

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2009



CALDWELL COUNTY SCHOOLS

**CALDWELL COUNTY
BOARD OF EDUCATION**

Lenoir, North Carolina

**COMPREHENSIVE ANNUAL
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For the fiscal year ended June 30, 2009

**Prepared By:
CALDWELL COUNTY SCHOOLS
Finance Department**

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LETTER OF TRANSMITTAL

December 1, 2009

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, 2009, 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, Cahaj'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 twelve thousand eight hundred forty-five. There are eight hundred ninety-six 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, is experiencing a depressed economy. The unemployment rate for Caldwell County reached its highest point of the year, 16.5% in February 2009. Unemployment figures were in the double digits for the last 9 months of fiscal year 2008 – 2009.

For almost one hundred years, the primary employers in Caldwell County have been furniture and textile manufacturers. Since the beginning of the national recession in December 2007, North Carolina has lost more than 240,000 jobs, with the majority of those in the manufacturing.

The City of Lenoir was awarded the prestigious All-America City Award. It is the oldest and most prestigious community recognition award, honoring communities in which citizens, governments, businesses and voluntary organizations work together to address critical local issues.

Caldwell County is fortunate to have been the chosen location for one of Google's data centers. The \$600 million center is located in Lenoir. Google has proven to be a tremendous supporter of Caldwell County Schools. With Google's help, CCS piloted a first ever "Lending Laptop Program" which allows students and teachers access to laptop computers in the classroom and access to technology after school hours for completion of assignments.

Major Initiatives and Accomplishments

Caldwell County Schools has a school-business partnership program with over seventy-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. CCCMS offers a strong academic foundation with emphasis on advanced college/technical coursework in preparation for a commitment towards a community college degree. 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 Caldwell Early College High School, which is located on the campus of Caldwell Community College and Technical Institute, is an innovative high school, where students completing the five-year program will receive a high school diploma and college Associate's degree. In January 2009, the Early College High School was selected as one of four high schools in North Carolina to be part of the Learning Laboratory Initiative, a \$2.5 million effort funded by the Bill and Melinda Gates Foundation to accelerate the development of innovative high schools.

Horizons Elementary School is an elementary alternative school. 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 Golden Leaf Foundation awarded Caldwell County Schools funding for implementing Project Lead the Way, designed to benefit every middle school student in the system by offering them the knowledge they need to excel in high-technology fields. Granite Falls Middle and William Lenoir Middle schools were awarded the Project Lead the Way "Gateway to Technology School of Excellence" recognition.

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 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.

Caldwell County Schools reached its highest level of performance in the percentage of schools making Adequate Yearly Progress (AYP) in 2008 – 2009. Twenty-three of 26 schools, or 88% made AYP, up from 75% in 2007 – 2008. Caldwell County Schools earned a solid “A” in meeting the federal standards. The school system met 56 out of 60 target goals, or 93.3%.

Caldwell County Schools is a leader in the number of National Board certified teachers in our system. The National Board of Professional Teaching Standards is the profession’s highest credential. The number of teachers nationally certified, while employed by CCS, reached 181, or 20% of the teaching cadre. This total places Caldwell County Schools in the Top 50 school districts in the nation and Top 20 in North Carolina.

Financial Information

Public school education in North Carolina is primarily funded 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, 2008. This was the sixth 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.

Respectfully Submitted,



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 SCHOOL

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2008

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

Angela Peteman

President

John D. Mason

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, 2008

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.



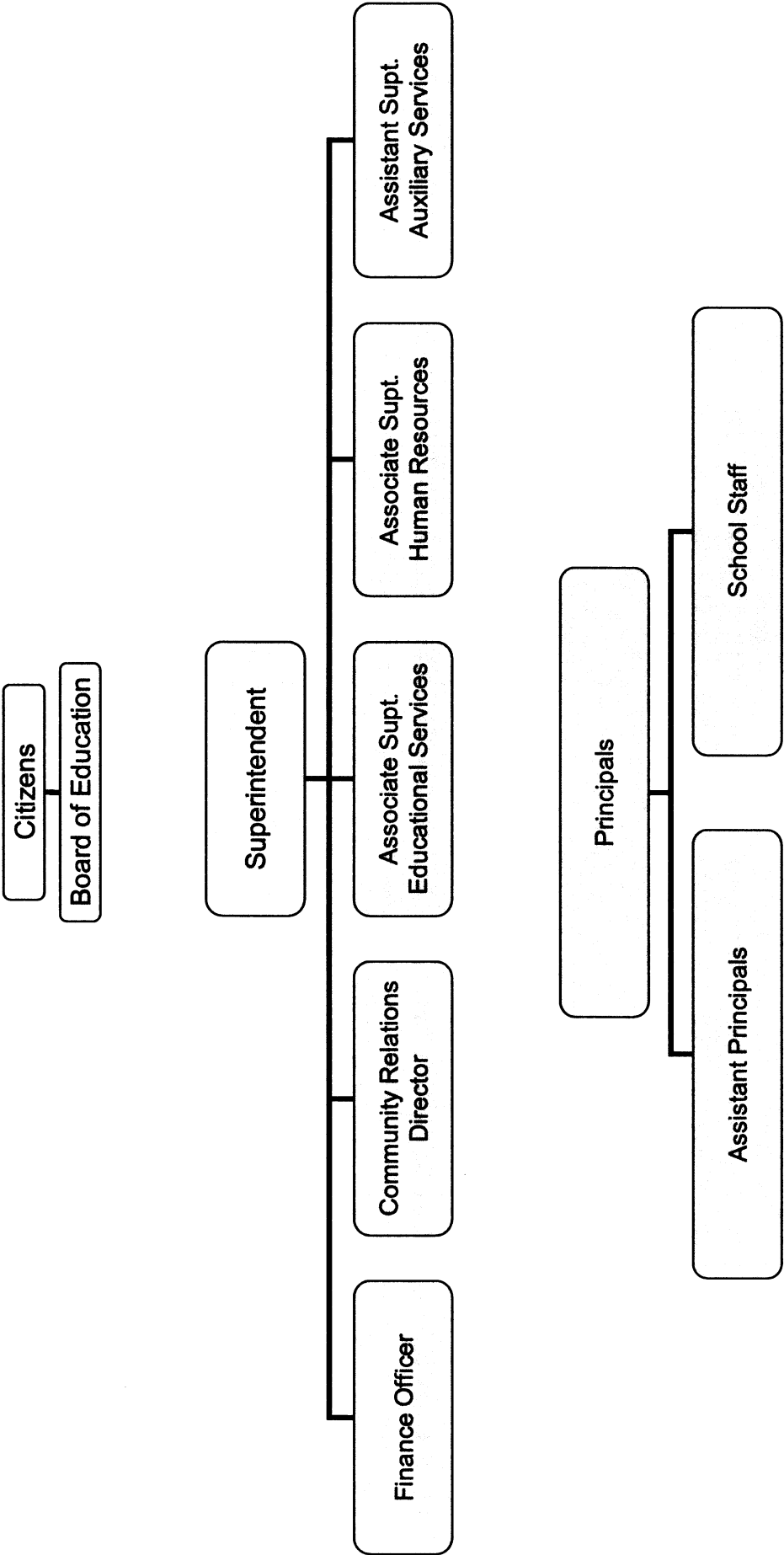
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "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, 2009, 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, 2009, 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, 2009, 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. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *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, 2009
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, 2009. 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 75 students (or less than 1%) from the previous year.
- The Caldwell Early College was selected by the NC New Schools Project and the University of NC system to be a part of the Learning Laboratory Initiative, a \$2.5 million effort funded by the Bill and Melinda Gates Foundation to accelerate the development of innovative high schools.
- Caldwell County Schools was the recipient of a \$410,000 Golden Leaf Foundation grant. "Project Lead the Way" is an initiative to allow middle school students to explore math, science, engineering and technology.
- Unreserved General Fund balance totaled \$2,098,465 at June 30, 2009. Total General Fund balance increased by \$1,444,638 during fiscal year 2009.

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 \$66,094,656 as of June 30, 2009. The largest component of net assets is invested in capital assets, net of related debt, of \$57,731,739. It comprises 87.3% 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, 2009

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Current assets	\$14,527,940	\$13,222,543	\$2,747,447	\$ 2,687,034	\$17,275,387	\$15,909,577
Capital assets	<u>57,482,642</u>	<u>58,429,862</u>	<u>751,005</u>	<u>838,315</u>	<u>58,233,647</u>	<u>59,268,177</u>
Total assets	<u>72,010,582</u>	<u>71,652,405</u>	<u>3,498,452</u>	<u>3,525,349</u>	<u>75,509,034</u>	<u>75,177,754</u>
Current liabilities	4,557,130	4,937,924	147,552	145,742	4,704,682	5,083,666
Long-term liabilities	<u>4,540,460</u>	<u>4,210,693</u>	<u>169,236</u>	<u>158,370</u>	<u>4,709,696</u>	<u>4,369,063</u>
Total liabilities	<u>9,097,590</u>	<u>9,148,617</u>	<u>316,788</u>	<u>304,112</u>	<u>9,414,378</u>	<u>9,452,729</u>
Invested in capital assets, net of related debt	56,980,734	58,119,239	751,005	838,315	57,731,739	58,957,554
Restricted net assets	1,053,650	1,091,178			1,053,650	1,091,178
Unrestricted net assets	<u>4,878,608</u>	<u>3,293,371</u>	<u>2,430,659</u>	<u>2,382,922</u>	<u>7,309,267</u>	<u>5,676,293</u>
Total net assets	<u>\$62,912,992</u>	<u>\$62,503,788</u>	<u>\$3,181,664</u>	<u>\$ 3,221,237</u>	<u>\$66,094,656</u>	<u>\$65,725,025</u>

Note that net assets increased during the year, indicating an improvement in the financial condition of the unit. The increase in net assets (.6%) 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, 2009

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 785,114	\$ 740,957	\$4,147,743	\$ 4,377,660	\$ 4,932,857	\$ 5,118,617
Operating grants and contributions	80,322,202	79,992,671	4,149,559	3,996,491	84,471,761	83,989,162
Capital grants and contributions	40,618	4,012			40,618	4,012
General revenue:						
Other revenues	22,821,062	22,301,236	14,760	44,070	22,835,822	22,345,306
Total revenues	<u>103,968,996</u>	<u>103,038,876</u>	<u>8,312,062</u>	<u>8,418,221</u>	<u>112,281,058</u>	<u>111,457,097</u>
Expenses:						
Governmental activities:						
Instructional services	85,944,607	84,903,428			85,944,607	84,903,428
System-wide support services	15,306,323	15,287,175			15,306,323	15,287,175
Ancillary services	19,302	29,066			19,302	29,066
Non-programmed charges	1,844	(710)			1,844	(710)
Interest on long-term debt		2,587				2,587
Unallocated depreciation expense	2,251,295	2,236,822			2,251,295	2,236,822
Business-type activities:						
Food service			7,118,768	6,985,339	7,118,768	6,985,339
Child care			1,269,288	1,401,504	1,269,288	1,401,504
Total expenses	<u>103,523,371</u>	<u>102,458,368</u>	<u>8,388,056</u>	<u>8,386,843</u>	<u>111,911,427</u>	<u>110,845,211</u>
Increase (decrease) in net assets before transfers	445,625	580,508	(75,994)	31,378	369,631	611,886
Transfers in (out)	(36,421)	(40,067)	36,421	40,067		
Increase (decrease) in net assets	409,204	540,441	(39,573)	71,445	369,631	611,886
Beginning net assets	62,503,788	61,963,347	3,221,237	3,149,792	65,725,025	65,113,139
Ending net assets	<u>\$62,912,992</u>	<u>\$62,503,788</u>	<u>\$3,181,664</u>	<u>\$ 3,221,237</u>	<u>\$66,094,656</u>	<u>\$65,725,025</u>

Total governmental activities generated revenues of \$103,968,996 while expenses in this category totaled \$103,523,371 for the year ended June 30, 2009. Comparatively, revenues were \$103,038,876 and expenses totaled \$102,458,368 for the year ended June 30, 2008. The increase in net assets stands at \$409,204 at June 30, 2009 compared to an increase in net assets of \$540,441 for fiscal year end June 30, 2008. Instructional services expenses comprised 83% of total governmental-type expenses while system-wide support services made up 15% of those expenses for fiscal years ending June 30, 2009 and June 30, 2008. County funding comprised 15.7% of total government revenue for fiscal year end June 30, 2009 as compared to 15.6% in fiscal year end June 30, 2008 while unrestricted state funding comprised 4.1% for fiscal years ending June 30, 2009 and June 30, 2008. Much of the remaining 80.2% of total governmental revenue consists mainly of restricted State and Federal money. This revenue represented 80.3% of total revenue in 2008. Business-type activities generated revenue of \$8,312,062 and had expenses of \$8,388,056 as compared to revenues of \$8,418,221 and expenses of \$8,386,843 for the period ending June 30, 2008. Net assets decreased in the business-type activities by (\$39,573) as compared to an increase of \$71,445 for the period ending June 30, 2008.

