

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2010

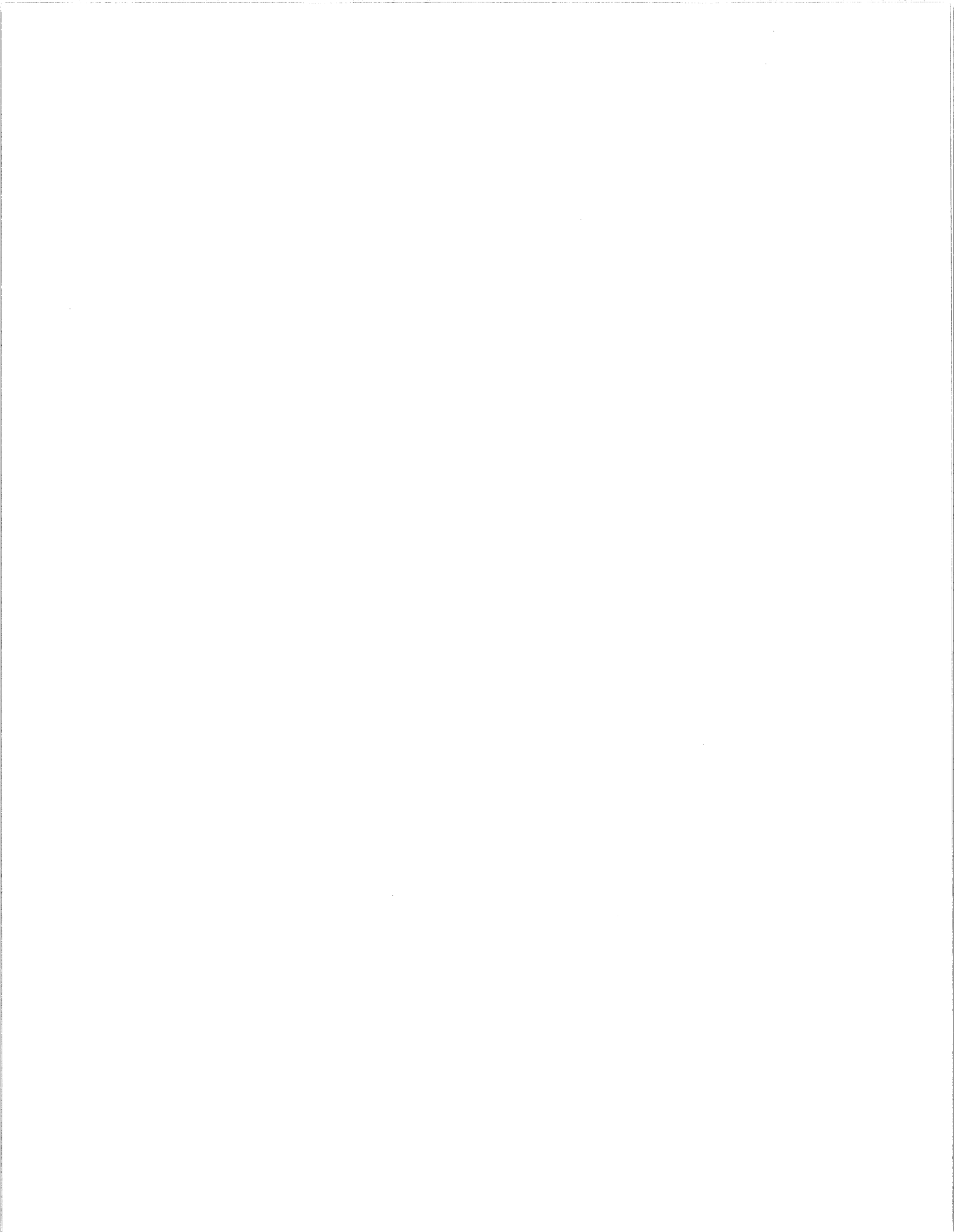


CALDWELL COUNTY SCHOOLS

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

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



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Caldwell County Schools

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Telephone 828-728-8407
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Dr. Steve Stone, Superintendent

LETTER OF TRANSMITTAL

December 1, 2010

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, 2010, is herewith submitted. Responsibility for accuracy, completeness, and clarity of the report rests with the Superintendent and Finance Officer.

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

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

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

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

Reporting Entity

The Caldwell County Public School System is a comprehensive school district serving the entire county including the municipalities of Lenoir, Granite Falls, Hudson, Gamewell, Cedar Rock, Cahah's Mountain, Sawmills and parts of the town of Blowing Rock, Hickory and Rhodhiss. The system was created through a merger of the Caldwell County and the 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 eight hundred full-time employees and has a student population of twelve thousand seven hundred and nine. There are nine hundred sixty-three certified teachers, of which one hundred and ninety-three 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, 17.5% in February 2010. Unemployment figures remained in the double digits throughout fiscal year 2009 – 2010.

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 eighty 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 vision of CCCMC is to become a national model for blended technical and academic education.

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. The mission of CECHS is to graduate all of their students ready for college, ready for a career, and ready for life.

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. Six schools (Granite Falls Middle, William Lenoir Middle, Collettsville, Kings Creek, Happy Valley, and Oak Hill) received national honor by achieving 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 continued to show gains in all academic areas in 2009-10. Schools excelled in performance, academic growth and Adequate Yearly Progress. 24 of 26 (92%) of Caldwell County Schools earned the designation of highest academic growth or expected academic growth.

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 241, or 25% 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.

Financial Highlights

Due to the depressed state of Caldwell County's economy, the board of education committed to preserving employees' jobs. As a cost saving measure, non-certified staff hours were reduced and all employees' local supplements were reduced. The savings, along with American Recovery and Reinvestment Act funding, allowed Caldwell County Schools to avoid lay-offs which would further impact the local economy.

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, 2009. This was the seventh 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.

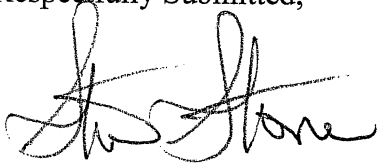
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from both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

Acknowledgements

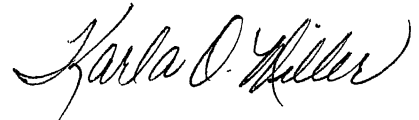
The preparation of this report would not have been possible without the dedication and support of the entire staff of the Finance Department. We would like to thank all members of the department for their assistance in the preparation of this report, and to the Board's independent accounting firm, Boggs,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

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

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

Eun Green

President

John D. Quasar

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, 2009

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.



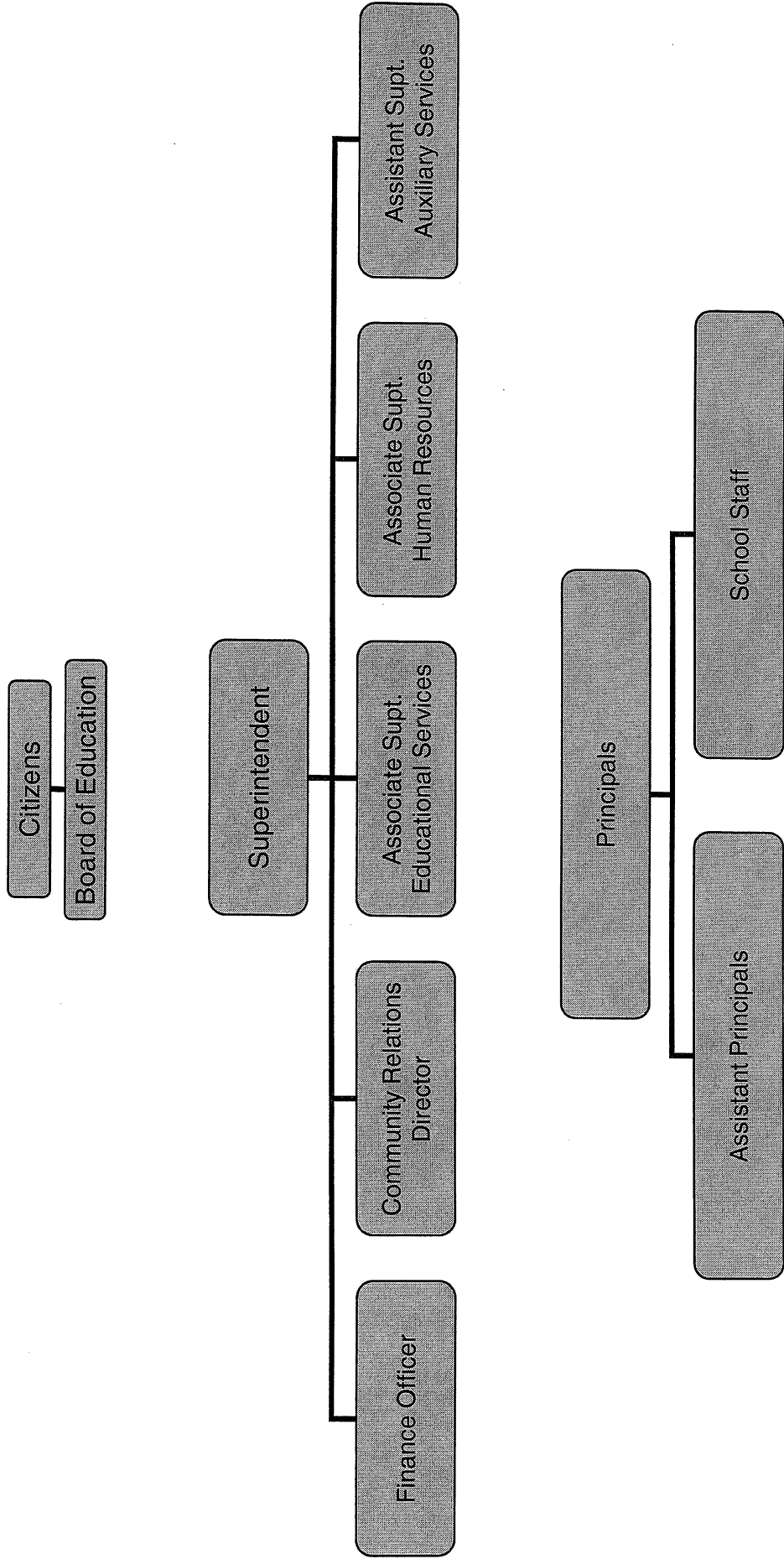
A stylized, handwritten signature in black ink, appearing to be "J. Emer".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

Caldwell County Board of Education Organizational Chart



Caldwell County Board Of Education Lenoir, North Carolina

School Board Members

Dr. Helen P. Hall, Chairman
Mr. Timothy W. Hawkins, Vice Chairman

Mr. Christopher S. Becker
Mrs. Linda H. Coffey
Mrs. Dorothy A. Darsie
Mr. Michael W. LaBrose
Mr. Darrell C. Pennell

Principal Officers

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

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Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street
P.O. Box 2070
Morganton, NC 28680
Telephone (828) 437-1361
Fax (828) 437-6114

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, 2010, 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, 2010, 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 September 24, 2010, 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, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements, budgetary schedules, other schedules and the accompanying 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.

