.027	IDEA: Improvement
	Nutrition Cluster:
10.555	National School Lunch Program (Cluster)
10.553	National School Breakfast Program (Cluster)
10.555	Summer National School Lunch (Cluster)
84.010	Title I - Educationally Deprived
84.010-2	Title I - School Improvement
10.550	Food Distribution Program

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Section I. Summary of Auditor's Results

Dollar threshold used to distinguish between
Type A and Type B Programs

\$331,278

Auditee qualified as low-risk auditee? ___ yes X 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

Noncompliance material to State awards ___ yes X no

Type of auditor's report issued on compliance
for major State programs: Unqualified

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
Vocational Education - Months of Employment
State Technology Fund

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

None

CALDWELL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

None Required

CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Finding: 07-01 - Accounts receivable relative to lottery portion of
the Public School Building Capital Fund

Status: Corrected

Finding: 07-02 - Federal Award - Tech Prep Demonstration Grant costs
were claimed for reimbursement unrelated to the core
curriculum teachers at the Career Center High
School.

Status: Corrected

Finding: 07-03 - Same as Finding 07-02

Status: Corrected

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CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL CASH ASSISTANCE:			
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	12.000	\$ 112,603	\$ _____
Total U.S. Department of Defense		<u>112,603</u>	<u>_____</u>
<u>U.S. Department of Education</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
Even Start	84.213	190,321	
Title I - Educationally Deprived	84.01	2,358,307	
Title I - School Improvement	84.010-2	134,479	
Abstinence Education	93.991	7,947	
Education of the Handicapped Act:			
IDEA - Handicapped (Cluster)	84.027	2,949,230	
IDEA - Pre-School Grant (Cluster)	84.173	82,396	
IDEA - Capacity and Improvement (Cluster)	84.027	22,899	
Title IV Part A - Safe and Drug Free Schools and Community Act	84.186	14,877	
Carl D. Perkins Vocational Education Act - Basic Grants to States:			
Vocational Education - Basic	84.048	177,517	
Innovative Education	84.298	16,885	
Tech Prep Education Grant	84.243	51,948	
Improving Teacher Quality (Cluster)	84.367	624,786	
Language Acquisition	84.229	45,476	
Education Technology	84.318	33,027	
Teaching American History	84.215X	155,438	
Special Education State Improvement	84.323A	3,296	
<u>Passed thru N.C. State Board of Education:</u>			
IDEA Improvement (Cluster)	84.027	<u>3,544</u>	<u>_____</u>
<u>Direct Program:</u>			
Tech Prep Demonstration Program	84.353	<u>319,908</u>	<u>_____</u>
Total U.S. Department of Education		<u>7,192,281</u>	<u>_____</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
National School Lunch Program (Cluster)	10.555	2,394,764	
School Breakfast Program (Cluster)	10.553	781,387	
Summer National School Lunch (Cluster)	10.555	<u>13,323</u>	<u>_____</u>
Total U.S. Department of Agriculture (Cluster)		<u>3,189,474</u>	<u>_____</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Passed thru Caldwell County Smart Start:</u>			
Even Start	84.213	<u>72,281</u>	<u>_____</u>
Total U.S. Department of Health and Human Services		<u>72,281</u>	<u>_____</u>
<u>U.S. Department of Justice</u>			
<u>Passed thru N.C. Department of Crime Control and Public Safety:</u>			
Byrne Justice Assistance Grant	16.738	<u>102,662</u>	<u>_____</u>

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Federal CFDA Number	Federal Expenditures	State Expenditures
<u>Federal - State Grantor/Program Title</u>			
NONCASH ASSISTANCE:			
<u>Passed thru the N.C. Department of Agriculture:</u>			
Food Distribution Program - Noncash	10.550	\$ 373,298	\$ _____
Total Federal Assistance Programs		#####	_____
STATE GRANTS:			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			68,364,566
Vocational Education - Months of Employment			3,463,749
Text Books			847,453
State Technology Fund			616,988
Breakfast Program for Kindergarten			15,919
Financed Purchase of School Buses - Debt			
Service Allotment			435,739
<u>N.C. Department of Health and Human Resources</u>			
<u>Division of Child Development:</u>			
More at Four			207,718
<u>Office of the Governor</u>			
<u>Passed thru Caldwell County</u>			
Public School Building Capital Fund			369,645
Public School Building Capital Fund - Lottery			337,401
Total State Assistance Programs			\$ 74,659,178

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

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the Caldwell 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 *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.

CALDWELL COUNTY BOARD OF EDUCATION
 GASB 34 CALCULATION OF MAJOR FUNDS
 FISCAL YEAR ENDED JUNE 30, 2008

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes</u> <u>"X" if Meets</u>		<u>Liabilities</u>	<u>Computes</u> <u>"X" if Meets</u>	
		<u>10%</u>	<u>5%</u>		<u>10%</u>	<u>5%</u>
		<u>Rule</u>	<u>Rule</u>		<u>Rule</u>	<u>Rule</u>
General Fund	\$ 4,694,878	x	x	\$ 1,112,407	x	x
Special Revenue Funds:						
State Public School Fund	2,757,711	x	x	2,757,711	x	x
Federal Grants Fund	266,443			266,443		x
Individual Schools	1,091,178		x	0		
Capital Projects Funds:						
Capital Outlay Fund	<u>4,412,333</u>	x	x	<u>112,490</u>		
Total Government Funds	<u>\$13,222,543</u>			<u>\$4,249,051</u>		
10% of Total Governmental Funds	<u>\$ 1,322,254</u>			<u>\$ 424,905</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 3,163,677	x	x	\$ 169,584	x	
Child Care	<u>361,672</u>	x		<u>134,528</u>	x	
Total Enterprise Funds	<u>\$ 3,525,349</u>			<u>\$ 304,112</u>		
10% of Total Enterprise Funds	<u>\$ 352,535</u>			<u>\$ 30,411</u>		
Total Governmental and Enterprise Funds	<u>\$16,747,892</u>			<u>\$4,553,163</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 837,395</u>			<u>\$ 227,658</u>		

Revenue	Computes "X" if Meets		Expenditures/ Expenses	Computes "X" if Meets		Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
	10% Rule	5% Rule		10% Rule	5% Rule	
\$16,816,976	x	x	\$ 15,500,866	x	x	Always major
73,292,756	x	x	73,292,756	x	x	Major
6,713,390		x	6,713,390		x	Major - Discretion of Auditee
2,773,501			2,818,634			Major
<u>3,568,220</u>			<u>3,323,283</u>			Major
<u>\$103,164,843</u>			<u>\$101,648,929</u>			
<u>\$10,316,484</u>			<u>\$ 10,164,893</u>			
\$ 6,935,863	x	x	\$6,985,339	x	x	Major
1,482,358	x		1,401,504	x		Major - Discretion of Auditee
<u>\$ 8,418,221</u>			<u>\$ 8,386,843</u>			
<u>\$ 841,822</u>			<u>\$ 838,684</u>			
<u>\$111,583,064</u>			<u>\$110,035,772</u>			
<u>\$ 5,579,153</u>			<u>\$ 5,501,789</u>			

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