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 \$1,729,938 for a total combined fund balance of \$10,703,430. Fund balance of governmental funds increased by \$1,534,991 during fiscal 2008. The General Fund and the Capital Outlay Fund reported an increase in fund balance of \$1,444,638 and \$322,828 respectively while the Individual School Fund reported a slight decrease in fund balance of \$37,528. Total governmental activity expenditures increased by \$1,789,515. General Fund expenditures increased by \$659,742 (4.3%) due to a freeze on state funds. Instructional Services and Operation Support Services expenditures increased by \$345,141 and \$229,425 respectively in the General Fund. The General Fund was able to absorb the additional expenditures mainly due to an increase of \$387,307 in county funding and an increase of \$290,071 in other general revenues. Capital Outlay expenditures increased by \$1,043,963 mainly due to the purchase of replacement school buses through an installment financing contract with the State.

The Board's business-type funds reported a combined decrease in net assets of (\$39,573) as compared to an increase of \$71,445 for the period ended June 30, 2008. The School Food Service Fund reported a decrease in net assets of (\$71,942) while the Child Care Fund reported an increase in net assets of \$32,369 as compared to an decrease of net assets of (\$9,409) and an increase of \$80,854 respectively for fiscal year ended June 30, 2008. The decrease in performance of the Child Care Fund from 2008 was primarily due to a decrease in fees received in the amount of \$75,057 while expenses decreased by \$27,156. The School Food Service Fund reported a (\$71,942) decrease in net assets as compared to a decrease in net assets of (\$9,409) in 2008. The decrease from 2008 was due to food sales being down by \$154,860 while expenses went up by \$124,467. Federal reimbursements went up \$229,895.

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 \$230,451. The Board was also able to remain under budget when comparing the budget to actual expenditures. Actual expenditures were \$1,588,034 under budget. This was due in large part to regular instructional services, support and development and operational support services expenditures being under budget by \$809,072, \$153,313 and \$380,829 respectively.

Capital Assets

Capital assets decreased by \$1,034,530 (or 1.7%) from the previous year. Depreciation for the total primary government totaled \$2,946,970 while additions from capital expenditures totaled \$1,912,440. 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, 2009

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Land	\$ 2,716,383	\$ 2,716,383	\$	\$	\$ 2,716,383	\$ 2,716,383
Construction in progress	170,955	295,830			170,955	295,830
Buildings	51,425,763	52,949,279			51,425,763	52,949,279
Equipment and furniture	776,662	861,947	751,005	838,315	1,527,667	1,700,262
Vehicles	2,392,879	1,606,423			2,392,879	1,606,423
Total	<u>\$57,482,642</u>	<u>\$58,429,862</u>	<u>\$751,005</u>	<u>\$838,315</u>	<u>\$58,233,647</u>	<u>\$59,268,177</u>

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

Debt Outstanding

During the year the Board's outstanding debt increased by \$191,285 due to use of 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 III.B.6).

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 15.6% is higher than the state average of 11.2%.
- Lenoir received the "All-America City Award". This award recognizes communities where citizens, government, businesses and voluntary organizations work together to address critical local issues.
- Despite the slow economy, Caldwell County welcomed two new Wal-Mart Super Centers. The addition of these new shopping venues encouraged an increase in sales tax revenues.

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, 2009

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$10,377,800	\$2,113,537	\$12,491,337
Due from other governments	3,512,800	182,629	3,695,429
Receivables (net)	39,750	18,806	58,556
Inventories	597,590	432,475	1,030,065
	<u>14,527,940</u>	<u>2,747,447</u>	<u>17,275,387</u>
Total current assets			
Capital assets (Note 1):			
Land, improvements, and construction in progress	2,887,338		2,887,338
Other capital assets, net of depreciation	54,595,304	751,005	55,346,309
	<u>57,482,642</u>	<u>751,005</u>	<u>58,233,647</u>
Total capital assets			
	<u>72,010,582</u>	<u>3,498,452</u>	<u>75,509,034</u>
Total assets			
LIABILITIES			
Accounts payable and accrued expenses	323,591	11,059	334,650
Accrued salaries and wages payable	3,364,466	86,018	3,450,484
Unearned revenue	136,453	31,357	167,810
Liabilities due within one year	732,620	19,118	751,738
	<u>4,557,130</u>	<u>147,552</u>	<u>4,704,682</u>
Total current liabilities			
Long-term liabilities:			
Due in more than one year	4,540,460	169,236	4,709,696
	<u>9,097,590</u>	<u>316,788</u>	<u>9,414,378</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	56,980,734	751,005	57,731,739
Restricted for:			
Individual schools	1,053,650		1,053,650
Unrestricted (deficit)	4,878,608	2,430,659	7,309,267
	<u>\$62,912,992</u>	<u>\$3,181,664</u>	<u>\$66,094,656</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, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$54,563,119	\$ -	\$ 46,622,965	\$ -
Special Populations	9,663,905		9,520,983	
Alternative Programs	6,465,753	17,820	6,314,765	
School Leadership	6,538,479		4,198,978	
Co-Curricular	3,290,363	764,197	2,075,846	
School-Based Support	5,422,988		4,990,096	
System-wide Support services:				
Support and Development	935,574		747,856	
Special Population Support and Development	371,706		267,138	
Alternative Programs and Services Support and Development	138,181		122,556	
Technology Support	736,872		185,313	
Operational Support	10,818,542	3,097	3,894,310	40,618
Financial and Human Resource Accountability	758,877		527,511	
System-wide Pupil Support	251,064		81,486	
Policy, Leadership, and Public Relations	1,221,567		612,295	
Ancillary Services	19,302		36,761	
Non-programmed charges	1,844		123,343	
Unallocated depreciation expense**	2,251,295			
Total governmental activities	<u>103,523,371</u>	<u>785,114</u>	<u>80,322,202</u>	<u>40,618</u>
Business-type activities:				
School food service	7,118,768	2,848,182	4,149,559	
Child care	<u>1,269,288</u>	<u>1,299,561</u>	<u>0</u>	
Total business-type activities	<u>8,388,056</u>	<u>4,147,743</u>	<u>4,149,559</u>	<u>0</u>
Total primary government	<u>\$111,911,427</u>	<u>\$ 4,932,857</u>	<u>\$ 84,471,761</u>	<u>\$ 40,618</u>

General revenues:

Unrestricted county appropriations - operating
Unrestricted county appropriations - capital
Unrestricted State appropriations - operating
Unrestricted State appropriations - capital
Unrestricted Federal 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
\$ (7,940,154)	\$	\$ (7,940,154)
(142,922)		(142,922)
(133,168)		(133,168)
(2,339,501)		(2,339,501)
(450,320)		(450,320)
(432,892)		(432,892)
(187,718)		(187,718)
(104,568)		(104,568)
(15,625)		(15,625)
(551,559)		(551,559)
(6,880,517)		(6,880,517)
(231,366)		(231,366)
(169,578)		(169,578)
(73,940)		(73,940)
(609,272)		(609,272)
17,459		17,459
121,499		121,499
(2,251,295)		(2,251,295)
<u>(22,375,437)</u>		<u>(22,375,437)</u>
	(121,027)	(121,027)
	<u>30,273</u>	<u>30,273</u>
	(90,754)	(90,754)
<u>(22,375,437)</u>	<u>(90,754)</u>	<u>(22,466,191)</u>
14,100,000		14,100,000
2,254,872		2,254,872
3,138,587		3,138,587
1,179,771		1,179,771
7,603		7,603
96,916	14,760	111,676
2,043,313		2,043,313
(36,421)	36,421	0
<u>22,784,641</u>	<u>51,181</u>	<u>22,835,822</u>
409,204	(39,573)	369,631
<u>62,503,788</u>	<u>3,221,237</u>	<u>65,725,025</u>
<u>\$ 62,912,992</u>	<u>\$ 3,181,664</u>	<u>\$ 66,094,656</u>

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	\$4,850,248		\$1,053,650	\$4,473,902		\$10,377,800
Due from other governments	163,576	2,865,901		219,054	264,269	3,512,800
Receivables (Net)	38,769			981		39,750
Inventories	597,590					597,590
Total assets	\$5,650,183	\$2,865,901	\$1,053,650	\$4,693,937	\$264,269	\$14,527,940
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 252,325			\$ 71,266		\$ 323,591
Accrued salaries and benefits payable	234,296	2,865,901			264,269	3,364,466
Unearned Revenues	136,453					136,453
Total liabilities	623,074	2,865,901	0	71,266	264,269	3,824,510
Fund balances:						
Reserved for:						
Inventories	597,590					597,590
State statute	202,345			220,035		422,380
Unreserved:						
Designated for subsequent year's expenditures	2,128,709			1,194,548		3,323,257
General Fund	2,098,465					2,098,465
Special Revenue Funds			1,053,650			1,053,650
Capital Projects Fund				3,208,088		3,208,088
Total fund balances	5,027,109	0	1,053,650	4,622,671	0	10,703,430
Total liabilities and fund balances	\$5,650,183	\$2,865,901	\$1,053,650	\$4,693,937	\$264,269	

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.	57,482,642
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).	(5,273,080)
Net assets of government activities	\$62,912,992