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

September 24, 2010
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, 2010. 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 141 students (or less than 1.1%) from the previous year.
- The Board was the recipient of the Dropout Prevention Grant in the amount of \$175,000 which will offer suspended students the opportunity to complete assignments and be counted present for the days they are suspended. It will address two contributing factors to dropout-excessive absences and school failure.
- As part of our long range facilities plan, construction began on a six classroom addition at Hudson Elementary and a four classroom and cafeteria addition at Sawmills Elementary.
- Unreserved General Fund balance totaled \$4,266,281 at June 30, 2010. Total General Fund balance increased by \$1,792,353 during fiscal year 2010. The increase in General Fund was due to the influx of federal stabilization funding.
- The 2009-2010 year proved to be a very challenging one as a result of state economic conditions including a reversion of \$1,998,655 in August 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 \$68,151,907 as of June 30, 2010. The largest component of net assets is invested in capital assets, net of related debt, of \$58,072,955. It comprises 85.2% 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, 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current assets	\$15,829,227	\$14,527,940	\$3,233,001	\$ 2,747,447	\$19,062,228	\$17,275,387
Capital assets	57,603,447	57,482,642	718,839	751,005	58,322,286	58,233,647
Total assets	<u>73,432,674</u>	<u>72,010,582</u>	<u>3,951,840</u>	<u>3,498,452</u>	<u>77,384,514</u>	<u>75,509,034</u>
Current liabilities	4,395,581	4,557,130	216,860	147,552	4,612,441	4,704,682
Long-term liabilities	4,464,159	4,540,460	156,007	169,236	4,620,166	4,709,696
Total liabilities	<u>8,859,740</u>	<u>9,097,590</u>	<u>372,867</u>	<u>316,788</u>	<u>9,232,607</u>	<u>9,414,378</u>
Invested in capital assets, net of related debt	57,354,116	56,980,734	718,839	751,005	58,072,955	57,731,739
Restricted net assets	1,256,683	1,053,650			1,256,683	1,053,650
Unrestricted net assets	5,962,135	4,878,608	2,860,134	2,430,659	8,822,269	7,309,267
Total net assets	<u>\$64,572,934</u>	<u>\$62,912,992</u>	<u>\$3,578,973</u>	<u>\$ 3,181,664</u>	<u>\$68,151,907</u>	<u>\$66,094,656</u>

Note that net assets increased during the year, indicating an improvement in the financial condition of the unit. The increase in net assets (3.1%) 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 School Food Service 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, 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 753,246	\$ 785,114	\$3,790,505	\$ 4,147,743	\$ 4,543,751	\$ 4,932,857
Operating grants and contributions	76,091,874	80,322,202	4,614,561	4,149,559	80,706,435	84,471,761
Capital grants and contributions	680,304	40,618			680,304	40,618
General revenue:						
Other revenues	<u>22,582,890</u>	<u>22,821,062</u>	<u>5,808</u>	<u>14,760</u>	<u>22,588,698</u>	<u>22,835,822</u>
Total revenues	<u>100,108,314</u>	<u>103,968,996</u>	<u>8,410,874</u>	<u>8,312,062</u>	<u>108,519,188</u>	<u>112,281,058</u>
Expenses:						
Governmental activities:						
Instructional services	81,702,318	85,944,607			81,702,318	85,944,607
System-wide support services	14,415,284	15,306,323			14,415,284	15,306,323
Ancillary services	19,216	19,302			19,216	19,302
Non-programmed charges	(2,679)	1,844			(2,679)	1,844
Unallocated depreciation expense	2,246,610	2,251,295			2,246,610	2,251,295
Business-type activities:						
Food service			6,910,897	7,118,768	6,910,897	7,118,768
Child care			<u>1,170,291</u>	<u>1,269,288</u>	<u>1,170,291</u>	<u>1,269,288</u>
Total expenses	<u>98,380,749</u>	<u>103,523,371</u>	<u>8,081,188</u>	<u>8,388,056</u>	<u>106,461,937</u>	<u>111,911,427</u>
Increase (decrease) in net assets before transfers	1,727,565	445,625	329,686	(75,994)	2,057,251	369,631
Transfers in (out)	(67,623)	(36,421)	67,623	36,421		
Increase (decrease) in net assets	1,659,942	409,204	397,309	(39,573)	2,057,251	369,631
Beginning 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>
Ending net assets	<u>\$64,572,934</u>	<u>\$62,912,992</u>	<u>\$3,578,973</u>	<u>\$ 3,181,664</u>	<u>\$68,151,907</u>	<u>\$66,094,656</u>

Total governmental activities generated revenues of \$100,108,314 while expenses in this category totaled \$98,380,749 for the year ended June 30, 2010. Comparatively, revenues were \$103,968,996 and expenses totaled \$103,523,371 for the year ended June 30, 2009. The increase in net assets stands at \$1,659,942 at June 30, 2010 compared to an increase in net assets of \$409,204 for fiscal year end June 30, 2009. 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, 2010 and June 30, 2009. County funding comprised 16.2% of total government revenue for fiscal year end June 30, 2010 as compared to 15.7% in fiscal year end June 30, 2009 while unrestricted state funding comprised 4.4% and 4.1% for fiscal years ending June 30, 2010 and June 30, 2009 respectively. Much of the remaining 79.4% of total governmental revenue consists mainly of restricted State and Federal money. This revenue represented 80.2% of total revenue in 2009. Business-type activities generated revenue of \$8,410,874 and had expenses of \$8,081,188 as compared to revenues of \$8,312,062 and expenses of \$8,388,056 for the period ending June 30, 2009. Net assets increased in the business-type activities by \$397,309 as compared to a decrease of (\$39,573) for the period ending June 30, 2009.

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 \$1,253,244 for a total combined fund balance of \$11,956,674. Fund balance of governmental funds increased by \$1,729,938 during fiscal 2009. The General Fund reported an increase in fund balance of \$1,792,353 while the Capital Outlay Fund reported a decrease in fund balance of (\$742,142). The Individual School Fund reported an increase in fund balance of \$203,033. Total governmental activity expenditures decreased by (\$4,220,215). General Fund expenditures decreased by \$770,715 (4.8%) mainly due to cost savings measures of reducing all employees local supplement and non-certified employees work hours.

The Board's business-type funds reported a combined increase in net assets of \$397,309 as compared to a decrease of (\$39,573) for the period ended June 30, 2009. The School Food Service Fund reported an increase in net assets of \$360,508 while the Child Care Fund also reported an increase in net assets of \$36,801 as compared to an decrease of net assets of (\$71,942) and an increase of \$32,369 respectively for fiscal year ended June 30, 2009. The increase in performance in the School Food Service Fund was due mainly to a decrease in salaries and benefits of (\$187,370) and an increase in federal reimbursements of \$361,463. The Child Care Funds performance was consistent with the prior year.

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 \$331,600. The Board was also able to remain under budget when comparing the budget to actual expenditures. Actual expenditures were \$3,807,183 under budget. This was due in large part to regular instructional services and operational support services expenditures being under budget by \$2,356,135 and \$479,893 respectively.

Capital Assets

Capital assets increased by \$88,639 (or .15%) from the previous year. Depreciation for the total primary government totaled \$2,925,820 while additions from capital expenditures totaled \$3,015,409. 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, 2010**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Land	\$ 2,716,383	\$ 2,716,383	\$	\$	\$ 2,716,383	\$ 2,716,383
Construction in progress	1,975,733	170,955			1,975,733	170,955
Buildings	50,151,860	51,425,763			50,151,860	51,425,763
Equipment and furniture	741,896	776,662	718,839	751,005	1,460,735	1,527,667
Vehicles	2,017,575	2,392,879			2,017,575	2,392,879
Total	<u>\$57,603,447</u>	<u>\$57,482,642</u>	<u>\$718,839</u>	<u>\$751,005</u>	<u>\$58,322,286</u>	<u>\$58,233,647</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 decreased by \$252,579 due to payments made on the installment financing to pay for school buses. The Board is limited by North Carolina statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

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

- Foreclosures in Caldwell County skyrocketed, house sales plummeted and property values plunged. The County Commissioners postponed revaluations to give taxpayers relief.
- The County's unemployment rate of 13.4% is higher than the state average of 10.1%.
- Caldwell County Schools is one of the leading employers in Caldwell County.

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, 2010

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$11,727,935	\$2,569,984	\$14,297,919
Due from other governments	3,381,512	197,933	3,579,445
Receivables (net)	31,489	5,678	37,167
Inventories	688,291	459,406	1,147,697
	<u>15,829,227</u>	<u>3,233,001</u>	<u>19,062,228</u>
Total current assets			
Capital assets (Note 1):			
Land and construction in progress	4,692,116		4,692,116
Other capital assets, net of depreciation	52,911,331	718,839	53,630,170
	<u>57,603,447</u>	<u>718,839</u>	<u>58,322,286</u>
Total capital assets			
	<u>73,432,674</u>	<u>3,951,840</u>	<u>77,384,514</u>
Total assets			
LIABILITIES			
Accounts payable and accrued expenses	556,057	88,162	644,219
Accrued salaries and wages payable	3,154,962	76,016	3,230,978
Unearned revenue	161,534	34,974	196,508
Liabilities due within one year	523,028	17,708	540,736
	<u>4,395,581</u>	<u>216,860</u>	<u>4,612,441</u>
Total current liabilities			
Long-term liabilities:			
Due in more than one year	4,464,159	156,007	4,620,166
	<u>8,859,740</u>	<u>372,867</u>	<u>9,232,607</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	57,354,116	718,839	58,072,955
Restricted for:			
Individual schools	1,256,683		1,256,683
Unrestricted (deficit)	5,962,135	2,860,134	8,822,269
	<u>\$64,572,934</u>	<u>\$3,578,973</u>	<u>\$68,151,907</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, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$50,266,922	\$ -	\$ 43,031,668	\$ -
Special Populations	9,952,206		9,878,933	
Alternative Programs	6,301,157	19,432	6,051,581	
School Leadership	6,200,162		3,615,468	
Co-Curricular	3,042,464	731,476	2,084,415	
School-Based Support	5,939,407		5,376,001	
System-wide Support services:				
Support and Development	900,901		635,020	
Special Population Support and Development	412,431		229,812	
Alternative Programs and Services Support and Development	128,484		113,477	
Technology Support	796,278		204,685	
Operational Support	9,949,538	2,338	3,757,050	680,304
Financial and Human Resource	684,031		256,797	
Accountability	229,488		81,970	
System-wide Pupil Support	36,669			
Policy, Leadership, and Public Relations	1,277,464		543,176	
Ancillary Services	19,216			
Non-programmed charges	(2,679)		231,821	
Unallocated depreciation expense**	2,246,610			
Total governmental activities	<u>98,380,749</u>	<u>753,246</u>	<u>76,091,874</u>	<u>680,304</u>
Business-type activities:				
School food service	6,910,897	2,584,028	4,614,561	
Child care	1,170,291	1,206,477	0	
Total business-type activities	<u>8,081,188</u>	<u>3,790,505</u>	<u>4,614,561</u>	<u>0</u>
Total primary government	<u>\$106,461,937</u>	<u>\$4,543,751</u>	<u>\$ 80,706,435</u>	<u>\$ 680,304</u>

General revenues:

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

Transfers

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (7,235,254)	\$	\$ (7,235,254)
(73,273)		(73,273)
(230,144)		(230,144)
(2,584,694)		(2,584,694)
(226,573)		(226,573)
(563,406)		(563,406)
(265,881)		(265,881)
(182,619)		(182,619)
(15,007)		(15,007)
(591,593)		(591,593)
(5,509,846)		(5,509,846)
(427,234)		(427,234)
(147,518)		(147,518)
(36,669)		(36,669)
(734,288)		(734,288)
(19,216)		(19,216)
234,500		234,500
(2,246,610)		(2,246,610)
<u>(20,855,325)</u>		<u>(20,855,325)</u>
	287,692	287,692
	36,186	36,186
	<u>323,878</u>	<u>323,878</u>
<u>(20,855,325)</u>	<u>323,878</u>	<u>(20,531,447)</u>
14,300,000		14,300,000
1,923,423		1,923,423
4,407,948		4,407,948
415,193		415,193
46,440	5,808	52,248
1,489,886		1,489,886
(67,623)	67,623	0
<u>22,515,267</u>	<u>73,431</u>	<u>22,588,698</u>
1,659,942	397,309	2,057,251
<u>62,912,992</u>	<u>3,181,664</u>	<u>66,094,656</u>
<u>\$ 64,572,934</u>	<u>\$ 3,578,973</u>	<u>\$ 68,151,907</u>

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	\$6,578,907		\$1,256,683	\$3,892,345		\$11,727,935
Due from other governments	82,360	2,897,824		89,698	311,630	3,381,512
Receivables (Net)	30,508			981		31,489
Inventories	688,291					688,291
Total assets	\$7,380,066	\$2,897,824	\$1,256,683	\$3,983,024	\$311,630	\$15,829,227
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 244,427			\$ 102,495		\$ 346,922
Accrued salaries and benefits payable	154,643	2,897,824			311,630	3,364,097
Unearned Revenues	161,534					161,534
Total liabilities	560,604	2,897,824	0	102,495	311,630	3,872,553
Fund balances:						
Reserved for:						
Inventories	688,291					688,291
State statute	112,868			90,679		203,547
Unreserved:						
Designated for subsequent year's expenditures	1,752,022			2,096,039		3,848,061
General Fund	4,266,281					4,266,281
Special Revenue Funds			1,256,683			1,256,683
Capital Projects Fund				1,693,811		1,693,811
Total fund balances	6,819,462	0	1,256,683	3,880,529	0	11,956,674
Total liabilities and fund balances	\$7,380,066	\$2,897,824	\$1,256,683	\$3,983,024	\$311,630	