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, 2009

EXHIBIT 4

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 643,406	\$ 72,968,977	\$	\$1,154,264	\$	\$ 74,766,647
Caldwell County	14,187,034			2,254,872		16,441,906
U.S. Government	471,125				7,087,699	7,558,824
Contributions and donations	51,755		2,075,846			2,127,601
Other	2,281,411		776,961	77,323		3,135,695
Total revenues	17,634,731	72,968,977	2,852,807	3,486,459	7,087,699	104,030,673
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	5,583,536	47,968,526			545,626	54,097,688
Special Populations	140,552	6,375,567			3,145,416	9,661,535
Alternative Programs	445,950	3,464,958			2,568,906	6,479,814
School Leadership	1,695,080	4,206,735				5,901,815
Co-Curricular	406,132	0	2,890,335			3,296,467
School-Based Support	312,483	4,896,019			209,973	5,418,475
System-wide support services:						
Support and Development	182,567	591,018			156,838	930,423
Special Population Support and Development	120,845	131,704			135,434	387,983
Alternative Programs and Services						
Support and Development	15,212	40,214			82,342	137,768
Technology Support	533,027	251,202			15,600	799,829
Operational Support	5,622,461	3,835,631			53,571	9,511,663
Financial and Human Resource						
Accountability	243,069	522,316			5,195	770,580
System-wide Pupil Support	168,217	81,486				249,703
Policy, Leadership, and Public Relations	71,809					71,809
Ancillary services	592,893	576,848			35,447	1,205,188
Non-programmed charges	6,301				340	6,641
Debt service:	20,474	(9,668)			133,011	143,817
Principal				932,330		932,330
Capital outlay:						
Real property and buildings				1,024,216		1,024,216
Furniture and equipment				1,105,161		1,105,161
Buses and motor vehicles				1,305,539		1,305,539
Total expenditures	16,160,608	72,932,556	2,890,335	4,367,246	7,087,699	103,438,444
Excess (deficiency) of revenues over expenditures	1,474,123	36,421	(37,528)	(880,787)	0	592,229
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	(80,000)	(36,421)		80,000		(36,421)
Installment purchase obligations issued				1,123,615		1,123,615
Total other financing sources (uses)	(80,000)	(36,421)		1,203,615		1,087,194
Net changes in fund balance	1,394,123	0	(37,528)	322,828		1,679,423
Fund balances- beginning	3,582,471		1,091,178	4,299,843		8,973,492
Increase in reserve for inventories	50,515					50,515
Fund balances - ending	\$ 5,027,109	\$ -	\$1,053,650	\$4,622,671	\$	\$ 10,703,430

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, 2009

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

Net changes in fund balances - total governmental funds	\$ 1,679,423
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	(1,027,516)
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	50,515
Amount of donated assets	80,296
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.	(191,285)
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	(182,229)
Total changes in net assets of governmental activities	\$ 409,204

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, 2009

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 633,360	\$ 739,619	\$ 643,406	\$ (96,213)
Caldwell County	14,187,034	14,187,034	14,187,034	0
U.S. Government	441,617	544,214	471,125	(73,089)
Contributions and donations	42,329	53,924	51,755	(2,169)
Other	1,614,205	1,624,205	2,281,411	657,206
Total Revenues	16,918,545	17,148,996	17,634,731	485,735
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	6,481,823	6,392,608	5,583,536	809,072
Special Populations	165,509	165,509	140,552	24,957
Alternative Programs	380,263	447,290	445,950	1,340
School Leadership	1,510,251	1,695,080	1,695,080	0
Co-Curricular	383,780	431,123	406,132	24,991
School-Based Support	386,622	401,622	312,483	89,139
System-wide Support services:				
Support and Development	285,530	335,880	182,567	153,313
Special Population Support and Development	134,518	134,518	120,845	13,673
Alternative Programs and Services Support and Development	12,216	15,212	15,212	0
Technology Support	536,799	544,117	533,027	11,090
Operational Support	6,072,524	6,003,290	5,622,461	380,829
Financial and Human Resource Accountability	232,779	243,070	243,069	1
System-wide Pupil Support Policy, Leadership, and Public Relations	162,398	182,818	168,217	14,601
Ancillary Services	71,286	71,809	71,809	0
Nutrition Services	691,360	657,645	592,893	64,752
Non-programmed charges	6,301	6,301	6,301	0
Debt Service:	10,000	20,750	20,474	276
Principal	0	0	0	0
Interest and other charges	0	0	0	0
Total expenditures	17,517,658	17,748,642	16,160,608	1,588,034
Revenues over (under) expenditures	(599,113)	(599,646)	1,474,123	2,073,769
Other financing sources (uses):				
Transfers to other funds	(80,000)	(80,000)	(80,000)	0
Total other financing sources (uses)	(80,000)	(80,000)	(80,000)	0
Revenues and other sources over (under) expenditures and other uses	(679,113)	(679,646)	1,394,123	2,073,769
Fund balances, beginning of year	679,113	679,646	3,582,471	2,902,825
Increase in reserve for inventories	0	0	50,515	50,515
Fund balances, end of year	\$ 0	\$ 0	\$ 5,027,109	\$ 5,027,109

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)
\$75,179,021	\$75,689,993	\$72,968,977	(\$2,721,016)				
				7,496,599	7,880,197	\$7,087,699	(792,498)
<u>75,179,021</u>	<u>75,689,993</u>	<u>72,968,977</u>	<u>(2,721,016)</u>	<u>7,496,599</u>	<u>7,880,197</u>	<u>7,087,699</u>	<u>(792,498)</u>
49,560,696	49,381,207	47,968,526	1,412,681	573,200	589,109	545,626	43,483
6,485,460	6,460,593	6,375,567	85,026	3,251,702	3,296,849	3,145,416	151,433
3,963,506	4,146,596	3,464,958	681,638	2,762,281	3,029,338	2,568,906	460,432
4,407,398	4,234,400	4,206,735	27,665				
			0				
5,029,624	4,988,972	4,896,019	92,953	229,138	250,009	209,973	40,036
722,950	777,115	591,018	186,097	109,971	156,839	156,838	1
156,942	138,310	131,704	6,606	159,854	156,837	135,434	21,403
43,745	57,745	40,214	17,531	92,124	94,176	82,342	11,834
279,805	368,625	251,202	117,423	18,111	18,763	15,600	3,163
3,194,186	3,871,554	3,835,631	35,923	37,000	62,840	53,571	9,269
602,049	539,272	522,316	16,956	79,002	32,618	5,195	27,423
81,415	81,486	81,486	0			0	0
						0	
614,152	607,025	576,848	30,177	35,478	35,711	35,447	264
					1,000	340	660
	0	(9,668)	9,668	148,738	156,108	133,011	23,097
<u>75,141,928</u>	<u>75,652,900</u>	<u>72,932,556</u>	<u>2,720,344</u>	<u>7,496,599</u>	<u>7,880,197</u>	<u>7,087,699</u>	<u>792,498</u>
<u>37,093</u>	<u>37,093</u>	<u>36,421</u>	<u>(672)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(37,093)</u>	<u>(37,093)</u>	<u>(36,421)</u>	<u>672</u>				
<u>(37,093)</u>	<u>(37,093)</u>	<u>(36,421)</u>	<u>672</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0
<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, 2009

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$1,747,989	\$ 365,548	\$2,113,537
Due from other governments	147,375	35,254	182,629
Receivables (net)	18,806		18,806
Inventories	432,475		432,475
Total current assets	<u>2,346,645</u>	<u>400,802</u>	<u>2,747,447</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	751,005		751,005
Total noncurrent assets	<u>751,005</u>		<u>751,005</u>
Total assets	<u>\$3,097,650</u>	<u>\$ 400,802</u>	<u>\$3,498,452</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses		\$ 11,059	\$ 11,059
Accrued salaries and wages payable	36,582	49,436	86,018
Unearned revenue	9,132	22,225	31,357
Compensated absences	10,213	8,905	19,118
Total current liabilities	<u>55,927</u>	<u>91,625</u>	<u>147,552</u>
Noncurrent liabilities:			
Compensated absences	119,572	49,664	169,236
Total noncurrent liabilities	<u>119,572</u>	<u>49,664</u>	<u>169,236</u>
Total liabilities	<u>175,499</u>	<u>141,289</u>	<u>316,788</u>
NET ASSETS			
Invested in capital assets	751,005		751,005
Unrestricted	2,171,146	259,513	2,430,659
Total net assets	<u>\$2,922,151</u>	<u>\$ 259,513</u>	<u>\$3,181,664</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, 2009

	Enterprise Fund		
	Major Fund		
	School Food		
	Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$2,848,182	\$	\$2,848,182
Child care fees		1,299,561	1,299,561
	<u>2,848,182</u>	<u>1,299,561</u>	<u>4,147,743</u>
Total operating revenues			
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,307,736	62,616	2,370,352
Donated commodities	389,959		389,959
Salaries and benefits	3,585,149	1,141,910	4,727,059
Indirect costs	320,746		320,746
Materials and supplies	273,154	19,334	292,488
Repairs and maintenance	77,777		77,777
Depreciation	133,071		133,071
Non Capitalized Equipment	15,367	7,182	22,549
Purchased services	15,809	38,246	54,055
	<u>7,118,768</u>	<u>1,269,288</u>	<u>8,388,056</u>
Total operating expenses			
Operating Income(loss)	<u>(4,270,586)</u>	<u>30,273</u>	<u>(4,240,313)</u>
NONOPERATING REVENUES			
Federal reimbursements	3,419,369		3,419,369
Federal commodities	389,959		389,959
State reimbursements	19,085		19,085
Interest earned	12,664	2,096	14,760
Gain (loss) on sale of capital assets	400		400
Indirect costs not paid	320,746		320,746
	<u>4,162,223</u>	<u>2,096</u>	<u>4,164,319</u>
Total nonoperating revenue			
Income (loss) before transfers	(108,363)	32,369	(75,994)
Transfers from other funds	36,421		36,421
	<u>(71,942)</u>	<u>32,369</u>	<u>(39,573)</u>
Change in net assets			
Total net assets - beginning	<u>2,994,093</u>	<u>227,144</u>	<u>3,221,237</u>
Total net assets - ending	<u>\$2,922,151</u>	<u>\$ 259,513</u>	<u>\$3,181,664</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, 2009

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,803,862	\$ 1,290,489	\$ 4,094,351
Cash paid for goods and services	(2,665,967)	(135,154)	(2,801,121)
Cash paid for employees services and benefits	(3,532,498)	(1,126,657)	(4,659,155)
Net cash provided (used) by operating activities	(3,394,603)	28,678	(3,365,925)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	3,438,454		3,438,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(45,761)		(45,761)
Proceeds from sale of capital assets	400		400
Net cash (used) by capital and related financing activities	(45,361)		(45,361)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	12,664	2,096	14,760
Net increase in cash and cash equivalents	11,154	30,774	41,928
Balances - beginning of year	1,736,835	334,774	2,071,609
Balances - end of year	<u>\$ 1,747,989</u>	<u>\$ 365,548</u>	<u>\$ 2,113,537</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities			
Operating income(loss)	\$ (4,270,586)	\$ 30,273	\$ (4,240,313)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	133,071		133,071
Donated commodities consumed	389,959		389,959
Salaries paid by special revenue fund	36,421		36,421
Indirect costs not paid	320,746		320,746
Changes in assets and liabilities:			
Decrease (increase) in due from other governments	(63,136)	(8,656)	(71,792)
Decrease (increase) in accounts receivable	23,935		23,935
Decrease (increase) in inventory	29,072		29,072
Increase (decrease) in accounts payable and accrued liabilities	(130)	13,638	13,508
Increase (decrease) in accrued annual leave	11,164	(6,161)	5,003
Increase (decrease) in unearned revenues	(5,119)	(416)	(5,535)
Total adjustments	875,983	(1,595)	874,388
Net cash provided (used) by operating activities	<u>\$ (3,394,603)</u>	<u>\$ 28,678</u>	<u>\$ (3,365,925)</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, 2009**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$36,421 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 \$320,746 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 \$389,959 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$389,959 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, 2009**

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 \$514,699 and \$426,995 were made in February and June 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 appropriable 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, 2009

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 2009-2010 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 \$52,209,562 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)	\$97,564,830
Less Accumulated Depreciation	<u>(40,082,188)</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	\$57,482,642
<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>(5,273,080)</u>
Total adjustment	<u>\$52,209,562</u>
<p>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.</p> <p>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 (\$1,270,219) as follows:</p>	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,786,383
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.	(2,813,899)
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	(1,123,615)
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	932,330

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	\$ (182,229)
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	80,296
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>50,515</u>
Total adjustment	<u><u>\$ (1,270,219)</u></u>

II. Stewardship, Compliance and Accountability

Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2009, the Board posted expenditures within the Capital Outlay Fund that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance by \$990,406. This was due to the purchase of replacement school buses through installment financing with the State. Management will record this transaction timely in the future and budget appropriately.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

III. 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, 2009 the Board had deposits with banks and savings and loans with a carrying amount of \$10,258,551 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$10,734,334 and \$1,399,797, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$11,634,131 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2009, 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, 2009, were as follows:

	Due from other <u>governments</u>	<u>Other</u>
Governmental activities:		
General Fund	\$ 163,576	\$ 38,769
Other governmental activities	<u>3,349,224</u>	<u>981</u>
Total	<u>\$ 3,512,800</u>	<u>\$ 39,750</u>
Business-type activities:		
School Food Service	\$ 147,375	\$ 18,806
Child Care	<u>35,254</u>	
Total	<u>\$ 182,629</u>	<u>\$ 18,806</u>

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

A. Assets - (Cont'd)

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 26,000	Federal - Teaching American History
	1,146	Federal - Tech Prep
	82,000	State - Project Lead the Way
	27,341	State - Medicaid
	27,089	County - Fines & Forfeitures
State Public School Fund	2,865,901	Operating funds from DPI
Capital Outlay Fund		State Public School Building
	219,054	Capital Fund
Federal Grants Fund	<u>264,269</u>	Federal grant funds
Total	<u>\$3,512,800</u>	

Business Activities

School Food Service	\$ 142,256	Federal funds
School Food Service	5,119	State - Sales tax
Child Care	1,033	State - Sales tax
Child Care	<u>34,221</u>	County - DSS
Total	<u>\$ 182,629</u>	

4. Capital Assets

Capital asset activity for the year ended June 30, 2009, 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>295,830</u>	<u>(224,845)</u>	<u>99,970</u>		<u>170,955</u>
Total capital assets not being depreciated	<u>3,012,213</u>	<u>\$ (224,845)</u>	<u>\$ 99,970</u>	<u>\$</u>	<u>2,887,338</u>
Capital assets being depreciated:					
Buildings	82,026,952	\$ 224,845	\$ 311,967	\$	82,563,764
Equipment and furniture	2,567,898		105,682		2,673,580
Vehicles	<u>8,364,537</u>		<u>1,349,060</u>	<u>(273,449)</u>	<u>9,440,148</u>
Total capital assets being depreciated	<u>92,959,387</u>	<u>\$ 224,845</u>	<u>\$ 1,766,709</u>	<u>\$ (273,449)</u>	<u>94,677,492</u>

III. 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	\$29,077,673	\$	\$ 2,060,328	\$	\$31,138,001
Equipment and furniture	1,705,951		190,967		1,896,918
Vehicles	<u>6,758,114</u>	<u> </u>	<u>562,604</u>	<u>(273,449)</u>	<u>7,047,269</u>
Total accumulated depreciation	<u>37,541,738</u>	<u>\$ </u>	<u>\$ 2,813,899</u>	<u>\$ (273,449)</u>	<u>40,082,188</u>
Total capital assets being depreciated, net	<u>55,417,649</u>				<u>54,595,304</u>
Governmental activity capital assets, net	<u>\$58,429,862</u>				<u>\$57,482,642</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	\$ 2,221,717	\$ 45,761	\$	\$ 2,267,478
Total capital assets being depreciated	<u>2,221,717</u>	<u>\$ 45,761</u>	<u>\$</u>	<u>2,267,478</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,383,402</u>	<u>\$ 133,071</u>	<u>\$</u>	<u>1,516,473</u>
Total accumulated depreciation	<u>1,383,402</u>	<u>\$ 133,071</u>	<u>\$</u>	<u>1,516,473</u>
School Food Service capital assets, net	<u>838,315</u>			<u>751,005</u>
Business-type activities capital assets, net	<u>\$ 838,315</u>			<u>\$ 751,005</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,251,295
Operational support services	<u>562,604</u>
Total	<u>\$2,813,899</u>

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

Construction commitments

Caldwell County Board of Education has an active renovation project as of June 30, 2009. The project is for installing new windows at various schools. At year end, the Board's commitment with the contractor for the renovations is as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Various Schools	\$170,955	\$65,607

B. Liabilities

1. Pension Plan and Other Postemployment 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 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 3.36% 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, 2009, 2008, and 2007 were \$2,311,496, \$2,029,069, and \$1,680,469, respectively, equal to the required contributions for each year.

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

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits

1. Healthcare Benefits

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

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

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory

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

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

1. Healthcare Benefits - (Cont'd)

basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2009, 2008, and 2007, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$2,820,576, \$2,727,601, and \$2,400,670, respectively. These contributions represented 4.10%, 4.10%, and 3.8% of covered payroll, respectively.

2. Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135,

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

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

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

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

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

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only

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

B. Liabilities - (Cont'd)

1. Pension Plan and Other Postemployment Obligations - (Cont'd)

b. Other Post-employment Benefits - (Cont'd)

2. Long-term Disability Benefits - (Cont'd)

by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2009, 2008, and 2007, the Board paid all annual required contributions to the DIPNC for disability benefits of \$357,732, \$345,940, and \$328,513, respectively. These contributions represented .52% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2009, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 252,325	\$ 234,296	\$ 486,621
Other Governmental	<u>71,266</u>	<u>3,130,170</u>	<u>3,201,436</u>
Total governmental activities	<u>\$ 323,591</u>	<u>\$3,364,466</u>	<u>\$3,688,057</u>
Business-type Activities:			
School Food Service	\$	\$ 36,582	\$ 36,582
Other Business-type	<u>11,059</u>	<u>49,436</u>	<u>60,495</u>
Total business-type activities	<u>\$ 11,059</u>	<u>\$ 86,018</u>	<u>\$ 97,077</u>

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

B. Liabilities - (Cont'd)

3. 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)	\$ 9,132
Pre-payments (School Food Service Fund)	22,225
Grants not yet earned (General Fund)	<u>136,453</u>
Total	<u>\$ 167,810</u>

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Board has an annual aggregate limit for general liability of \$2,000,000 and an annual aggregate limit of \$2,000,000 for errors and omissions claims. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction. 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.

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

B. Liabilities - (Cont'd)

4. 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.

5. Contingent Liabilities

At June 30, 2009, 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.

6. Long-Term Obligations

a. Installment Purchase

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 2009, the Board entered into two installment purchase contracts to finance the purchase of fifteen school buses. These financing contracts require principal only payments of \$247,163 and \$127,375 respectively due at the beginning of each contract year.

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

B. Liabilities - (Cont'd)

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

a. Installment Purchase - (Cont'd)

The future minimum payments of the installment purchases as of June 30, 2009 including \$- 0 - of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2009	\$ 374,538	\$ - 0 -
2010	<u>127,370</u>	<u>- 0 -</u>
Principal payments	<u>\$ 501,908</u>	
Total interest payments		<u>\$ - 0 -</u>

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, 2009:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 310,623	\$1,123,615	\$ 932,330	\$ 501,908	\$ 374,538
Compensated absences	<u>4,588,943</u>	<u>3,275,797</u>	<u>3,093,568</u>	<u>4,771,172</u>	<u>358,082</u>
Total	<u>\$4,899,566</u>	<u>\$4,399,412</u>	<u>\$ 4,025,898</u>	<u>\$5,273,080</u>	<u>\$ 732,620</u>
Business-type activities:					
Compensated absences	<u>\$ 183,651</u>	<u>\$ 169,053</u>	<u>\$ 164,350</u>	<u>\$ 183,354</u>	<u>\$ 19,118</u>

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

III. 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, 2009, consist of the following:

	<u>Amount</u>
From the General Fund to the Capital Outlay Fund for Capital Outlay	<u>\$ 80,000</u>
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 36,421</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 a 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.

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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, 2009
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

REVENUES	Local Current Expenses			2008 Actual
	2009 Budget	2009 Actual	Variances	
State of North Carolina:				
More At Four	\$ 266,624	\$ 305,364	\$ 38,740	\$ 207,718
Smart Start	62,995	64,495	1,500	72,281
Project Lead The Way	410,000	273,547	(136,453)	
Total State of N.C.	739,619	643,406	(96,213)	279,999
Caldwell County:				
Appropriation	14,100,000	14,100,000	0	13,799,727
Forest Service	87,034	87,034	0	35,619
Total Caldwell County	14,187,034	14,187,034	0	13,835,346
United States Government:				
ROTC	90,000	148,057	58,057	112,603
Reading Project			0	3,544
Teaching American History	174,592	123,998	(50,594)	155,438
Tech Prep	279,622	199,070	(80,552)	319,908
Justice Assistance Grant			0	102,662
Total U.S. Government	544,214	471,125	(73,089)	694,155
Other:				
ABC Revenues	18,000	19,463	1,463	19,646
CCC Reimbursement	179,889	179,889	0	161,689
Sales Taxes	70,000	94,148	24,148	67,690
Tuition and Fees - Rising Stars	23,350	17,820	(5,530)	14,230
Fines and Forfeitures	400,000	396,456	(3,544)	484,647
Rental of School Property	2,000	3,097	1,097	2,617
Interest Earned on Investments	50,000	44,437	(5,563)	99,349
Miscellaneous & School Reimbursements	407,966	579,538	171,572	542,747
Indirect Cost Allocations	83,000	141,973	58,973	125,967
Donations	53,924	51,755	(2,169)	34,406
Medicaid Reimbursement	360,000	748,183	388,183	386,696
Other Restricted Sources		15,201	15,201	42,299
E-Rate Reimbursement	30,000	9,211	(20,789)	25,493
Insurance Settlements		31,995	31,995	
Total Other	1,678,129	2,333,166	655,037	2,007,476
Fund Balance Appropriated	679,646		(679,646)	
Total Revenue	17,828,642	17,634,731	(193,911)	16,816,976
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		3,759,743		3,743,594
Employee Benefits		905,733		850,665
Purchased Services		489,906		471,858
Supplies and Materials		428,154		152,750
Non-Capitalized equipment				19,528
Total Regular Instructional Services	6,392,608	5,583,536	809,072	5,238,395

<u>EXPENDITURES</u>	Local Current Expenses			2008
	Budget	Actual	Variances	Actual
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$	\$ 104,400	\$	\$ 122,653
Employee Benefits		26,800		35,792
Purchased Services		2,535		8,291
Supplies and Materials		6,817		1,349
Total Special Population Services	165,509	140,552	24,957	168,085
Alternative Programs and Services:				
Salaries		332,466		241,817
Employee Benefits		90,008		70,083
Purchased Services		2,707		4,908
Supplies and Materials		20,769		11,946
Total Alternative Programs and Services	447,290	445,950	1,340	328,754
School Leadership Services:				
Salaries		1,284,811		1,144,879
Employee Benefits		325,558		303,711
Purchased Services		36,709		45,022
Supplies and Materials		48,002		38,188
Non-Capitalized equipment				7,097
Total School Leadership Services	1,695,080	1,695,080	0	1,538,897
Co-Curricular Services:				
Salaries		297,314		306,659
Employee Benefits		43,742		44,211
Purchased Services		65,076		32,430
Insurance				14,164
Total Co-Curricular Services	431,123	406,132	24,991	397,464
School-Based Support Services:				
Salaries		40,583		130,855
Employee Benefits		11,648		26,667
Purchased Services		260,252		253,754
Supplies and Materials				32,132
Total School-Based Support Services	401,622	312,483	89,139	443,408
Total Instructional Services	9,533,232	8,583,733	949,499	8,115,003
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		137,885		135,690
Employee Benefits		26,317		26,610
Purchased Services		10,618		11,152
Supplies and Materials		7,747		9,581
Total Support and Development Services	335,880	182,567	153,313	183,033
Special Population Support and Development Services:				
Salaries		57,600		55,190
Employee Benefits		16,848		17,076
Purchased Services		46,397		55,263
Total Special Population Support And Development Services	134,518	120,845	13,673	127,529
Alternative Programs and Services:				
Salaries		5,735		776
Employee Benefits		906		120
Purchased Services		6,226		5,952
Supplies and Materials		2,345		1,705
Total Alternative Programs and Services	15,212	15,212	0	8,553