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.	57,603,447
Some liabilities, including bonds payable and accrued vacation pay, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(4,987,187)

Net assets of government activities	<u>\$64,572,934</u>
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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, 2010

EXHIBIT 4

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 515,834	\$ 66,879,961		\$1,077,506		\$ 68,473,301
Caldwell County	14,388,013			1,923,423		16,311,436
U.S. Government	323,272				10,360,692	10,683,964
Contributions and donations	144,866		2,084,415			2,229,281
Other	1,799,360		748,718	39,521		2,587,599
Total revenues	17,171,345	66,879,961	2,833,133	3,040,450	10,360,692	100,285,581
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	4,125,441	45,448,086			549,346	50,122,873
Special Populations	103,772	6,374,258			3,504,675	9,982,705
Alternative Programs	583,604	2,464,921			3,222,135	6,270,660
School Leadership	2,098,368	2,930,007			823,189	5,851,564
Co-Curricular	418,775	0	2,630,100		0	3,048,875
School-Based Support	463,486	5,094,325			357,552	5,915,363
System-wide support services:						
Support and Development	269,794	556,636			78,008	904,438
Special Population Support and Development	183,984	54,196			175,616	413,796
Alternative Programs and Services Support and Development	14,659	28,347			85,130	128,136
Technology Support	533,054	216,361			45,233	794,648
Operational Support	5,587,578	2,734,591			1,018,775	9,340,944
Financial and Human Resource	158,232	351,454			175,962	685,648
Accountability	146,576	1,557			80,413	228,546
System-wide Pupil Support	42,274					42,274
Policy, Leadership, and Public Relations	637,201	590,214			47,845	1,275,260
Ancillary services	12,706					12,706
Non-programmed charges	10,389	(2,401)			166,599	174,587
Debt service:						
Principal				415,193		415,193
Capital outlay:						
Real property and buildings				2,851,048		2,851,048
System-wide support services				241,426		241,426
Instructional services				517,539		517,539
Total expenditures	15,389,893	66,842,552	2,630,100	4,025,206	10,330,478	99,218,229
Excess (deficiency) of revenues over expenditures	1,781,452	37,409	203,033	(984,756)	30,214	1,067,352
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	(80,000)	(37,409)		80,000	(30,214)	(67,623)
Installment purchase obligations issued				162,614		162,614
Total other financing sources (uses)	(80,000)	(37,409)		242,614	(30,214)	94,991
Net changes in fund balance	1,701,452	0	203,033	(742,142)		1,162,343
Fund balances- beginning	5,027,109		1,053,650	4,622,671		10,703,430
Increase in reserve for inventories	90,901					90,901
Fund balances - ending	\$ 6,819,462	\$ -	\$1,256,683	\$3,880,529	\$	\$ 11,956,674

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

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

Net changes in fund balances - total governmental funds	\$ 1,162,343
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>	
	120,805
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Adjustment for change in inventory methods	90,901
<p>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.</p>	
	252,579
<p>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.</p>	
Compensated absences liability change	33,314
Total changes in net assets of governmental activities	<u>\$ 1,659,942</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ 368,345	\$ 549,345	\$ 515,834	\$ (33,511)
Caldwell County	14,300,000	14,388,013	14,388,013	0
U.S. Government	392,014	402,014	323,272	(78,742)
Contributions and donations		145,936	144,866	(1,070)
Other	1,619,955	1,526,606	1,799,360	272,754
Total Revenues	16,680,314	17,011,914	17,171,345	159,431
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	6,640,802	6,481,576	4,125,441	2,356,135
Special Populations	150,771	160,384	103,772	56,612
Alternative Programs	574,719	798,258	583,604	214,654
School Leadership	2,196,214	2,292,465	2,098,368	194,097
Co-Curricular	476,500	476,500	418,775	57,725
School-Based Support	583,930	677,320	463,486	213,834
System-wide Support services:				
Support and Development	313,989	295,905	269,794	26,111
Special Population Support and Development	136,412	207,445	183,984	23,461
Alternative Programs and Services Support and Development	12,252	16,452	14,659	1,793
Technology Support	537,040	541,340	533,054	8,286
Operational Support	6,100,813	6,067,471	5,587,578	479,893
Financial and Human Resource Accountability	161,407	182,702	158,232	24,470
System-wide Pupil Support	170,285	160,379	146,576	13,803
Policy, Leadership, and Public Relations	71,830	62,336	42,274	20,062
Ancillary Services	711,012	743,836	637,201	106,635
Nutrition Services	7,500	12,707	12,706	1
Non-programmed charges	20,000	20,000	10,389	9,611
Total expenditures	18,865,476	19,197,076	15,389,893	3,807,183
Revenues over (under) expenditures	(2,185,162)	(2,185,162)	1,781,452	3,966,614
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	(2,265,162)	(2,265,162)	1,701,452	3,966,614
Fund balances, beginning of year	2,265,162	2,265,162	5,027,109	2,761,947
Increase in reserve for inventories			90,901	90,901
Fund balances, end of year	\$	\$	\$ 6,819,462	\$ 6,819,462

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)
\$68,588,648	\$69,262,836	\$66,879,961	(\$2,382,875)				
				13,149,784	12,452,406	\$10,360,692	(2,091,714)
<u>68,588,648</u>	<u>69,262,836</u>	<u>66,879,961</u>	<u>(2,382,875)</u>	<u>13,149,784</u>	<u>12,452,406</u>	<u>10,360,692</u>	<u>(2,091,714)</u>
47,677,079	46,987,189	45,448,086	1,539,103	644,207	630,869	549,346	81,523
6,269,489	6,432,500	6,374,258	58,242	5,198,955	4,265,085	3,504,675	760,410
2,920,983	2,921,833	2,464,921	456,912	3,643,826	3,694,723	3,222,135	472,588
2,807,023	2,951,319	2,930,007	21,312	932,142	950,068	823,189	126,879
			0				
5,117,093	5,196,214	5,094,325	101,889	233,044	511,420	357,552	153,868
533,080	562,961	556,636	6,325	74,256	78,538	78,008	530
34,716	54,197	54,196	1	228,945	181,192	175,616	5,576
28,969	28,624	28,347	277	94,990	95,396	85,130	10,266
341,269	412,448	216,361	196,087	44,179	45,620	45,233	387
2,224,444	2,734,914	2,734,591	323	1,007,526	1,041,096	1,018,775	22,321
92,902	351,454	351,454	0	486,592	495,497	175,962	319,535
2,540	1,558	1,557	1	79,718	80,597	80,413	184
						0	
501,651	590,215	590,214	1	180,239	143,811	47,845	95,966
						0	
	0	(2,401)	2,401	270,701	208,030	166,599	41,431
<u>68,551,238</u>	<u>69,225,426</u>	<u>66,842,552</u>	<u>2,382,874</u>	<u>13,119,320</u>	<u>12,421,942</u>	<u>10,330,478</u>	<u>2,091,464</u>
37,410	37,410	37,409	(1)	30,464	30,464	30,214	(250)
(37,410)	(37,410)	(37,409)	1	(30,464)	(30,464)	(30,214)	250
(37,410)	(37,410)	(37,409)	1	(30,464)	(30,464)	(30,214)	250
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, 2010

EXHIBIT 6

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$2,191,397	\$ 378,587	\$2,569,984
Due from other governments	166,114	31,819	197,933
Receivables (net)	5,678		5,678
Inventories	459,406		459,406
Total current assets	2,822,595	410,406	3,233,001
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	718,839		718,839
Total noncurrent assets	718,839		718,839
Total assets	\$3,541,434	\$ 410,406	\$3,951,840
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 79,111	\$ 9,051	\$ 88,162
Accrued salaries and wages payable	41,050	34,966	76,016
Unearned revenue	23,312	11,662	34,974
Compensated absences	8,352	9,356	17,708
Total current liabilities	151,825	65,035	216,860
Noncurrent liabilities:			
Compensated absences	106,950	49,057	156,007
Total noncurrent liabilities	106,950	49,057	156,007
Total liabilities	258,775	114,092	372,867
NET ASSETS			
Invested in capital assets	718,839		718,839
Unrestricted	2,563,820	296,314	2,860,134
Total net assets	\$3,282,659	\$ 296,314	\$3,578,973

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, 2010

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$2,584,028	\$	\$2,584,028
Child care fees		1,206,477	1,206,477
Total operating revenues	<u>2,584,028</u>	<u>1,206,477</u>	<u>3,790,505</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,079,046	55,062	2,134,108
Donated commodities	450,626		450,626
Salaries and benefits	3,397,779	1,050,172	4,447,951
Indirect costs	366,032		366,032
Materials and supplies	270,484	21,473	291,957
Repairs and maintenance	82,036		82,036
Depreciation	141,292		141,292
Non Capitalized Equipment	104,731	802	105,533
Purchased services	18,871	42,782	61,653
Total operating expenses	<u>6,910,897</u>	<u>1,170,291</u>	<u>8,081,188</u>
Operating Income(loss)	<u>(4,326,869)</u>	<u>36,186</u>	<u>(4,290,683)</u>
NONOPERATING REVENUES			
Federal reimbursements	3,780,832		3,780,832
Federal commodities	450,626		450,626
State reimbursements	17,071		17,071
Interest earned	5,193	615	5,808
Indirect costs not paid	366,032		366,032
Total nonoperating revenue	<u>4,619,754</u>	<u>615</u>	<u>4,620,369</u>
Income (loss) before transfers	292,885	36,801	329,686
Transfers from other funds	67,623		67,623
Change in net assets	360,508	36,801	397,309
Total net assets - beginning	<u>2,922,151</u>	<u>259,513</u>	<u>3,181,664</u>
Total net assets - ending	<u>\$3,282,659</u>	<u>\$ 296,314</u>	<u>\$3,578,973</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, 2010

EXHIBIT 8

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,592,597	\$ 1,199,349	\$ 3,791,946
Cash paid for goods and services	(2,472,774)	(122,127)	(2,594,901)
Cash paid for employees services and benefits	(3,370,385)	(1,064,798)	(4,435,183)
Net cash provided (used) by operating activities	(3,250,562)	12,424	(3,238,138)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	3,797,903		3,797,903
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(109,126)		(109,126)
Net cash (used) by capital and related financing activities	(109,126)		(109,126)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	5,193	615	5,808
Net increase in cash and cash equivalents	443,408	13,039	456,447
Balances - beginning of year	1,747,989	365,548	2,113,537
Balances - end of year	<u>\$ 2,191,397</u>	<u>\$ 378,587</u>	<u>\$ 2,569,984</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities			
Operating income(loss)	\$ (4,326,869)	\$ 36,186	\$ (4,290,683)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	141,292		141,292
Donated commodities consumed	450,626		450,626
Salaries paid by special revenue fund	37,409		37,409
Equipment paid by special revenue fund	30,214		30,214
Indirect costs not paid	366,032		366,032
Changes in assets and liabilities:			
Decrease (increase) in due from other governments	(18,739)	3,435	(15,304)
Decrease (increase) in accounts receivable	13,128		13,128
Decrease (increase) in inventory	(26,931)		(26,931)
Increase (decrease) in accounts payable and accrued liabilities	83,579	(16,478)	67,101
Increase (decrease) in accrued annual leave	(14,483)	(156)	(14,639)
Increase (decrease) in unearned revenues	14,180	(10,563)	3,617
Total adjustments	1,076,307	(23,762)	1,052,545
Net cash provided (used) by operating activities	<u>\$ (3,250,562)</u>	<u>\$ 12,424</u>	<u>\$ (3,238,138)</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, 2010**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$37,409 to administrative personnel of the School Food Service Fund during the fiscal year. The payment is reflected by a transfer in and an operating expense on Exhibit 7.