EXPENDITURES - (Cont'd):	Local Current Expenses			2008
	Budget	2009 Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	\$ 282,130	\$	\$ 233,320
Employee Benefits		70,088		58,837
Purchased Services		55,121		28,144
Supplies and Materials		87,666		100,124
Non-Capitalized equipment		38,022		127,515
Total Technology Support Services	544,117	533,027	11,090	547,940
Operational Support Services:				
Salaries		1,517,621		1,298,955
Employee Benefits		539,306		467,332
Purchased Services		2,486,618		2,405,869
Supplies and Materials		836,519		898,210
Insurance		242,397		284,220
Non-Capitalized equipment				38,450
Total Operational Support Services	6,003,290	5,622,461	380,829	5,393,036
Financial and Human Resource Services:				
Salaries		156,194		104,326
Employee Benefits		30,725		17,621
Purchased Services		41,459		38,640
Supplies and Materials		14,691		4,360
Non-Capitalized equipment				5,121
Total Financial and Human Resource Services	243,070	243,069	1	170,068
Accountability Services:				
Salaries		76,691		69,041
Employee Benefits		15,325		13,291
Purchased Services		37,630		37,124
Supplies and Materials		38,571		31,878
Non-Capitalized equipment				2,378
Total Accountability Services	182,818	168,217	14,601	153,712
System-Wide Pupil Support:				
Salaries		54,852		52,966
Employee Benefits		16,957		15,017
Total System-Wide Pupil Support Services	71,809	71,809	0	67,983
Policy, Leadership and Public Relations Services:				
Salaries		304,733		268,020
Employee Benefits		47,871		47,065
Purchased Services		177,884		210,137
Supplies and Materials		62,405		57,864
Total Policy, Leadership and Public Relations Services	657,645	592,893	64,752	583,086
Total System-Wide Support Services	8,188,359	7,550,100	638,259	7,234,940
ANCILLARY SERVICES:				
Community Services:				
Salaries				22,205
Supplies and Materials				6,808
Total Community Services	0	0	0	29,013
Nutrition Services:				
Supplies and Materials		6,301		
Total Nutrition Services	6,301	6,301	0	0
Total Ancillary Services	6,301	6,301	0	29,013

EXPENDITURES - (Cont'd):

	Local Current Expenses			2008
	Budget	2009 Actual	Variances	Actual
Non-Programmed Charges:				
Payments to Charter Schools		\$ 20,474	\$	\$ 13,357
Total Programmed Charges	20,750	20,474	276	13,357
Debt Service:				
Principle				105,964
Interest				2,590
Total Debt Service	0	0	0	108,554
Total Expenditures	17,748,642	16,160,608	1,588,034	15,500,867
Excess of Revenue Over (Under) Expenditures	80,000	1,474,123	1,394,123	1,316,109
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	(80,000)	(80,000)	0	(146,497)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,394,123	\$ 1,394,123	1,169,612
Fund Balance - July 1, 2008		3,582,471		2,419,144
Increase(Decrease) in Reserve for Inventories		50,515		(6,285)
Fund Balance - June 30, 2009		\$ 5,027,109		\$3,582,471

CALDWELL COUNTY BOARD OF EDUCATION
STATE PUBLIC SCHOOL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	2009			2008
	Budget	Actual	Variance	Actual
REVENUES:				
State of North Carolina	\$75,689,993	\$72,968,977	(\$2,721,016)	\$73,292,756
Total Revenues	75,689,993	72,968,977	(2,721,016)	73,292,756
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		36,492,983		35,799,219
Employee Benefits		9,178,128		8,853,899
Purchased Services		640,795		610,974
Supplies and Materials		1,656,620		2,756,095
Total Regular Instructional Services	49,381,207	47,968,526	1,412,681	48,020,187
Special Populations:				
Salaries		4,979,623		4,879,838
Employee Benefits		1,280,696		1,242,895
Purchased Services		67,123		68,336
Supplies and Materials		48,125		73,832
Total Special Populations Services	6,460,593	6,375,567	85,026	6,264,901
Alternative Programs and Services:				
Salaries		2,444,976		2,279,165
Employee Benefits		618,603		566,889
Purchased Services		43,846		48,509
Supplies and Materials		357,533		366,684
Total Alternative Programs And Services	4,146,596	3,464,958	681,638	3,261,247
School Leadership Services:				
Salaries		3,388,071		3,532,043
Employee Benefits		817,660		845,440
Purchased Services		1,004		256
Total School Leadership Services	4,234,400	4,206,735	27,665	4,377,739
School-Based Support Services:				
Salaries		3,638,617		3,632,848
Employee Benefits		851,183		835,813
Purchased Services		399,680		356,725
Supplies and Materials		6,539		4,492
Total School-Based Support Services	4,988,972	4,896,019	92,953	4,829,878
Total Instructional Services	69,211,768	66,911,805	2,299,963	66,753,952

EXPENDITURES - (Cont'd):	2009		2008	
	Budget	Actual	Variance	Actual
SYSTEM-WIDE SUPPORT SERVICES				
Support and Development Services:				
Salaries		485,860		557,153
Employee Benefits		103,647		106,993
Purchased Services		1,102		529
Supplies and Materials		409		131
Total Support and Development Services	777,115	591,018	186,097	664,806
Special Population Support and Development Services:				
Salaries		102,315		168,395
Employee Benefits		24,043		36,134
Purchased Services		5,346		7,750
Total Special Population Support And Development Services	138,310	131,704	6,606	212,279
Alternative Programs and Services:				
Salaries		29,940		28,538
Employee Benefits		9,655		9,250
Purchased Services		161		
Supplies and Materials		458		777
Total Alternative Programs and Services	57,745	40,214	17,531	38,565
Technology Support Services:				
Salaries		80,246		118,741
Employee Benefits		20,568		27,855
Purchased Services		150,388		151,510
Supplies and Materials				47,458
Total Technology Support Services	368,625	251,202	117,423	345,564
Operational Support Services:				
Salaries		2,592,896		2,700,737
Employee Benefits		581,286		607,096
Purchased Services		58,860		64,753
Supplies and Materials		592,529		570,626
Other		10,060		1,474
Total Operational Support Services	3,871,554	3,835,631	35,923	3,944,686
Financial and Human Resource Services:				
Salaries		352,218		469,904
Employee Benefits		91,257		113,677
Workshop Expenses		78,841		64,692
Total Financial and Human Resource Services	539,272	522,316	16,956	648,273
Accountability Services:				
Salaries		63,336		59,763
Employee Benefits		18,150		15,772
Total Accountability Services	81,486	81,486	0	75,535
Policy, Leadership and Public Relations Services:				
Salaries		482,749		512,898
Employee Benefits		94,099		98,419
Total Policy, Leadership and Public Relations Services:	607,025	576,848	30,177	611,317
Total System-Wide Support Services	6,441,132	6,030,419	410,713	6,541,025

NON-PROGRAMMED CHARGES:

Sales Tax Refund		(9,668)		(2,221)
Total Non-Programmed Charges		(9,668)	9,668	(2,221)
Total Expenditures	75,652,900	72,932,556	2,720,344	73,292,756
Excess of Revenue Over (Under) Expenditures	37,093	36,421	(672)	0
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(37,093)	(36,421)	672	
Fund Balance:				
Beginning of Year	0	0	0	0
End of Year	\$ -	\$ -	\$ -	\$ -

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance	2008
	Budget	Actual		Actual
Revenues:				
State of North Carolina	\$ 1,957,330	\$ 1,154,264	\$ (803,066)	\$ 1,142,785
Caldwell County	2,000,000	2,254,872	254,872	2,265,345
Other	60,000	77,323	17,323	160,090
Total Revenues	<u>4,017,330</u>	<u>3,486,459</u>	<u>(530,871)</u>	<u>3,568,220</u>
Expenditures:				
Instructional Services Equipment	1,143,597	921,114	222,483	748,498
System-Wide Support Services Equipment and Vehicles	279,620	1,270,026	(990,406)	142,302
Ancillary Services Projects	12,700	12,661	39	
Capital Outlay Projects - Building and Improvements	3,268,975	1,231,115	2,037,860	1,996,744
Debt Service:				
Principal	932,330	932,330	0	435,739
Total Expenditures	<u>5,637,222</u>	<u>4,367,246</u>	<u>1,269,976</u>	<u>3,323,283</u>
Excess of Revenues Over (Under) Expenditures	(1,619,892)	(880,787)	739,105	244,937
Other Financing Sources (Uses):				
Operating Transfers - In Installment purchase obligations issued		80,000	80,000	106,430
Fund Balance Appropriated	1,619,892	1,123,615	1,123,615	65,429
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>322,828</u>	<u>\$ 322,828</u>	<u>416,796</u>
Fund Balance:				
Beginning of Year, July 1, 2008		<u>4,299,843</u>		<u>3,883,047</u>
End of Year, June 30, 2009		<u>\$ 4,622,671</u>		<u>\$ 4,299,843</u>

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

REVENUE	Budget	2009 Actual	Variance	2008 Actual
State of North Carolina:				
Public School Building Capital Fund	\$ 625,000	\$ 15,303	\$ (609,697)	\$ 369,645
Public School Building Capital Fund - Lottery	400,000	206,631	(193,369)	337,401
State Appropriations - Buses	932,330	932,330	0	435,739
Total State Revenues	<u>1,957,330</u>	<u>1,154,264</u>	<u>(803,066)</u>	<u>1,142,785</u>
Caldwell County:				
Appropriation from general revenues	2,000,000	2,254,872	254,872	2,040,313
Appropriation - Issued Installment Purchase			0	225,032
Total	<u>2,000,000</u>	<u>2,254,872</u>	<u>254,872</u>	<u>2,265,345</u>
Other:				
Sales Tax	28,000	28,985	985	29,941
Interest Earned	20,000	39,715	19,715	126,137
Disposition Fixed Assets	12,000	8,623	(3,377)	4,012
Total	<u>60,000</u>	<u>77,323</u>	<u>17,323</u>	<u>160,090</u>
Total Revenues	<u><u>\$4,017,330</u></u>	<u><u>\$3,486,459</u></u>	<u><u>\$ (530,871)</u></u>	<u><u>\$3,568,220</u></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, 2009
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	<u>Budget</u>	<u>2009 Actual</u>	<u>Variance</u>	<u>2008 Actual</u>
Operating Revenues:				
Food Sales	\$2,857,232	\$2,848,182	\$ (9,050)	\$3,003,042
Operating Expenses:				
Business Support Services:				
Purchase of Food		2,668,623		2,621,419
Salaries and Benefits		3,573,985		3,533,617
Materials and Supplies		273,154		336,779
Repairs and Maintenance		77,777		74,122
Purchased Services		15,809		20,827
Capital Outlay		45,761		128,598
Non-Capitalized Equipment		15,367		31,203
Total Operating Expenses	6,745,404	6,670,476	74,928	6,746,565
Operating (Loss)	(3,888,172)	(3,822,294)	65,878	(3,743,523)
Nonoperating Revenue:				
Federal Reimbursements	3,430,428	3,419,369	(11,059)	3,189,474
Federal Commodities	396,102	389,959	(6,143)	373,298
Interest Earned	460	12,664	12,204	41,390
Gain (Loss) on Sale of Capital Assets	955	400	(555)	956
State Reimbursement	19,083	19,085	2	15,919
Total Nonoperating Revenue	3,847,028	3,841,477	(5,551)	3,621,037
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	(41,144)	19,183	60,327	(122,486)
Other Financing Sources:				
Transfer From Other Funds	41,144	36,421	(4,723)	40,067
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 55,604	\$ 55,604	\$ (82,419)
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ 55,604		\$ (82,419)
Reconciling Items:				
Depreciation		(133,071)		(143,925)
Equipment Purchases		45,761		128,598
Increase (Decrease) in Inventory		(29,072)		95,121
(Increase) Decrease in Accrued Vacation Pay		(11,164)		(6,784)
Net Loss (Full Accrual)		\$ (71,942)		\$ (9,409)