Indirect costs of \$366,032 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 \$450,626 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$450,626 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

The Federal Grant Fund paid for equipment of \$30,214 during the fiscal year. The payment is reflected as a transfer in on Exhibit 7 and a capital addition on Exhibit 6.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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. A budget amendment was made in December 2009 for (\$614,418) in the Federal Grant Fund due to planning allotments being greater than actual allocations. Also, in January 2010 a budget amendment was made in the State Public School Fund for \$442,000 for additional transportation funding. 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, 2010. 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, 2010

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 2010-2011 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 \$52,616,260 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)	\$100,138,816
Less Accumulated Depreciation	<u>(42,535,369)</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	\$57,603,447
<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	(249,331)
Compensated absences	<u>(4,737,856)</u>
Total adjustment	<u>\$52,616,260</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 \$497,599 as follows:</p>	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,905,333
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.	(2,784,528)
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	(162,614)
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	415,193

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	\$ 33,314
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	<u>90,901</u>
Total adjustment	<u>\$ 497,599</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

A. Assets - (Cont'd)

1. Deposits - (Cont'd)

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, 2010 the Board had deposits with banks and savings and loans with a carrying amount of \$12,065,133 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$11,226,873 and \$598,334, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$10,726,873 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2010, 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, 2010, were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 82,360	\$ 30,508
Other governmental activities	<u>3,299,152</u>	<u>981</u>
Total	<u>\$ 3,381,512</u>	<u>\$ 31,489</u>
Business-type activities:		
School Food Service	\$ 166,114	\$ 5,678
Child Care	<u>31,819</u>	
Total	<u>\$ 197,933</u>	<u>\$ 5,678</u>

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

A. Assets - (Cont'd)

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 32,329	Federal - ROTC
	3,824	Federal - Tech Prep
	6,010	State - Sales tax
	13,698	State - Medicaid
	26,499	County - Fines & Forfeitures
State Public School Fund	2,897,824	Operating funds from DPI
Capital Outlay Fund		State Public School Building
	89,698	Capital Fund
Federal Grants Fund	<u>311,630</u>	Federal grant funds
Total	<u>\$3,381,512</u>	

Business Activities

School Food Service	\$ 160,995	Federal funds
School Food Service	5,119	State - Sales tax
Child Care	1,033	State - Sales tax
Child Care	<u>30,786</u>	County - DSS
Total	<u>\$ 197,933</u>	

4. Capital Assets

Capital asset activity for the year ended June 30, 2010, 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>170,955</u>	<u>(99,970)</u>	<u>1,904,748</u>		<u>1,975,733</u>
Total capital assets not being depreciated	<u>2,887,338</u>	<u>\$ (99,970)</u>	<u>\$ 1,904,748</u>	<u>\$</u>	<u>4,692,116</u>
Capital assets being depreciated:					
Buildings	82,563,764	\$ 99,970	\$ 675,809	\$	83,339,543
Equipment and furniture	2,673,580		162,162		2,835,742
Vehicles	<u>9,440,148</u>		<u>162,614</u>	<u>(331,345)</u>	<u>9,271,417</u>
Total capital assets being depreciated	<u>94,677,492</u>	<u>\$ 99,970</u>	<u>\$ 1,000,585</u>	<u>\$ (331,345)</u>	<u>95,446,702</u>

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:					
Buildings	\$31,138,001	\$	\$ 2,049,682	\$	\$33,187,683
Equipment and furniture	1,896,918		196,928		2,093,846
Vehicles	<u>7,047,269</u>		<u>537,918</u>	<u>(331,345)</u>	<u>7,253,842</u>
Total accumulated depreciation	<u>40,082,188</u>	<u>\$</u>	<u>\$ 2,784,528</u>	<u>\$(331,345)</u>	<u>42,535,371</u>
Total capital assets being depreciated, net	<u>54,595,304</u>				<u>52,911,331</u>
Governmental activity capital assets, net	<u>\$57,482,642</u>				<u>\$57,603,447</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated				
Furniture and office equipment	<u>\$ 2,267,478</u>	<u>\$ 110,076</u>	<u>\$ (45,683)</u>	<u>\$ 2,331,871</u>
Total capital assets being depreciated	<u>2,267,478</u>	<u>\$ 110,076</u>	<u>\$ (45,683)</u>	<u>2,331,871</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,516,473</u>	<u>\$ 141,292</u>	<u>\$ (44,733)</u>	<u>1,613,032</u>
Total accumulated depreciation	<u>1,516,473</u>	<u>\$ 141,292</u>	<u>\$ (44,733)</u>	<u>1,613,032</u>
School Food Service capital assets, net	<u>751,005</u>			<u>718,839</u>
Business-type activities capital assets, net	<u>\$ 751,005</u>			<u>\$ 718,839</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,246,610
Operational support services	<u>537,918</u>
Total	<u>\$2,784,528</u>

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

Construction commitments

Caldwell County has active construction projects as of June 30, 2010. The projects are for additions at two elementary schools. At year end, the County's commitments with contractors for the additions is as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Hudson Elementary Addition	\$620,059	\$461,887
Sawmills Elementary Addition	519,962	529,425

Financing Commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Caldwell County Board of Education has entered into an agreement to purchase 7 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the Caldwell County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2010, has been recorded.

The payments due in the fiscal year ended June 30, 2011 are as follows:

Total purchase price, 7 buses	\$538,365
Total payments due in 10-11	134,591
Remaining payments in subsequent years	403,774

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

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

B. Liabilities - (Cont'd)

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

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

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 3.57% 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, 2010, 2009, and 2008 were \$2,303,910, \$2,311,496, and \$2,029,069, respectively, equal to the required contributions for each year.

b. Other Post-employment Benefits

1. Healthcare Benefits

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

II. 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)

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

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

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2010, 2009, and 2008, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$2,904,089, \$2,820,576, and \$2,727,601, respectively. These contributions represented 4.50%, 4.10%, and 4.10% of covered payroll, respectively.

II. 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

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on 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

II. 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)

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.

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

II. 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)

member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2010, 2009, and 2008, the Board paid all annual required contributions to the DIPNC for disability benefits of \$335,584, \$357,732, and \$345,940, respectively. These contributions represented .52% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2010, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 244,427	\$ 154,643	\$ 399,070
Other Governmental	<u>102,495</u>	<u>3,209,454</u>	<u>3,311,949</u>
Total governmental activities	<u>\$ 346,922</u>	<u>\$3,364,097</u>	<u>\$3,711,019</u>

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

B. Liabilities - (Cont'd)

2. Accounts Payable - (Cont'd)

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Business-type Activities:			
School Food Service	\$ 79,111	\$ 41,050	\$ 120,161
Other Business-type	<u>9,051</u>	<u>34,966</u>	<u>44,017</u>
Total business-type activities	<u>\$ 88,162</u>	<u>\$ 76,016</u>	<u>\$ 164,178</u>

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)	\$ 11,662
Pre-payments (School Food Service Fund)	23,312
Grants not yet earned (General Fund)	<u>161,534</u>
Total	<u>\$196,508</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

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

B. Liabilities - (Cont'd)

4. Risk Management - (Cont'd)

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.

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, 2010, 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

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

B. Liabilities - (Cont'd)

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

a. Installment Purchase - (Cont'd)

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 one installment purchase contract to finance the purchase of five school buses. Also in 2010, the Board entered into an installment purchase contract to finance the purchase of two school buses. These financing contracts require principal only payments of \$127,375 and \$40,653 respectively due at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2010 including \$- 0 - of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 168,028	\$
2012	40,653	
2013	<u>40,648</u>	<u></u>
Principal payments	<u>\$ 249,329</u>	
Total interest payments		<u>\$</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, 2010:

	<u>Balance</u>			<u>Balance</u>	
	<u>July 1,</u>			<u>June 30,</u>	<u>Current</u>
	<u>2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>2010</u>	<u>Portion</u>
Governmental activities:					
Installment purchases	\$ 501,908	\$ 162,614	\$ 415,193	\$ 249,329	\$ 168,028
Compensated absences	<u>4,771,172</u>	<u>3,023,993</u>	<u>3,057,307</u>	<u>4,737,858</u>	<u>355,000</u>
Total	<u>\$5,273,080</u>	<u>\$3,186,607</u>	<u>\$ 3,472,500</u>	<u>\$4,987,187</u>	<u>\$ 523,028</u>
Business-type activities:					
Compensated absences	<u>\$ 183,354</u>	<u>\$ 187,077</u>	<u>\$ 196,716</u>	<u>\$ 173,715</u>	<u>\$ 17,708</u>

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

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

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2010, 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>\$ 37,409</u>
From the Federal Grant Fund to the School Food Service Fund for equipment	<u>\$ 30,214</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. Subsequent Events

Management has evaluated subsequent events through September 24, 2010, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

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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, 2010
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2009)

<u>REVENUES</u>	Local Current Expenses			2009 Actual
	2010 Budget	2010 Actual	Variances	
State of North Carolina:				
More At Four	\$ 308,200	\$ 302,680	\$ (5,520)	\$ 305,364
Dropout Prevention	175,000	13,466		
Smart Start	66,145	63,145	(3,000)	64,495
Project Lead The Way		136,543	136,543	273,547
Total State of North Carolina	549,345	515,834	(33,511)	643,406
Caldwell County:				
Appropriation	14,300,000	14,300,000	0	14,100,000
Forest Service	88,013	88,013	0	87,034
Total Caldwell County	14,388,013	14,388,013	0	14,187,034
United States Government:				
ROTC	110,000	125,872	15,872	148,057
Teaching American History	50,484	44,040	(6,444)	123,998
Tech Prep	241,530	153,360	(88,170)	199,070
Total U.S. Government	402,014	323,272	(78,742)	471,125
Other:				
ABC Revenues	18,000	18,382	382	19,463
CCC Reimbursement	190,782	190,782	0	179,889
Sales Taxes	80,000	65,211	(14,789)	94,148
Tuition and Fees - Rising Stars	16,500	19,432	2,932	17,820
Fines and Forfeitures	395,000	401,034	6,034	396,456
Rental of School Property	2,500	2,338	(162)	3,097
Interest Earned on Investments	40,000	17,226	(22,774)	44,437
Miscellaneous & School Reimbursements	274,387	304,872	30,485	579,538
Indirect Cost Allocations	100,000	177,266	77,266	141,973
Private Grants and Donations	145,936	144,866	(1,070)	51,755
Medicaid Reimbursement	399,437	557,171	157,734	748,183
Other Restricted Sources			0	15,201
E-Rate Reimbursement	10,000	35,511	25,511	9,211
Insurance Settlements		10,135	10,135	31,995
Total Other	1,672,542	1,944,226	271,684	2,333,166
Fund Balance Appropriated	2,265,162		(2,265,162)	
Total Revenue	19,277,076	17,171,345	(2,105,731)	17,634,731
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,844,632		3,759,743
Employee Benefits		780,155		905,733
Purchased Services		194,630		489,906
Supplies and Materials		298,024		428,154
Capital Outlay		8,000		
Total Regular Instructional Services	6,481,576	4,125,441	2,356,135	5,583,536

EXPENDITURES

INSTRUCTIONAL SERVICES - (CONT'D):	Local Current Expenses			2009 Actual
	Budget	2010 Actual	Variances	
Special Population Services:				
Salaries	\$	\$ 81,967	\$	\$ 104,400
Employee Benefits		18,273		26,800
Purchased Services		2,397		2,535
Supplies and Materials		1,135		6,817
Total Special Population Services	160,384	103,772	56,612	140,552
Alternative Programs and Services:				
Salaries		431,886		332,466
Employee Benefits		133,208		90,008
Purchased Services		779		2,707
Supplies and Materials		17,731		20,769
Total Alternative Programs and Services	798,258	583,604	214,654	445,950
School Leadership Services:				
Salaries		1,586,856		1,284,811
Employee Benefits		428,994		325,558
Purchased Services		42,898		36,709
Supplies and Materials		39,620		48,002
Total School Leadership Services	2,292,465	2,098,368	194,097	1,695,080
Co-Curricular Services:				
Salaries		302,362		297,314
Employee Benefits		45,681		43,742
Purchased Services		70,732		65,076
Insurance				
Total Co-Curricular Services	476,500	418,775	57,725	406,132
School-Based Support Services:				
Salaries		187,991		40,583
Employee Benefits		46,500		11,648
Purchased Services		228,995		260,252
Supplies and Materials				
Total School-Based Support Services	677,320	463,486	213,834	312,483
Total Instructional Services	#REF!	#REF!	#REF!	8,583,733
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		207,231		137,885
Employee Benefits		44,052		26,317
Purchased Services		6,414		10,618
Supplies and Materials		12,097		7,747
Total Support and Development Services	295,905	269,794	26,111	182,567
Special Population Support and Development Services:				
Salaries		90,784		57,600
Employee Benefits		25,242		16,848
Purchased Services		67,958		46,397
Total Special Population Support And Development Services	207,445	183,984	23,461	120,845
Alternative Programs and Services:				
Salaries		5,575		5,735
Employee Benefits		913		906
Purchased Services		6,588		6,226
Supplies and Materials		1,583		2,345
Total Alternative Programs and Services	16,452	14,659	1,793	15,212

EXPENDITURES - (Cont'd):	Local Current Expenses			2009 Actual
	Budget	2010 Actual	Variance	
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	\$ 297,398	\$	\$ 282,130
Employee Benefits		80,061		70,088
Purchased Services		32,995		55,121
Supplies and Materials		122,600		87,666
Non-Capitalized equipment				38,022
Total Technology Support Services	541,340	533,054	8,286	533,027
Operational Support Services:				
Salaries		1,472,908		1,517,621
Employee Benefits		536,336		539,306
Purchased Services		2,563,071		2,486,618
Supplies and Materials		794,407		836,519
Insurance		220,856		242,397
Non-Capitalized equipment				
Total Operational Support Services	6,067,471	5,587,578	479,893	5,622,461
Financial and Human Resource Services:				
Salaries		91,599		156,194
Employee Benefits		20,871		30,725
Purchased Services		40,935		41,459
Supplies and Materials		4,827		14,691
Non-Capitalized equipment				
Total Financial and Human Resource Services	182,702	158,232	24,470	243,069
Accountability Services:				
Salaries		72,568		76,691
Employee Benefits		15,283		15,325
Purchased Services		38,256		37,630
Supplies and Materials		20,469		38,571
Non-Capitalized equipment				
Total Accountability Services	160,379	146,576	13,803	168,217
System-Wide Pupil Support:				
Salaries		31,811		54,852
Employee Benefits		10,463		16,957
Total System-Wide Pupil Support Services	62,336	42,274	20,062	71,809
Policy, Leadership and Public Relations Services:				
Salaries		295,240		304,733
Employee Benefits		46,875		47,871
Purchased Services		220,074		177,884
Supplies and Materials		75,012		62,405
Total Policy, Leadership and Public Relations Services	743,836	637,201	106,635	592,893
Total System-Wide Support Services	8,277,866	7,573,352	704,514	7,550,100
ANCILLARY SERVICES:				
Nutrition Services:				
Supplies and Materials		12,706		6,301
Total Nutrition Services	12,707	12,706	1	6,301
Total Ancillary Services	12,707	12,706	1	6,301

EXPENDITURES - (Cont'd):

	Local Current Expenses			2009 Actual
	Budget	2010 Actual	Variances	
Non-Programmed Charges:				
Payments to Charter Schools	\$	\$ 10,389	\$	\$ 20,474
Total Programmed Charges	20,000	10,389	9,611	20,474
Total Expenditures	19,197,076	15,389,893	3,807,183	16,160,608
Excess of Revenue Over (Under) Expenditures	80,000	1,781,452	1,701,452	1,474,123
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	(80,000)	(80,000)	0	(80,000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	1,701,452	\$ 1,701,452	1,394,123
Fund Balance - July 1, 2009		5,027,109		3,582,471
Increase(Decrease) in Reserve for Inventories		90,901		50,515
Fund Balance - June 30, 2010		\$ 6,819,462		\$ 5,027,109

CALDWELL COUNTY BOARD OF EDUCATION
STATE PUBLIC SCHOOL FUND
DETAIL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2009)

	2010		Variance	2009
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$69,262,836	\$66,879,961	(\$2,382,875)	\$72,968,977
Total Revenues	69,262,836	66,879,961	(2,382,875)	72,968,977
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		33,714,706		36,492,983
Employee Benefits		9,178,898		9,178,128
Purchased Services		806,937		640,795
Supplies and Materials		1,747,545		1,656,620
Total Regular Instructional Services	46,987,189	45,448,086	1,539,103	47,968,526
Special Populations:				
Salaries		4,518,488		4,979,623
Employee Benefits		1,241,619		1,280,696
Purchased Services		131,598		67,123
Supplies and Materials		360,648		48,125
Capital Outlay		121,905		
Total Special Populations Services	6,432,500	6,374,258	58,242	6,375,567
Alternative Programs and Services:				
Salaries		1,770,533		2,444,976
Employee Benefits		500,349		618,603
Purchased Services		30,468		43,846
Supplies and Materials		163,571		357,533
Total Alternative Programs And Services	2,921,833	2,464,921	456,912	3,464,958
School Leadership Services:				
Salaries		2,376,031		3,388,071
Employee Benefits		552,239		817,660
Purchased Services		1,737		1,004
Total School Leadership Services	2,951,319	2,930,007	21,312	4,206,735
School-Based Support Services:				
Salaries		3,720,677		3,638,617
Employee Benefits		968,999		851,183
Purchased Services		401,664		399,680
Supplies and Materials		2,985		6,539
Total School-Based Support Services	5,196,214	5,094,325	101,889	4,896,019
Total Instructional Services	64,489,055	62,311,597	2,177,458	66,911,805

EXPENDITURES - (Cont'd):

SYSTEM-WIDE SUPPORT SERVICES	2010			2009
	Budget	Actual	Variance	Actual
Support and Development Services:				
Salaries	\$	\$ 457,184	\$	\$ 485,860
Employee Benefits		97,986		103,647
Purchased Services		946		1,102
Supplies and Materials		520		409
Total Support and Development Services	562,961	556,636	6,325	591,018
Special Population Support and Development Services:				
Salaries		25,920		102,315
Employee Benefits		6,695		24,043
Purchased Services		21,581		5,346
Total Special Population Support And Development Services	54,197	54,196	1	131,704
Alternative Programs and Services:				
Salaries		20,718		29,940
Employee Benefits		7,629		9,655
Purchased Services				161
Supplies and Materials				458
Total Alternative Programs and Services	28,624	28,347	277	40,214
Technology Support Services:				
Salaries		45,340		80,246
Employee Benefits		11,569		20,568
Purchased Services		64,583		150,388
Supplies and Materials		94,869		
Total Technology Support Services	412,448	216,361	196,087	251,202
Operational Support Services:				
Salaries		1,653,080		2,592,896
Employee Benefits		319,711		581,286
Purchased Services		67,909		58,860
Supplies and Materials		685,836		592,529
Other		8,055		10,060
Total Operational Support Services	2,734,914	2,734,591	323	3,835,631
Financial and Human Resource Services:				
Salaries		279,257		352,218
Employee Benefits		72,197		91,257
Workshop Expenses				78,841
Total Financial and Human Resource Services	351,454	351,454	0	522,316
Accountability Services:				
Salaries		1,338		63,336
Employee Benefits		219		18,150
Total Accountability Services	1,558	1,557	1	81,486
Policy, Leadership and Public Relations Services:				
Salaries		489,688		482,749
Employee Benefits		100,526		94,099
Total Policy, Leadership and Public Relations Services:	590,215	590,214	1	576,848
Total System-Wide Support Services	4,736,371	4,533,356	203,015	6,030,419

	<u>Budget</u>	<u>2010 Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	\$	\$ (2,401)	\$	\$ (9,668)
Total Non-Programmed Charges		(2,401)	2,401	(9,668)
Total Expenditures	69,225,426	66,842,552	2,382,874	72,932,556
Excess of Revenue Over (Under) Expenditures	37,410	37,409	(1)	36,421
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(37,410)	(37,409)	1	(36,421)
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
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	2010		Variance	2009
	Budget	Actual		Actual
Revenues:				
State of North Carolina	\$ 2,616,247	\$1,077,506	\$ (1,538,741)	\$1,154,264
Caldwell County	1,199,799	1,923,423	723,624	2,254,872
Other	56,000	39,521	(16,479)	77,323
Total Revenues	3,872,046	3,040,450	(831,596)	3,486,459
Expenditures:				
Instructional Services Equipment	596,091	517,539	78,552	921,114
System-Wide Support Services Equipment and Vehicles	1,297,764	241,426	1,056,338	1,270,026
Ancillary Services Projects			0	12,661
Capital Outlay Projects - Building and Improvements	3,254,739	2,851,048	403,691	1,231,115
Debt Service: Principal	1,083,104	415,193	667,911	932,330
Total Expenditures	6,231,698	4,025,206	2,206,492	4,367,246
Excess of Revenues Over (Under) Expenditures	(2,359,652)	(984,756)	1,374,896	(880,787)
Other Financing Sources (Uses):				
Operating Transfers - In Installment purchase obligations issued	1,083,104	162,614	(920,490)	1,123,615
Fund Balance Appropriated	1,276,548		(1,276,548)	
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	(742,142)	\$ (742,142)	322,828
Fund Balance:				
Beginning of Year, July 1, 2009		4,622,671		4,299,843
End of Year, June 30, 2010		\$3,880,529		\$4,622,671

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

REVENUE	2010			2009
	Budget	Actual	Variance	Actual
State of North Carolina:				
Public School Building Capital Fund	\$1,067,536	\$ 373,887	\$ (693,649)	\$ 15,303
Public School Building Capital Fund - Lottery	465,607	288,426	(177,181)	206,631
State Appropriations - Buses	1,083,104	415,193	(667,911)	932,330
Total State Revenues	<u>2,616,247</u>	<u>1,077,506</u>	<u>(1,538,741)</u>	<u>1,154,264</u>
Caldwell County:				
Appropriation from general revenues	1,199,799	610,825	(588,974)	2,254,872
Appropriation - Issued Installment Purchase		1,312,598	1,312,598	
Total	<u>1,199,799</u>	<u>1,923,423</u>	<u>723,624</u>	<u>2,254,872</u>
Other:				
Sales Tax	28,000	19,693	(8,307)	28,985
Interest Earned	20,000	11,972	(8,028)	39,715
Disposition Fixed Assets	8,000	7,856	(144)	8,623
Total	<u>56,000</u>	<u>39,521</u>	<u>(16,479)</u>	<u>77,323</u>
Total Revenues	<u>\$3,872,046</u>	<u>\$3,040,450</u>	<u>\$ (831,596)</u>	<u>\$3,486,459</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, 2010
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2009)

	2010			2009
	Budget	Actual	Variance	Actual
Operating Revenues:				
Food Sales	\$ 2,644,899	\$ 2,584,028	\$ (60,871)	\$ 2,848,182
Operating Expenses:				
Business Support Services:				
Purchase of Food		2,556,603		2,668,623
Salaries and Benefits		3,412,262		3,573,985
Materials and Supplies		270,484		273,154
Repairs and Maintenance		82,036		77,777
Purchased Services		18,871		15,809
Capital Outlay		110,076		45,761
Non-Capitalized Equipment		104,731		15,367
Total Operating Expenses	6,710,864	6,555,063	155,801	6,670,476
Operating (Loss)	(4,065,965)	(3,971,035)	94,930	(3,822,294)
Nonoperating Revenue:				
Federal Reimbursements	3,583,564	3,780,832	197,268	3,419,369
Federal Commodities	452,390	450,626	(1,764)	389,959
Interest Earned	12,534	5,193	(7,341)	12,664
Gain (Loss) on Sale of Capital Assets	406		(406)	400
State Reimbursement	17,071	17,071	0	19,085
Total Nonoperating Revenue	4,065,965	4,253,722	187,757	3,841,477
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	-	282,687	282,687	19,183
Other Financing Sources:				
Transfer From Other Funds		67,623	67,623	36,421
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 350,310	\$ 350,310	\$ 55,604
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ 350,310		\$ 55,604
Reconciling Items:				
Depreciation		(141,292)		(133,071)
Equipment Purchases		110,076		45,761
Increase (Decrease) in Inventory		26,931		(29,072)
(Increase) Decrease in Accrued Vacation Pay		14,483		(11,164)
Net Income (Loss) (Full Accrual)		\$ 360,508		\$ (71,942)