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, 2009
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008)

	2009		2008	
	Budget	Actual	Variance	Actual
Operating Revenues:				
Child Care Fees	\$1,850,408	\$1,299,561	\$ (550,847)	\$1,374,618
Operating Expenses:				
Business Support Services:				
Purchase of Food		62,616		88,888
Salaries and Benefits		1,148,071		1,125,690
Materials and Supplies		19,334		36,913
Non Capitalized Equipment		7,182		1,589
Purchased Services		38,246		42,773
Total Operating Expenses	1,850,408	1,275,449	574,959	1,295,853
Operating Income	0	24,112	24,112	78,765
Nonoperating Revenue:				
Interest Earned		2,096		2,680
Total Nonoperating Revenue	0	2,096	2,096	2,680
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 26,208	\$ 26,208	\$ 81,445
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ 26,208		\$ 81,445
Reconciling Items:				
(Increase) Decrease in Accrued Vacation Pay		6,161		(591)
Net Income (Full Accrual)		\$ 32,369		\$ 80,854

Caldwell County Board of Education
Statistical Section
June 30, 2009

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 seven 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 Seven Fiscal Years

Table 1

Fiscal Year Ended June 30,	2009	2008	2007	2006	2005	2004	2003
Governmental Activities							
Invested in Capital Assets,							
Net of Related Debt	\$ 56,980,734	\$ 58,119,239	\$ 58,819,943	59,397,254	57,117,604	56,561,111	57,151,671
Restricted	1,053,650	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	4,878,608	3,293,371	2,007,093	827,781	(1,024,406)	(526,663)	(1,814,321)
Total Governmental Activities	62,912,992	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	751,005	838,315	853,642	926,741	917,917	818,499	876,155
Restricted	-	-	-	-	-	-	-
Unrestricted	2,430,659	2,382,922	2,296,150	2,113,529	2,152,225	2,097,876	1,704,031
Total Business-Type Activities	3,181,664	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	57,731,739	58,957,554	59,673,585	60,323,995	58,035,521	57,379,610	58,027,826
Restricted	1,053,650	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	7,309,267	5,676,293	4,303,243	2,941,310	1,127,819	1,571,213	(110,290)
Total District-Wide	66,094,656	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 Seven Fiscal Years

Table 2

	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental Activities:							
Instructional Programs	\$ 85,944,607	\$ 84,903,428	\$ 72,653,300	\$ 68,662,750	\$ 65,126,692	\$ 60,541,093	\$ 59,071,506
Support Services	15,306,323	15,287,175	21,008,487	20,349,841	19,010,588	17,952,690	18,255,803
Community Services	19,302	29,066	119,096	162,587	405,465	395,453	183,487
Non-Programmed Charges	1,844	(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	2,251,295	2,236,822	2,229,312	2,178,605	2,071,021	2,022,844	2,387,770
Total Governmental Activities Expenses	103,523,371	102,458,368	96,006,929	91,324,167	86,615,458	80,901,578	79,911,240
Business-Type Activities:							
School Food Service	7,118,768	6,985,339	6,769,462	6,713,234	6,300,952	5,889,253	5,584,518
Child Care	1,269,288	1,401,504	1,408,179	1,547,066	1,447,963	1,310,744	1,188,936
Total Business-Type Activities Expenses	8,388,056	8,386,843	8,177,641	8,260,300	7,748,915	7,199,997	6,773,454
Total District-Wide Expenses	\$ 111,911,427	\$ 110,845,211	\$ 104,184,570	\$ 99,584,467	\$ 94,364,373	\$ 88,101,575	\$ 86,684,694
Program Revenues							
Governmental Activities:							
Charges for Services	785,114	740,957	872,542	796,620	846,358	956,221	794,888
Operating Grants and Contributions	80,322,202	79,992,671	74,868,570	70,969,240	66,821,581	63,423,544	60,938,365
Capital Grants and Contributions	40,618	4,012	12,525	15,317	68,425	192,320	163,291
Total Governmental Activities Program Revenues	81,147,934	80,737,640	75,753,637	71,781,177	67,736,364	64,572,085	61,896,544
Business-Type Activities:							
Charges for Services:							
School Food Service	2,848,182	3,003,042	3,073,626	3,180,897	3,172,787	3,175,799	3,147,298
Child Care	1,299,561	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	4,149,559	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	8,297,302	8,374,151	8,178,333	8,139,026	7,906,568	7,529,511	7,168,791
Total District-Wide Program Revenues	89,445,236	89,111,791	83,931,970	79,920,203	75,642,932	72,101,596	69,065,335
Net (Expense)/Revenue							
Governmental Activities	\$ (22,375,437)	\$ (21,720,728)	\$ (20,253,292)	\$ (19,542,990)	\$ (18,879,094)	\$ (16,329,493)	\$ (18,014,696)
Business-Type Activities	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	\$ (22,466,191)	\$ (21,733,420)	\$ (20,252,600)	\$ (19,664,264)	\$ (18,721,441)	\$ (15,999,979)	\$ (17,619,359)

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

Table 2
(cont'd)

Fiscal Year Ended June 30,	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue							
Governmental Activities:	(22,375,437)	(21,720,728)	(20,253,292)	(19,542,990)	(18,879,094)	(16,329,493)	(18,014,696)
Business-Type Activities:	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	(22,466,191)	(21,733,420)	(20,252,600)	(19,664,264)	(18,721,441)	(15,999,979)	(17,619,359)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Unrestricted County Appropriations - Operating	14,100,000	13,799,727	12,699,727	12,489,978	12,160,978	11,816,978	11,585,272
Unrestricted County Appropriations - Capital	2,254,872	2,265,345	2,685,107	6,266,941	3,364,450	1,737,440	1,641,174
Unrestricted State Appropriations - Operating	3,138,587	3,070,543	2,784,799	1,972,529	1,654,205	1,375,398	1,312,357
Unrestricted State Appropriations - Capital	1,179,771	1,142,785	1,079,810	295,897	350,257	397,380	1,351,359
Unrestricted Federal Appropriations - Capital	7,603		14,979		24,187		188,430
Investment Earnings, Unrestricted	96,916	266,800	294,691	261,027	117,080	30,073	61,041
Miscellaneous, Unrestricted	2,043,313	1,756,036	1,301,772	1,392,884	1,408,706	1,658,104	1,311,402
Transfers	(36,421)	(40,067)	(38,369)	(38,071)			(3,400)
Total Governmental Activities	22,784,641	22,261,169	20,822,516	22,641,185	19,079,863	17,015,373	17,447,635
Business-Type Activities							
Unrestricted State Appropriations - Operating	14760	44,070	70,461	53,331	30,573	6,675	6,907
Investment Earnings, Unrestricted							
Miscellaneous, Unrestricted	36421	40,067	38,369	38,071			3,400
Transfers	51,181	84,137	108,830	91,402	30,573	6,675	10,307
Total Business-Type Activities	87,362	168,274	217,660	190,804	91,720	13,350	20,014
Total District-Wide	\$22,835,822	\$22,345,306	\$20,931,346	\$22,732,587	\$19,110,436	\$17,022,048	\$17,457,942
Change in Net Assets							
Governmental Activities	409,204	540,441	569,224	3,098,195	200,769	685,880	(567,061)
Business-type Activities	(39,573)	71,445	109,522	(29,872)	188,226	336,189	405,644
Total District-Wide	369,631	611,886	678,746	\$3,068,323	\$388,995	\$1,022,069	(\$161,417)

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,	2009	2008	2007	2006	2005
General Fund					
Reserved	\$ 799,935	\$ 644,810	\$ 717,124	\$ 683,581	\$ 670,156
Unreserved:					
Designated	2,128,709	662,688	518,662	905,818	1,330,000
Undesignated	2,098,465	2,274,973	1,183,358	549,994	603,856
Total General Fund	<u><u>\$ 5,027,109</u></u>	<u><u>\$ 3,582,471</u></u>	<u><u>\$ 2,419,144</u></u>	<u><u>\$ 2,139,393</u></u>	<u><u>\$ 2,604,012</u></u>
All Other Governmental Funds					
Reserved	\$ 220,035	\$ 397,471	\$ 605,448	\$ 57,062	\$ 277,315
Unreserved:					
Designated:					
Capital Projects Funds	1,194,548	1,619,892	1,272,570	260,000	200,000
Special Revenue Funds	1,053,650				
Undesignated:					
Capital Projects Funds		2,282,480	2,005,029	2,400,021	615,637
Special Revenue Funds	3,208,088	1,091,178	1,136,311	1,169,088	1,109,778
Total All Other Governmental Funds	<u><u>\$ 5,676,321</u></u>	<u><u>\$ 5,391,021</u></u>	<u><u>\$ 5,019,358</u></u>	<u><u>\$ 3,886,171</u></u>	<u><u>\$ 2,202,730</u></u>
Fiscal Year Ended June 30,	2004	2003	2002	2001	2000
General Fund					
Reserved	\$ 620,760	\$ 659,747	\$ 578,233	\$ 612,101	\$ 1,702,148
Unreserved:					
Designated	886,774	383,428	155,540	895,474	
Undesignated	1,163,036	337,347	1,655,638	358,401	691,617
Total General Fund	<u><u>\$ 2,670,570</u></u>	<u><u>\$ 1,380,522</u></u>	<u><u>\$ 2,389,411</u></u>	<u><u>\$ 1,865,976</u></u>	<u><u>\$ 2,393,765</u></u>
All Other Governmental Funds					
Reserved	\$ 179,159	\$ 221,982	\$ 413,632	\$ 501,884	\$ 2,972,451
Unreserved:					
Designated:					
Capital Projects Funds	255,735	775,146			
Special Revenue Funds					
Undesignated:					
Capital Projects Funds	668,494	145,329	707,916	298,754	(2,521,849)
Special Revenue Funds	1,363,667	1,335,816			
Total All Other Governmental Funds	<u><u>\$ 2,467,055</u></u>	<u><u>\$ 2,478,273</u></u>	<u><u>\$ 1,121,548</u></u>	<u><u>\$ 800,638</u></u>	<u><u>\$ 450,602</u></u>