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, 2010
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2009)

	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Actual</u>
Operating Revenues:			
Child Care Fees	\$1,878,759	\$1,206,477	\$ (672,282)
Operating Expenses:			
Business Support Services:			
Purchase of Food		55,062	62,616
Salaries and Benefits		1,050,328	1,148,071
Materials and Supplies		21,473	19,334
Non Capitalized Equipment		802	7,182
Purchased Services		42,782	38,246
Total Operating Expenses	<u>1,878,759</u>	<u>1,170,447</u>	<u>708,312</u>
Operating Income	<u>0</u>	<u>36,030</u>	<u>36,030</u>
Nonoperating Revenue:			
Interest Earned		615	2,096
Total Nonoperating Revenue	<u>0</u>	<u>615</u>	<u>615</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 36,645</u>	<u>\$ 36,645</u>
Reconciliation of Modified Accrual to Full Accrual Basis:			
Excess of Revenues and Other Sources Over Expenditures		\$ 36,645	\$ 26,208
Reconciling Items:			
(Increase) Decrease in Accrued Vacation Pay		<u>156</u>	<u>6,161</u>
Net Income (Full Accrual)		<u>\$ 36,801</u>	<u>\$ 32,369</u>

Caldwell County Board of Education
Statistical Section
June 30, 2010

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

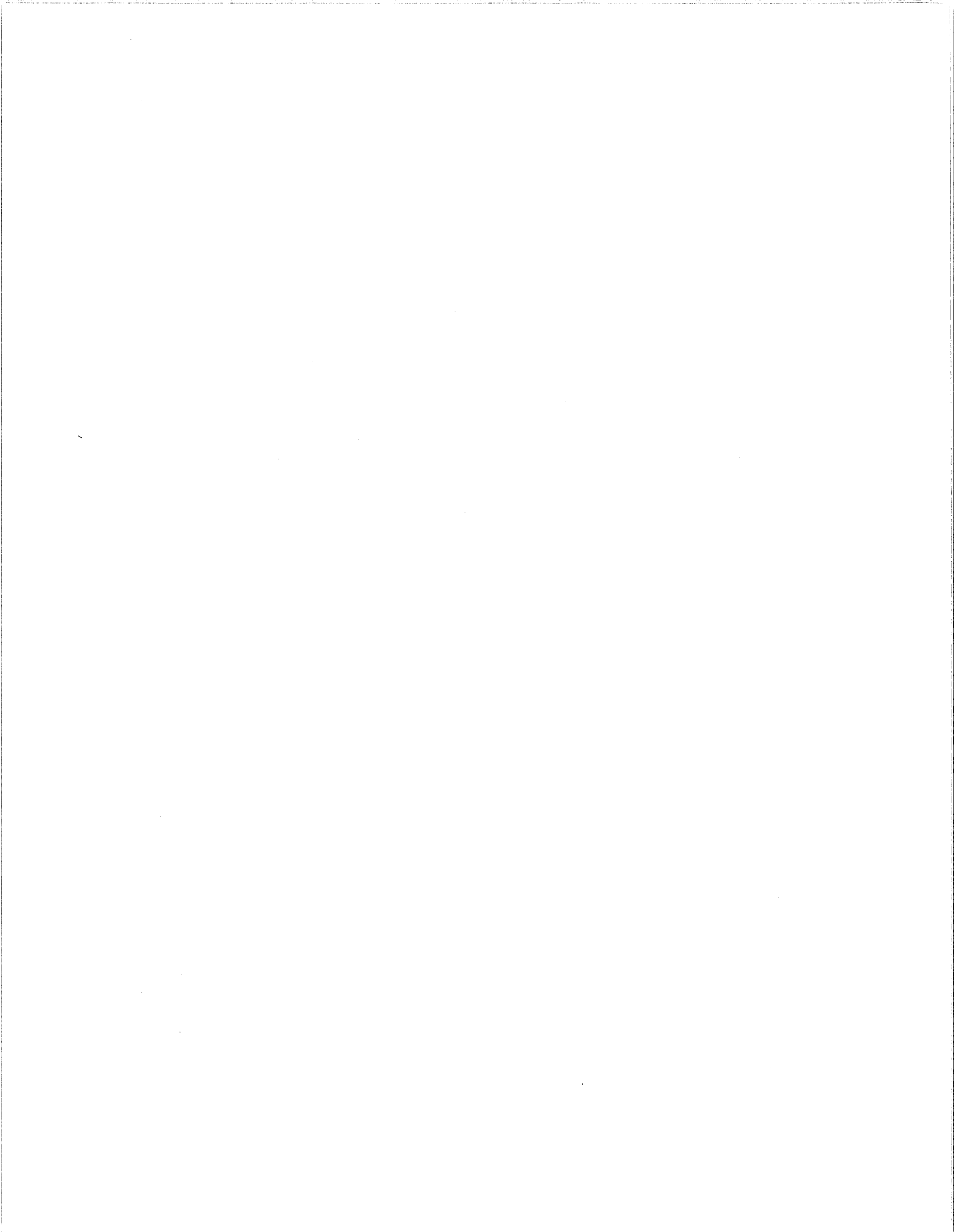


Table 1

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

Fiscal Year Ended June 30,	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities								
Invested in Capital Assets,								
Net of Related Debt	\$57,354,116	\$56,980,734	\$58,119,239	\$58,819,943	59,397,254	57,117,604	56,561,111	57,151,671
Restricted	1,256,683	1,053,650	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	5,962,135	4,878,608	3,293,371	2,007,093	827,781	(1,024,406)	(526,663)	(1,814,321)
Total Governmental Activities	64,572,934	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	718,839	751,005	838,315	853,642	926,741	917,917	818,499	876,155
Restricted	-	-	-	-	-	-	-	-
Unrestricted	2,860,134	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	3,578,973	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	58,072,955	57,731,739	58,957,554	59,673,585	60,323,995	58,035,521	57,379,610	58,027,826
Restricted	1,256,683	1,053,650	1,091,178	1,136,311	1,169,088	2,202,730	2,467,055	2,478,273
Unrestricted	8,822,269	7,309,267	5,676,293	4,303,243	2,941,310	1,127,819	1,571,213	(110,290)
Total District-Wide	\$ 68,151,907	\$ 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 Eight Fiscal Years

	Fiscal Year Ended June 30,	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental Activities:									
Instructional Programs	\$ 81,702,318	\$ 85,944,607	\$ 84,903,428	\$ 72,653,300	\$ 68,662,750	\$ 65,126,692	\$ 60,541,093	\$ 59,071,506	
Support Services	14,412,605	15,308,167	15,286,465	20,996,116	20,304,891	18,991,037	17,915,340	18,236,312	
Community Services	19,216	19,302	29,066	119,096	162,587	405,465	395,453	183,487	
Interest on Long-Term Debt	-	-	2,587	9,105	15,334	21,243	26,848	32,165	
Depreciation, Unallocated	2,246,610	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	98,380,749	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	6,910,897	7,118,768	6,985,339	6,769,462	6,713,234	6,300,952	5,889,253	5,584,518	
Child Care	1,170,291	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	8,081,188	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	\$ 106,461,937	\$ 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	753,246	785,114	740,957	872,542	796,620	846,358	956,221	794,888	
Operating Grants and Contributions	76,091,874	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	680,304	40,618	4,012	12,525	15,317	68,425	192,320	163,291	
Total Governmental Activities Program Revenues	77,525,424	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	2,584,028	2,848,182	3,003,042	3,073,626	3,180,897	3,172,787	3,175,799	3,147,298	
Child Care	1,206,477	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	4,614,561	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	8,405,066	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	85,930,490	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	\$ (20,855,325)	\$ (22,375,437)	\$ (21,720,728)	\$ (20,253,292)	\$ (19,542,990)	\$ (18,879,094)	\$ (16,329,493)	\$ (18,014,696)	
Business-Type Activities	323,878	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337	
Total District-Wide Net (Expense)/Revenue	\$ (20,531,447)	\$ (22,466,191)	\$ (21,733,420)	\$ (20,252,600)	\$ (19,664,264)	\$ (18,721,441)	\$ (15,999,979)	\$ (17,619,359)	

Table 2
(cont'd)

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

Fiscal Year Ended June 30,	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue								
Governmental Activities:	(20,855,325)	(22,375,437)	(21,720,728)	(20,253,292)	(19,542,990)	(18,879,094)	(16,329,493)	(18,014,696)
Business-Type Activities:	323,878	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	(20,531,447)	(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	14,300,000	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	1,923,423	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	4,407,948	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	415,193	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	46,440	96,916	266,800	294,691	261,027	117,080	30,073	61,041
Miscellaneous, Unrestricted	1,489,886	2,043,313	1,756,036	1,301,772	1,392,884	1,408,706	1,658,104	1,311,402
Transfers	(67,623)	(36,421)	(40,067)	(38,369)	(38,071)			(3,400)
Total Governmental Activities	22,515,267	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	5,808	14,760	44,070	70,461	53,331	30,573	6,675	6,907
Investment Earnings, Unrestricted								
Miscellaneous, Unrestricted	67,623	36,421	40,067	38,369	38,071			3,400
Transfers	73,431	51,181	84,137	108,830	91,402	30,573	6,675	10,307
Total Business-Type Activities	144,862	102,362	168,274	217,660	192,804	61,723	13,355	14,714
Total District-Wide	\$22,588,698	\$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	1,659,942	409,204	540,441	569,224	3,098,195	200,769	685,880	(567,061)
Business-type Activities	397,309	(39,573)	71,445	109,522	(29,872)	188,226	336,189	405,644
Total District-Wide	2,057,251	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,	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ 801,159	\$ 799,935	\$ 644,810	\$ 717,124	\$ 683,581
Unreserved:					
Designated	1,752,022	2,128,709	662,688	518,662	905,818
Undesignated	4,266,281	2,098,465	2,274,973	1,183,358	549,994
Total General Fund	<u>\$ 6,819,462</u>	<u>\$ 5,027,109</u>	<u>\$ 3,582,471</u>	<u>\$ 2,419,144</u>	<u>\$ 2,139,393</u>
All Other Governmental Funds					
Reserved	\$ 90,679	\$ 220,035	\$ 397,471	\$ 605,448	\$ 57,062
Unreserved:					
Designated:					
Capital Projects Funds	2,096,039	1,194,548	1,619,892	1,272,570	260,000
Special Revenue Funds		1,053,650			
Undesignated:					
Capital Projects Funds	1,693,811		2,282,480	2,005,029	2,400,021
Special Revenue Funds	1,256,683	3,208,088	1,091,178	1,136,311	1,169,088
Total All Other Governmental Funds	<u>\$ 5,137,212</u>	<u>\$ 5,676,321</u>	<u>\$ 5,391,021</u>	<u>\$ 5,019,358</u>	<u>\$ 3,886,171</u>
Fiscal Year Ended June 30,					
	2005	2004	2003	2002	2001
General Fund					
Reserved	\$ 670,156	\$ 620,760	\$ 659,747	\$ 578,233	\$ 612,101
Unreserved:					
Designated	1,330,000	886,774	383,428	155,540	895,474
Undesignated	603,856	1,163,036	337,347	1,655,638	358,401
Total General Fund	<u>\$ 2,604,012</u>	<u>\$ 2,670,570</u>	<u>\$ 1,380,522</u>	<u>\$ 2,389,411</u>	<u>\$ 1,865,976</u>
All Other Governmental Funds					
Reserved	\$ 277,315	\$ 179,159	\$ 221,982	\$ 413,632	\$ 501,884
Unreserved:					
Designated:					
Capital Projects Funds	200,000	255,735	775,146		
Special Revenue Funds					
Undesignated:					
Capital Projects Funds	615,637	668,494	145,329	707,916	298,754
Special Revenue Funds	1,109,778	1,363,667	1,335,816		
Total All Other Governmental Funds	<u>\$ 2,202,730</u>	<u>\$ 2,467,055</u>	<u>\$ 2,478,273</u>	<u>\$ 1,121,548</u>	<u>\$ 800,638</u>

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

Table 4

Fiscal Year Ended June 30,	2010	2009	208	2007	2006
Revenues					
State of North Carolina	\$ 68,473,301	\$ 74,766,647	\$ 74,643,259	\$ 69,480,490	\$ 63,942,617
Caldwell County	16,311,436	16,441,906	16,065,072	15,384,834	18,756,919
U.S. Government	10,683,964	7,558,824	7,479,826	7,185,544	7,174,513
Other	4,816,880	5,263,296	4,976,686	4,658,879	4,675,481
Total Revenues	<u>100,285,581</u>	<u>104,030,673</u>	<u>103,164,843</u>	<u>96,709,747</u>	<u>94,549,530</u>
Expenditures					
Instructional Programs	75,276,677	79,437,319	78,377,082	72,523,660	68,423,257
Support Services	18,453,793	18,278,233	18,457,236	19,495,729	18,797,614
Community Services	1,275,260	1,205,188	1,257,518	121,057	175,473
Non-Programmed Charges	187,293	150,458	125,257	109,120	74,477
Debt Service - Principal	415,193	932,330	541,702	596,537	301,490
Debt Service - Interest	-	-	2,590	9,105	15,334
Capital Outlay	3,610,013	3,434,916	2,887,544	3,278,486	5,797,065
Total Expenditures	<u>99,218,229</u>	<u>103,438,444</u>	<u>101,648,929</u>	<u>96,133,694</u>	<u>93,584,710</u>
Revenues Over (Under) Expenditures	1,067,352	592,229	1,515,914	576,053	964,820
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	162,614	1,123,615	65,429	866,450	309,905
Transfers In (Out)	(67,623)	(36,421)	(40,067)	(38,369)	(38,071)
Net Change in Fund Balances	<u>\$ 1,162,343</u>	<u>\$ 1,679,423</u>	<u>\$ 1,541,276</u>	<u>\$ 1,404,134</u>	<u>\$ 1,236,654</u>
Debt Service as a percentage of Non-Capital Expenditures	0.43%	0.93%	0.55%	0.65%	0.36%
Fiscal Year Ended June 30,					
	2005	2004	2003	2002	2001
Revenues					
State of North Carolina	\$ 60,498,340	\$ 58,173,533	\$ 57,242,081	\$ 58,054,180	\$ 60,424,992
Caldwell County	15,525,428	13,554,418	13,260,142	13,764,799	13,295,689
U.S. Government	6,023,681	5,200,273	4,752,698	3,823,105	3,461,161
Other	4,809,000	4,527,639	4,042,552	5,493,631	7,322,091
Total Revenues	<u>86,856,449</u>	<u>81,455,863</u>	<u>79,297,473</u>	<u>81,135,715</u>	<u>84,503,933</u>
Expenditures					
Instructional Programs	65,180,666	60,517,435	59,317,076	55,402,661	54,560,766
Support Services	17,570,667	16,783,571	17,341,774	19,130,554	18,920,077
Community Services	405,351	400,560	176,655	1,547,199	1,526,385
Non-Programmed Charges	81,516	42,128	47,385	2,365	43,292
Debt Service - Principal	192,280	103,411	98,094	93,050	138,830
Debt Service - Interest	21,243	26,848	32,165	37,208	52,180
Capital Outlay	4,057,278	2,356,289	3,312,552	3,758,518	9,902,735
Total Expenditures	<u>87,509,001</u>	<u>80,230,242</u>	<u>80,325,701</u>	<u>79,971,555</u>	<u>85,144,265</u>
Revenues Over (Under) Expenditures	(652,552)	1,225,621	(1,028,228)	1,164,160	(640,332)
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	249,792	-	-	-	694,487
Transfers In (Out)	-	-	(3,400)	(69,829)	(150,159)
Net Change in Fund Balances	<u>\$ (402,760)</u>	<u>\$ 1,225,621</u>	<u>\$ (1,031,628)</u>	<u>\$ 1,094,331</u>	<u>\$ (96,004)</u>
Debt Service as a percentage of Non-Capital Expenditures	0.26%	0.17%	0.17%	0.17%	0.25%

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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
2010	\$68,473,301	\$16,311,436	\$ 10,683,964	\$1,983,747	\$ 97,452,448
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

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	Other	Per Pupil/ Total
		5,957	1,520	110	15	7,601
2010	12,678	\$ 75,525,800	\$ 19,265,506	\$ 1,394,602	\$ 184,198	\$ 96,370,106
		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	18	7,362
2008	12,974	75,558,448	18,457,236	1,257,518	233,810	95,507,012
		5,377	1,499	9	18	6,903
2007	13,010	69,954,126	19,495,729	121,057	239,379	89,810,291
		5,103	1,455	14	16	6,588
2006	12,922	65,938,342	18,797,614	175,473	204,735	85,116,164
		4,846	1,367	32	16	6,261
2005	12,850	62,276,179	17,570,667	405,351	211,775	80,463,972
		4,547	1,317	31	14	5,908
2004	12,746	57,949,900	16,783,571	400,560	172,387	75,306,418
		4,512	1,376	14	14	5,915
2003	12,602	56,855,864	17,342,120	176,655	171,752	74,546,391
		4,387	1,333	21	11	5,752
2002	12,629	55,402,661	16,838,804	261,889	139,894	72,643,248
		4,359	1,343	14	19	5,734
2001	12,517	54,560,766	16,806,290	179,986	234,302	71,781,344

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
2010	\$ 517,539	\$ 241,426	\$ -	\$ 2,851,048	\$415,193	\$ 4,025,206
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

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
2010	\$2,079,046	\$ 450,626	\$3,397,779	\$366,032	\$270,484	\$ 346,930	\$ 6,910,897
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

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
2010	\$ 2,584,028	\$ 3,780,832	\$ 450,626	\$ 388,296	\$ 7,203,782
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

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
2010	\$ 1,050,172	\$ 55,062	\$ 65,057	\$ 1,170,291
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

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

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

Table 11

Fiscal Year Ended June 30,	Child Care Fees	Federal Reimbursements	Other	Total
2010	\$1,206,477	\$ -	\$ 615	\$ 1,207,092
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

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			
2010	\$ 3,311,783,748	\$ 1,103,927,916	\$ 151,108,254	\$ 809,946,209	\$5,376,766,127	0.6599
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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>2010</u>	<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>
CALDWELL COUNTY										
General	0.6599	0.6599	0.6599	0.5399	0.5399	0.5399	0.5839	0.5839	0.5561	0.5829
CITY										
City of Lenoir	0.5400	0.5400	0.5400	0.5400	0.5400	0.5000	0.5000	0.5000	0.5000	0.4700
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5500	0.5500
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.1900	0.1900	0.2500
TOWNS										
Hudson	0.3700	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3500	0.3500
Granite Falls	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4400	0.4400	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	0.2800	0.2950	0.2950	0.2950	0.4700	0.4700
Sawmills	0.2000	0.1500	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000	0.1500	0.1500
VILLAGES										
Cedar Rock	0.1500	0.1500	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	0.0085	0.0071	0.0071	0.0071	0.0071	0.0071
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0310	0.0310	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	0.1300	0.1000	0.1000

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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
2010	\$ 35,997,030	\$ 33,406,179	91.72%		33,406,179	92.80%
2009	36,421,115	33,940,247	93.19%	765,225	34,705,472	95.29%
2008	34,510,433	32,289,220	93.56%	980,247	33,269,467	96.40%
2007	27,654,595	26,224,463	94.83%	673,734	26,898,197	97.26%
2006	27,418,976	25,997,284	94.81%	769,832	26,767,116	97.62%
2005	25,124,558	23,802,590	94.74%	771,614	24,574,204	97.81%
2004	24,985,656	23,649,465	94.65%	800,365	24,449,830	97.86%
2003	24,614,131	23,245,450	94.44%	843,238	24,088,688	97.87%
2002	22,940,807	21,916,676	95.54%	550,564	22,467,240	97.94%
2001	20,593,771	19,601,965	95.18%	0	19,601,965	95.18%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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
2010	\$ 7,090,000	n/a	0.13%	\$88.60	80,020
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%	0.00%	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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

CALDWELL COUNTY BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Table 16

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
Caldwell County	\$7,090,000	100.00%	\$7,090,000
Underlying			
City of Lenoir	-	25.00%	0
Overlapping			
City of Hickory	<u>1,050,000</u>	1.93%	<u>20,265</u>
Totals	\$8,140,000		\$7,110,265

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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