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

Table 4

Fiscal Year Ended June 30,	2009	2008	2007	2006	2005
Revenues					
State of North Carolina	\$ 74,766,647	\$ 74,643,259	\$ 69,480,490	\$ 63,942,617	\$ 60,498,340
Caldwell County	16,441,906	16,065,072	15,384,834	18,756,919	15,525,428
U.S. Government	7,558,824	7,479,826	7,185,544	7,174,513	6,023,681
Other	5,263,296	4,976,686	4,658,879	4,675,481	4,809,000
Total Revenues	104,030,673	103,164,843	96,709,747	94,549,530	86,856,449
Expenditures					
Instructional Programs	79,437,319	78,377,082	72,523,660	68,423,257	65,180,666
Support Services	18,278,233	18,457,236	19,495,729	18,797,614	17,570,667
Community Services	1,205,188	1,257,518	121,057	175,473	405,351
Non-Programmed Charges	150,458	125,257	109,120	74,477	81,516
Debt Service - Principal	932,330	541,702	596,537	301,490	192,280
Debt Service - Interest	-	2,590	9,105	15,334	21,243
Capital Outlay	3,434,916	2,887,544	3,278,486	5,797,065	4,057,278
Total Expenditures	103,438,444	101,648,929	96,133,694	93,584,710	87,509,001
Revenues Over (Under) Expenditures	592,229	1,515,914	576,053	964,820	(652,552)
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	1,123,615	65,429	866,450	309,905	249,792
Transfers In (Out)	(36,421)	(40,067)	(38,369)	(38,071)	-
Net Change in Fund Balances	\$ 1,679,423	\$ 1,541,276	\$ 1,404,134	\$ 1,236,654	\$ (402,760)
Debt Service as a percentage of Non-Capital Expenditures	0.93%	0.55%	0.65%	0.36%	0.26%
Fiscal Year Ended June 30,					
	2004	2003	2002	2001	2000
Revenues					
State of North Carolina	\$ 58,173,533	\$ 57,242,081	\$ 58,054,180	\$ 60,424,992	\$ 59,100,566
Caldwell County	13,554,418	13,260,142	13,764,799	13,295,689	12,166,230
U.S. Government	5,200,273	4,752,698	3,823,105	3,461,161	3,065,559
Other	4,527,639	4,042,552	5,493,631	7,322,091	7,260,594
Total Revenues	81,455,863	79,297,473	81,135,715	84,503,933	81,592,949
Expenditures					
Instructional Programs	60,517,435	59,317,076	55,402,661	54,560,766	50,739,769
Support Services	16,783,571	17,341,774	19,130,554	18,920,077	16,734,030
Community Services	400,560	176,655	1,547,199	1,526,385	1,351,359
Non-Programmed Charges	42,128	47,385	2,365	43,292	33,135
Debt Service - Principal	103,411	98,094	93,050	138,830	-
Debt Service - Interest	26,848	32,165	37,208	52,180	-
Capital Outlay	2,356,289	3,312,552	3,758,518	9,902,735	12,593,507
Total Expenditures	80,230,242	80,325,701	79,971,555	85,144,265	81,451,800
Revenues Over (Under) Expenditures	1,225,621	(1,028,228)	1,164,160	(640,332)	141,149
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	-	-	-	694,487	189,953
Transfers In (Out)	-	(3,400)	(69,829)	(150,159)	(186,379)
Net Change in Fund Balances	\$ 1,225,621	\$ (1,031,628)	\$ 1,094,331	\$ (96,004)	\$ 144,723
Debt Service as a percentage of Non-Capital Expenditures	0.17%	0.17%	0.17%	0.25%	0.00%

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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
2009	\$ 74,766,647	\$ 16,441,906	\$ 7,558,824	\$ 2,410,489	\$ 101,177,866
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

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
		5,934	1,650	94	11	-	7,689
2009	12,899	\$ 76,546,984	\$ 21,278,233	\$ 1,211,829	\$ 143,817	\$ -	\$ 99,180,863
		5,824	1,423	97	10	8	7,362
2008	12,974	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	6,588
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	6,261
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	5,734
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

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,	Instructional Services Equipment	Support Services Equipment & Vehicles	Ancillary Services Projects	Building and Site Improvements	Debt Service	Total
2009	\$ 921,114	\$ 1,270,026	\$ 12,661	\$ 1,231,115	\$ 932,330	\$ 4,367,246
2008	896,896	103,760	n/a	1,886,888	435,739	\$ 3,323,283
2007	816,134	943,181	n/a	1,519,171	475,383	\$ 3,753,869
2006	822,832	312,769	n/a	4,661,464	186,566	\$ 5,983,631
2005	937,700	505,505	n/a	2,614,073	83,264	\$ 4,140,542
2004	726,474	103,753	n/a	1,526,062	-	\$ 2,356,289
2003	873,016	196,570	n/a	2,242,966	-	\$ 3,312,552
2002	728,711	156,967	n/a	2,872,840	-	\$ 3,758,518
2001	1,063,363	127,494	n/a	8,711,878	-	\$ 9,902,735
2000	1,159,167	139,033	n/a	11,295,307	-	\$ 12,593,507

Note: Equipment was not segregated by function prior to 2009

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	Indirect Costs	Materials and Supplies	Other	Total
2009	\$ 2,307,736	\$ 389,959	\$ 3,585,149	\$ 320,746	\$ 273,154	\$ 242,024	\$ 7,118,768
2008	2,153,000	373,298	3,540,401	311,784	336,779	270,077	6,985,339
2007	2,169,521	300,567	3,374,215	341,510	343,699	239,950	6,769,462
2006	2,155,191	289,477	3,132,948	379,621	506,839	249,158	6,713,234
2005	2,110,161	271,129	2,891,668	367,356	393,287	267,351	6,300,952
2004	1,893,114	349,859	2,811,824	324,902	240,236	269,318	5,889,253
2003	1,799,791	337,290	2,636,660	328,657	228,749	253,371	5,584,518
2002	2,087,107	-	2,698,659	325,105	261,490	270,088	5,642,449
2001	1,929,036	222,007	2,525,481	326,989	290,188	362,810	5,656,511
2000	1,707,406	225,548	2,117,444	58,304	247,573	356,991	4,713,266

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
2009	\$ 2,848,182	\$ 3,419,369	\$ 389,959	\$ 352,895	\$ 7,010,405
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

**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
2009	\$ 1,141,910	\$ 62,616	\$ 64,762	\$ 1,269,288
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

Note: Food Purchases are included in Other Expenditures prior to 2004

CALDWELL COUNTY BOARD OF EDUCATION

Table 11

**Child Care
Revenues by Source
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Child Care Fees	Federal Reimbursements	Other	Total
2009	\$ 1,299,561	\$ -	\$ 2,096	\$ 1,301,657
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

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			
2009	\$3,250,248,000	\$941,736,910	\$151,108,254	\$1,172,276,042	\$5,515,369,206	0.6599
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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>2009</u>	<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>
CALDWELL COUNTY										
General	0.6599	0.6599	0.5399	0.5399	0.5399	0.5839	0.5839	0.5561	0.5829	0.5829
CITY										
City of Lenoir	0.5400	0.5400	0.5400	0.5400	0.5000	0.5000	0.5000	0.5000	0.4700	0.4900
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5500	0.5500	0.5500
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.1900	0.1900	0.2500	0.2500
TOWNS										
Hudson	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3500	0.3500	0.3500
Granite Falls	0.4200	0.4200	0.4200	0.4200	0.4200	0.4400	0.4400	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	0.2800	0.2950	0.2950	0.2950	0.4700	0.4700	0.4700
Sawmills	0.1500	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000	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	0.0085	0.0071	0.0071	0.0071	0.0071	0.0071	0.0700
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0310	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	0.1300	0.1000	0.1000	0.1000

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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
2009	\$36,421,115	\$33,940,247	93.19%	\$0	\$33,940,247	93.19%
2008	34,510,433	32,289,220	93.56%	1,182,352	33,471,572	96.99%
2007	27,654,595	26,224,463	94.83%	945,628	27,170,091	98.25%
2006	27,418,976	25,997,284	94.81%	866,204	26,863,488	97.97%
2005	25,124,558	23,802,590	94.74%	820,792	24,623,382	98.01%
2004	24,985,656	23,649,465	94.65%	1,005,960	24,655,425	98.68%
2003	24,614,131	23,245,450	94.44%	1,132,130	24,377,580	99.04%
2002	22,940,807	21,916,676	95.54%	819,114	22,735,790	99.11%
2001	20,593,771	19,601,965	95.18%	837,743	20,439,708	99.25%
2000	19,535,826	18,693,869	95.69%	739,525	19,433,394	99.48%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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
2009	\$8,660,077	n/a	0.16%	\$111.91	77,386
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

**CALDWELL COUNTY BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009**

Table 16

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct			
Caldwell County	\$8,660,077	100.00%	\$8,660,077
Underlying			
City of Lenoir	-	25.00%	0
Overlapping			
City of Hickory	<u>2,470,000</u>	1.93%	<u>47,671</u>
Totals	\$11,130,077		\$8,707,748

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

Note: Applicable percentage is determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

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

Table 17

Fiscal Year ended June 30,	2009	2008	2007	2006	2005
Assessed Value of Property	\$5,515,369,206	\$5,209,394,180	\$5,115,958,568	\$5,055,109,442	\$4,292,186,000
Debt Limit 8% of Assessed Value (statutory limitation)	441,229,536	416,751,534	409,276,685	404,408,755	343,374,880
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	54,763,025	56,231,823	61,317,651	32,282,602	33,101,907
Legal Debt Margin	<u>386,466,511</u>	<u>360,519,711</u>	<u>347,959,034</u>	<u>372,126,153</u>	<u>310,272,973</u>
Total net debt applicable to the limit as a percentage of debt limit	12.41%	13.49%	14.98%	7.98%	9.64%
Fiscal Year ended June 30,	2004	2003	2002	2001	2000
Assessed Value of Property	\$4,260,632,374	\$4,204,989,258	\$4,104,686,000	\$3,517,309,000	\$3,339,489,000
Debt Limit 8% of Assessed Value (statutory limitation)	340,850,590	336,399,120	328,374,880	281,384,720	267,159,120
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	23,667,169	25,419,768	27,300,724	29,108,316	30,698,565
Legal Debt Margin	<u>317,183,421</u>	<u>310,979,352</u>	<u>301,074,156</u>	<u>252,276,404</u>	<u>236,460,555</u>
Total net debt applicable to the limit as a percentage of debt limit	6.94%	7.56%	8.31%	10.34%	11.49%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

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

Table 18

<u>Taxpayer</u>	<u>Fiscal Year ended June 30, 2009</u>			<u>Fiscal Year ended June 30, 1999</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% of</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% of</u>
			<u>Total County Assessed Value</u>			<u>Total County Assessed Value</u>
Google	\$118,199,030	1	2.14%			
MDI/Merchant Distributors Inc.	116,033,065	2	2.10%	\$62,500,000	2	2.02%
Duke Energy	60,526,364	3	1.10%	39,391,929	3	1.27%
Tapaha Dynamics LLC	53,889,600	4	0.98%			
Blue Ridge Electric Membership	47,409,862	5	0.86%	20,733,847	8	0.67%
Broyhill Industries	28,577,192	6	0.52%	64,704,447	1	2.09%
Bernhardt Industires	27,307,718	7	0.50%	25,419,941	6	0.82%
BellSouth	22,831,759	8	0.41%	29,961,549	5	0.97%
Wal Mart	19,875,703	9	0.36%			
Neptco	19,782,983	10	0.36%			
Kincaid Furniture				23,225,834	7	0.75%
Shuford Mills				30,806,906	4	1.00%
Sealed Air Corporation				17,137,082	9	0.55%
American & Efird				16,513,691	10	0.53%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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
2009	77,386	n/a	\$27,240	n/a	12,741	400	15.60%
2008	79,594	n/a	29,733	n/a	12,817	400	7.50%
2007	79,298	n/a	28,301	n/a	12,872	395	7.50%
2006	78,548	n/a	27,520	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%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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

Table 20

Employer	Fiscal Year ended June 30, 2009			Fiscal Year ended June 30, 2001		
	County	Employees	Rank	County	Employees	Rank
Caldwell County Schools		1000+	1			
Merchant Distributors Inc.		1000+	2			
Bernhardt Furniture, Inc.		1000+	3			
Caldwell Memorial Hospital		500-999	4			
Broyhill Furniture Industries, Inc.		500-999	5			
Caldwell Community College		500-999	6			
Thomasville Furniture Industries, Inc.		500-999	7			
Wal Mart Associates, Inc.		500-999	8			
Caldwell County Government		500-999	9			
Universal Mental Health Services		250-499	10			
Kincaid Furniture Co., Inc.					1000+	3
Homecare Management Corp.					250-499	6
Meridian Automotive					250-499	7
Sealed Air Corporation					250-499	8
NACCO Materials Handling Group, Inc.					250-499	9
Fairfield Chair Co.					250-499	10

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2009

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OPERATING INFORMATION

CALDWELL COUNTY BOARD OF EDUCATION

Table 21

**Full-Time Employees by Function
Last Ten Fiscal Years**

Position	Fiscal Year Ended June 30,				
	2009	2008	2007	2006	2005
Officials, Adm., Mgrs.	n/a	22	23	23	25
Principals	n/a	24	26	24	23
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	n/a	19	17	17	17
Elementary Teachers	n/a	460	456	451	452
Secondary Teachers	n/a	193	180	165	165
Other Teachers	n/a	243	257	265	264
Guidance	n/a	36	38	33	32
Psychological	n/a	4	5	7	5
Librarian, Audiovisual	n/a	22	22	24	25
Consultant, Supervisor	n/a	4	4	3	2
Other Professionals	n/a	53	56	37	27
Teacher Assistants	n/a	326	333	328	306
Technicians	n/a	10	9	7	7
Clerical, Secretarial	n/a	88	87	88	86
Service Workers	n/a	178	186	184	185
Skilled Crafts	n/a	20	20	21	14
Laborers, Unskilled	n/a	1	0	0	1
Total	n/a	1,703	1,719	1,677	1,636

Position	Fiscal Year Ended June 30,				
	2004	2003	2002	2001	2000
Officials, Adm., Mgrs.	24	25	17	14	12
Principals	25	25	25	24	23
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	17	20	20	20	21
Elementary Teachers	433	407	284	442	404
Secondary Teachers	141	158	259	225	202
Other Teachers	272	269	237	159	192
Guidance	35	39	37	37	35
Psychological	5	4	5	4	3
Librarian, Audiovisual	24	23	28	27	25
Consultant, Supervisor	2	3	5	7	5
Other Professionals	20	16	17	31	45
Teacher Assistants	296	294	267	271	260
Technicians	5	8	7	8	17
Clerical, Secretarial	84	89	89	87	82
Service Workers	216	224	230	201	196
Skilled Crafts	15	15	14	33	21
Laborers, Unskilled	1	1	1	7	11
Total	1,615	1,620	1,542	1,597	1,554

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
2009	12,899	-0.58%	\$ 99,180,863	\$7,689	3.85%	26	n/a
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	736
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

Source: Caldwell County Board of Education CAFR, Statistical Section, Table 6

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

Table 23

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2009	\$ 30,430	\$ 55,910	\$ 37,407
2008	29,750	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

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
Last Four Fiscal Years

Table 24

School Buildings	2009	2008	2007	2006
<u>Elementary & K8 Schools</u>				
Number	16	16	16	16
Square Feet	962,636	962,636	962,636	962,636
Acres	309	309	309	309
Portables/Mobiles	8	8	8	n/a
Enrollment	6,508	6,571	6,594	6,502
<u>Middle Schools</u>				
Number	4	4	4	4
Square Feet	358,356	358,356	358,356	358,356
Acres	145	145	145	145
Portables/Mobiles	8	8	9	n/a
Enrollment	2,553	2,562	2,573	2,647
<u>High Schools</u>				
Number	6	6	4	4
Square Feet	677,843	677,843	677,843	646,924
Acres	213	213	213	207
Portables/Mobiles	8	8	8	n/a
Enrollment	3,332	3,470	3,729	3,773
<u>Support Facilities</u>				
Number	3	3	3	3
Square Feet	63,783	63,783	60,783	60,783
Acres	n/a	n/a	n/a	n/a
Portables/Mobiles	0	0	0	0

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

Caldwell County Schools began compiling this data in 2006.

**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, 2009, which collectively comprises the Caldwell County Board of Education's basic financial statements and have issued our report thereon dated October 9, 2009. 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.

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 internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 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. We consider Item 2009-01 in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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.

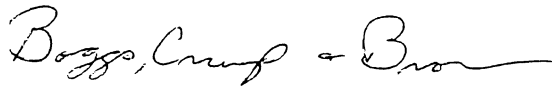
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and responses as Item 09-01. We also noted certain immaterial instances of noncompliance that we have reported to management of Caldwell County Board of Education in a separate letter dated October 9, 2009.

The Unit's management's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Unit's response and accordingly, we express no opinion on it.

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, 2009
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, 2009. 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, 2009.

Internal Control Over Compliance

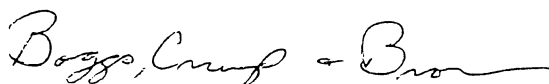
The management of the Caldwell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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, 2009
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, 2009. 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, 2009.

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, 2009
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Section I. Summary of Auditor's Results

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
---------------------	--

84.213	Even Start
84.367	Improving Teacher Quality

Dollar threshold used to distinguish between
 Type A and Type B Programs \$341,045

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State 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 State awards yes 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 no

Identification of major State programs:

Program Name

State Public School Fund
 Driver Training
 Textbooks
 More at Four

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Section II. Findings Related to the Audit of the Basic Financial Statements
of Caldwell County Board of Education:**

09-01 Criteria: State law requires that expenditures not exceed budget
(Compliance) appropriations.

(Internal Control) The budget process is an internal control. An overexpenditure of an adopted budget as amended implies a weakness in the process.

Condition: During the fiscal year ended June 30, 2009 the Board reported expenditures that violated State law because they exceeded the budget ordinance as follows:

	<u>Budget</u>	<u>Actual</u>	<u>(Excess)</u>
Capital Outlay Fund:			
System-wide Support Services -			
Equipment and Vehicles	\$279,620	\$1,270,026	\$(990,406)

Effect: Moneys were obligated that had not been appropriated.

Cause: The expenditure relative to the purchase of fifteen replacement school buses through the use of installment financing proceeds was only recorded by journal entry after year end. This was overlooked in the analysis of needed budget amendments.

Recommendation: The installment financing contracts for buses should be recorded on the date the buses are received. The finance officer must record this transaction through a journal entry at this time.

Management Response: The Board management agrees with the finding and recommendation.

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, 2009

Section II - Financial Statement Findings:

Finding: 09-01

Name of Contact Person:

Karla Miller, Finance Officer

Corrective Action:

Although we feel this was an isolated error, the finance officer will ensure that the entry to record the installment financing contract will be made timely and budgeted.

Completion Date:

July 2009

**CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS:			
<u>U.S. Department of Defense</u>			
<u>Direct Program</u>			
ROTC	12.000	\$ 148,057	\$
Total U.S. Department of Defense		148,057	
<u>U.S. Department of Education</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
Even Start	84.213	186,008	
Title I - Educationally Deprived	84.01	2,577,462	
Title I - School Improvement	84.010-2	162,569	
Education of the Handicapped Act:			
IDEA - Handicapped (Cluster)	84.027	3,131,548	
IDEA - Pre-School Grant (Cluster)	84.173	89,977	
IDEA - Capacity and Improvement (Cluster)	84.027	17,137	
Title IV Part A - Safe and Drug Free Schools and Community Act	84.186	79,437	
Carl D. Perkins Vocational Education Act - Basic Grants to States:			
Vocational Education - Basic	84.048	173,010	
Innovative Education	84.298	16,005	
Tech Prep Education Grant	84.243	52,000	
Improving Teacher Quality (Cluster)	84.367	516,448	
Language Acquisition	84.229	42,256	
Education Technology	84.318	27,220	
Teaching American History	84.215X	123,998	
Special Education State Improvement	84.323A	6,702	
<u>Direct Program:</u>			
Tech Prep Demonstration Program	84.353	199,070	
Total U.S. Department of Education		7,400,847	
<u>U.S. Department of Health and Human Services</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
Abstinence Education	93.991	9,924	
<u>U.S. Department of Agriculture</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
National School Lunch Program-Cash Assistance(Cluster)	10.555	2,551,756	
National School Lunch Program - Non-Cash Assistance(Commodities) - (Cluster)	10.555	389,959	
School Breakfast Program-Cash Assistance(Cluster)	10.553	834,566	
Summer National School Lunch-Cash Assistance(Cluster)	10.555	33,047	
Total U.S. Department of Agriculture (Cluster)		3,809,328	
Total Federal Assistance Programs		\$11,368,156	

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
STATE GRANTS:			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 68,567,507
Vocational Education - Months of Employment			3,339,614
Text Books			434,551
Driver Training			302,355
State Technology Fund			324,950
Breakfast Program for Kindergarten			19,085
Financed Purchase of School Buses - Debt			
Service Allotment			932,330
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development:			
More at Four			305,364
Smart Start - Even Start Match			64,491
<u>Golden Leaf Foundation</u>			
Project Lead The Way			273,547
<u>Office of the Governor</u>			
Passed thru Caldwell County			
Public School Building Capital Fund			15,303
Public School Building Capital Fund - Lottery			206,631
			206,631
Total State Assistance Programs			\$ 74,785,728

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, 2009

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>	
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>
General Fund	\$ 5,650,183	x	x	\$ 623,074	x	x
Special Revenue Funds:						
State Public School Fund	2,865,901	x	x	2,865,901	x	x
Federal Grants Fund	264,269			264,269		x
Individual Schools	1,053,650		x	0		
Capital Projects Funds:						
Capital Outlay Fund	<u>4,693,937</u>	x	x	<u>71,266</u>		
Total Government Funds	<u>\$14,527,940</u>			<u>\$3,824,510</u>		
10% of Total Governmental Funds	<u>\$ 1,452,794</u>			<u>\$ 382,451</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 3,097,650	x	x	\$ 175,499	x	
Child Care	<u>400,802</u>	x		<u>141,289</u>	x	
Total Enterprise Funds	<u>\$ 3,498,452</u>			<u>\$ 316,788</u>		
10% of Total Enterprise Funds	<u>\$ 349,845</u>			<u>\$ 31,679</u>		
Total Governmental and Enterprise Funds	<u>\$18,026,392</u>			<u>\$4,141,298</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 901,320</u>			<u>\$ 207,065</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	
\$17,634,731	x	x	\$ 16,160,608	x	x	Always major
72,968,977	x	x	72,932,556	x	x	Major
7,087,699		x	7,087,699		x	Major - Discretion of Auditee
2,852,807			2,890,335			Major
<u>3,486,459</u>			<u>4,367,246</u>			Major
<u>\$104,030,673</u>			<u>\$103,438,444</u>			
<u>\$10,403,067</u>			<u>\$ 10,343,844</u>			
\$ 7,010,405	x	x	\$7,118,768	x	x	Major
1,301,657	x		1,269,288	x		Major - Discretion of Auditee
<u>\$ 8,312,062</u>			<u>\$ 8,388,056</u>			
<u>\$ 831,206</u>			<u>\$ 838,806</u>			
<u>\$112,342,735</u>			<u>\$111,826,500</u>			
<u>\$ 5,617,137</u>			<u>\$ 5,591,325</u>			

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