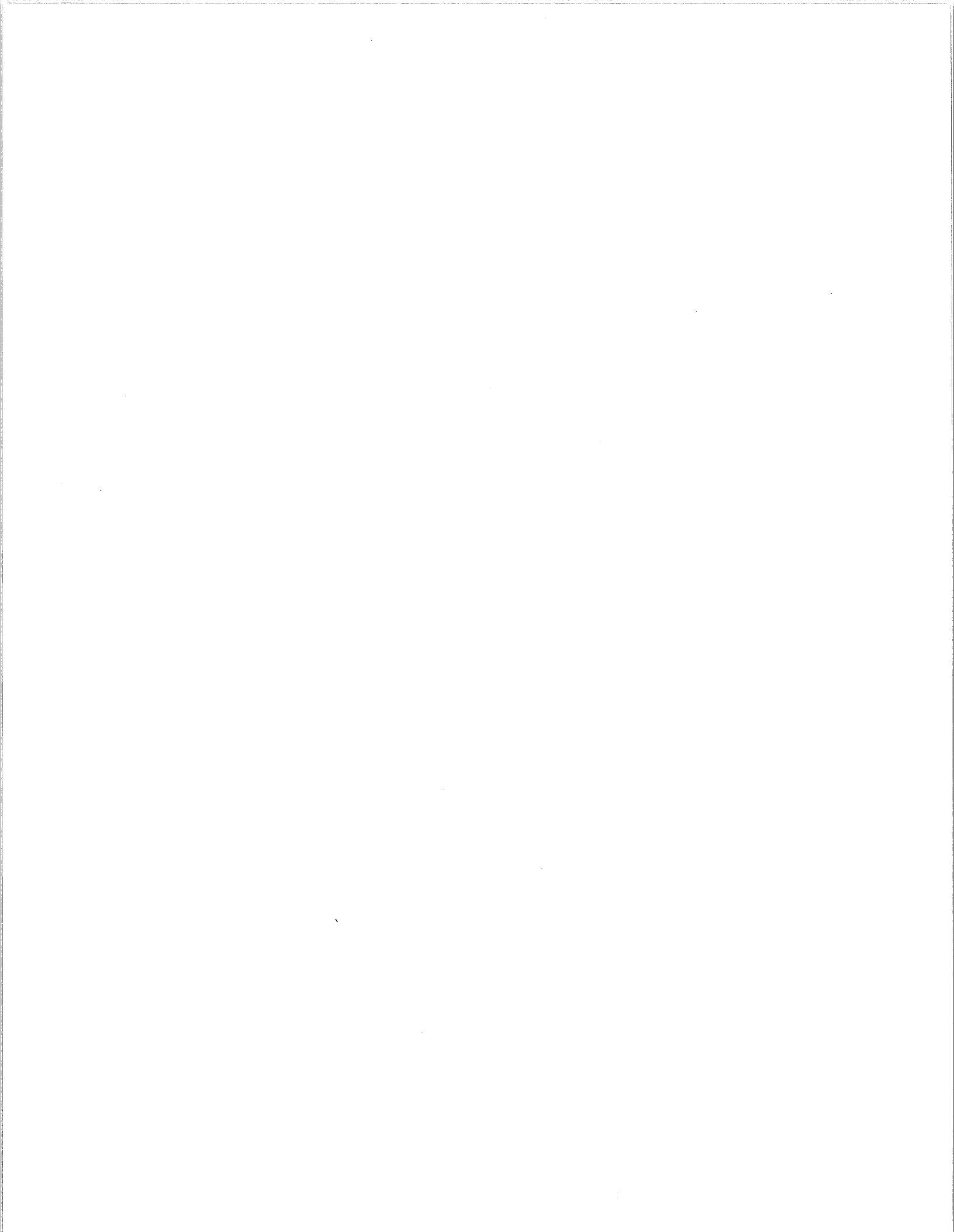
Table 17

Fiscal Year ended June 30,	2010	2009	2008	2007	2006
Assessed Value of Property	\$5,377,766,127	\$5,515,369,206	\$5,209,394,180	\$5,115,958,568	\$5,055,109,442
Debt Limit 8% of Assessed Value (statutory limitation)	430,221,290	441,229,536	416,751,534	409,276,685	404,408,755
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	52,634,496	54,763,025	56,231,823	61,317,651	32,282,602
Legal Debt Margin	<u>377,586,794</u>	<u>386,466,511</u>	<u>360,519,711</u>	<u>347,959,034</u>	<u>372,126,153</u>
Total net debt applicable to the limit as a percentage of debt limit	12.23%	12.41%	13.49%	14.98%	7.98%
Fiscal Year ended June 30,	2005	2004	2003	2002	2001
Assessed Value of Property	\$4,292,186,000	\$4,260,632,374	\$4,204,989,258	\$4,104,686,000	\$3,517,309,000
Debt Limit 8% of Assessed Value (statutory limitation)	343,374,880	340,850,590	336,399,141	328,374,880	281,384,720
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	33,101,907	23,667,169	25,419,768	27,300,724	29,108,316
Legal Debt Margin	<u>310,272,973</u>	<u>317,183,421</u>	<u>310,979,373</u>	<u>301,074,156</u>	<u>252,276,404</u>
Total net debt applicable to the limit as a percentage of debt limit	9.64%	6.94%	7.56%	8.31%	10.34%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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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, 2010</u>			<u>Fiscal Year ended June 30, 2000</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total County Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% of Total County Assessed Value</u>
Google	\$118,199,030	1	2.14%			
MDI/Merchant Distributors Inc.	116,033,065	2	2.10%	\$75,194,024	1	2.25%
Duke Energy	60,526,364	3	1.10%	44,078,227	3	1.32%
Tapaha Dynamics LLC	53,889,600	4	0.98%			
Blue Ridge Electric Membership	47,409,862	5	0.86%	24,051,756	8	0.72%
Broyhill Industries	28,577,192	6	0.52%	70,678,885	2	2.12%
Bernhardt Industires	27,307,718	7	0.50%	29,358,010	6	0.88%
BellSouth	22,831,759	8	0.41%	30,094,057	5	0.90%
Wal Mart	19,875,703	9	0.36%			
Neptco	19,782,983	10	0.36%			
Kincaid Furniture				28,301,959	7	1.00%
Shuford Mills				35,152,986	4	1.05%
Cambridge Industries				16,541,495	9	0.49%
Hammary/La-Z-Boy				16,304,176	10	0.49%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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	Median Age	Public School Enrollment	Private School Enrollment	Unemployment Rate
2010	80,020	\$1,656,654	\$ 20,703	40.00	12,888	400	12.70%
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%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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

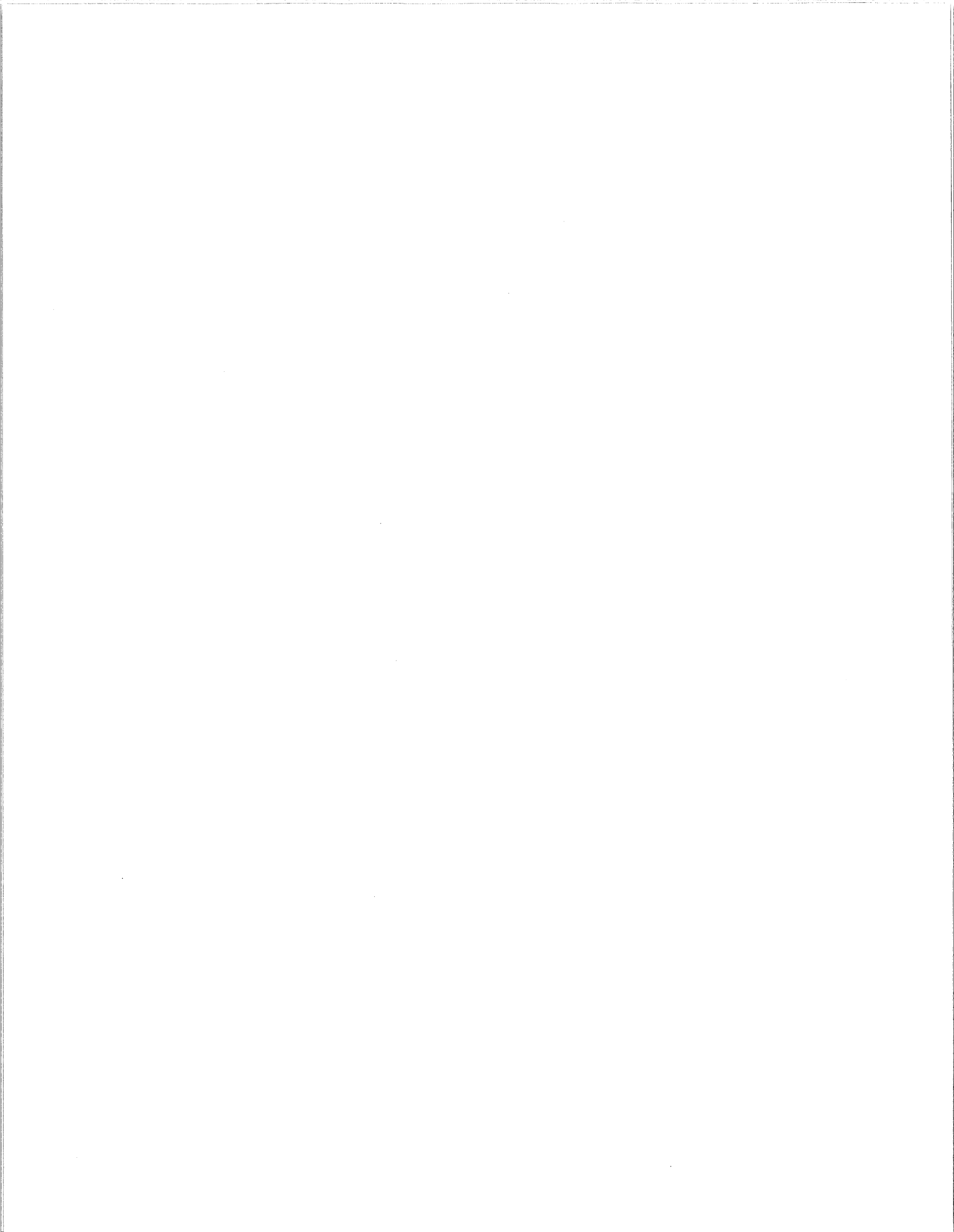
Table 20

Employer	Fiscal Year ended June 30, 2010			Fiscal Year ended June 30, 2001		
	Employees	Rank	County Employment	Employees	Rank	County Employment
Caldwell County Schools	1000+	1	38,299			
Merchant Distributors Inc.	1000+	2	38,299			
Caldwell Memorial Hospital	500-999	3	38,299	500-999	4	n/a
Bernhardt Furniture, Inc.	500-999	4	38,299	1000+	1	n/a
Caldwell Community College	500-999	5	38,299			
Broyhill Furniture Industries, Inc.	500-999	6	38,299	1000+	2	n/a
Wal Mart Associates, Inc.	500-999	7	38,299			
Caldwell County Government	500-999	8	38,299			
Universal Mental Health Services	250-499	9	38,299			
Thomasville Furniture Industries, Inc.	250-499	10	38,299	500-999	5	n/a
Kincaid Furniture Co., Inc.				1000+	3	n/a
Homecare Management Corp.				250-499	6	n/a
Meridian Automotive				250-499	7	n/a
Sealed Air Corporation				250-499	8	n/a
NACCO Materials Handling Group, Inc.				250-499	9	n/a
Fairfield Chair Co.				250-499	10	n/a

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

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OPERATING INFORMATION



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

Table 21

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Officials, Adm., Mgrs.	n/a	30	22	23	23
Principals	n/a	27	24	26	24
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	n/a	22	19	17	17
Elementary Teachers	n/a	483	460	456	451
Secondary Teachers	n/a	229	193	180	165
Other Teachers	n/a	251	243	257	265
Guidance	n/a	37	36	38	33
Psychological	n/a	5	4	5	7
Librarian, Audiovisual	n/a	21	22	22	24
Consultant, Supervisor	n/a	1	4	4	3
Other Professionals	n/a	63	53	56	37
Teacher Assistants	n/a	388	326	333	328
Technicians	n/a	8	10	9	7
Clerical, Secretarial	n/a	89	88	87	88
Service Workers	n/a	186	178	186	184
Skilled Crafts	n/a	18	20	20	21
Laborers, Unskilled	n/a	1	1	0	0
Total	n/a	1,859	1,703	1,719	1,677
<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Officials, Adm., Mgrs.	25	24	25	17	14
Principals	23	25	25	25	24
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	17	17	20	20	20
Elementary Teachers	452	433	407	284	442
Secondary Teachers	165	141	158	259	225
Other Teachers	264	272	269	237	159
Guidance	32	35	39	37	37
Psychological	5	5	4	5	4
Librarian, Audiovisual	25	24	23	28	27
Consultant, Supervisor	2	2	3	5	7
Other Professionals	27	20	16	17	31
Teacher Assistants	306	296	294	267	271
Technicians	7	5	8	7	8
Clerical, Secretarial	86	84	89	89	87
Service Workers	185	216	224	230	201
Skilled Crafts	14	15	15	14	33
Laborers, Unskilled	1	1	1	1	7
Total	1,636	1,615	1,620	1,542	1,597

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
2010	12,678	-1.71%	\$ 96,370,106	\$7,601	-2.83%	26	n/a
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	767
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

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
2010	\$ 30,430	\$ 55,910	37,295
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

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 Five Fiscal Years

Table 24

School Buildings	2010	2009	2008	2007	2006
<u>Elementary & K8 Schools</u>					
Number	16	16	16	16	16
Square Feet	962,636	962,636	962,636	962,636	962,636
Acres	309	309	309	309	309
Portables/Mobiles	8	8	8	8	n/a
Enrollment	0	6,227	6,571	6,594	6,502
<u>Middle Schools</u>					
Number	4	4	4	4	4
Square Feet	358,356	358,356	358,356	358,356	358,356
Acres	145	145	145	145	145
Portables/Mobiles	8	8	8	9	n/a
Enrollment	0	2,612	2,562	2,573	2,647
<u>High Schools</u>					
Number	6	6	6	4	4
Square Feet	677,843	677,843	677,843	677,843	646,924
Acres	213	213	213	213	207
Portables/Mobiles	8	8	8	8	n/a
Enrollment	0	3,759	3,470	3,729	3,773
<u>Support Facilities</u>					
Number	3	3	3	3	3
Square Feet	63,783	63,783	63,783	60,783	60,783
Acres	n/a	n/a	n/a	n/a	n/a
Portables/Mobiles	0	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, 2010, which collectively comprises the Caldwell County Board of Education's basic financial statements and have issued our report thereon dated September 24, 2010. 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 the 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 opinions 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 Board's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A control deficiency exists when designed 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 Board'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 Board's financial statements that

Caldwell County Board of Education
Lenoir, North Carolina

is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. (2010-1). A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board'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 that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2010-1 to be 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of Caldwell County Board of Education in a separate letter dated September 24, 2010.

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

This report is intended for the information and use of management, others within the entity, 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.

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

September 24, 2010
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street
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**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 Caldwell County Board of Education, North Carolina, compliance 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 could have a direct and material effect on each of Caldwell County Board of Education's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 2010-03 and 2010-04.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on timely basis. We considered the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-2 to be a material weakness.

The Caldwell County Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board's response and, accordingly, we express no opinion on the response.

Caldwell County Board of Education
Lenoir, North Carolina

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

Boggs Crump & Brown, P.A.

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

September 24, 2010
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

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**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 Caldwell County Board of Education, North Carolina, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Caldwell County Board of Education
Lenoir, North Carolina

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 the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 entity, members of the Board of Education and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Boggs Crump & Brown, P.A.

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

September 24, 2010
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Special Education Cluster:
84.027	IDEA: VI-B Handicapped
84.173	IDEA: Handicapped Preschool and Schools Program
84.027	IDEA: Capacity Building and Improvement
84.391	IDEA: VI-B Handicapped - ARRA
84.392	IDEA: Handicapped Preschool - ARRA
	Nutrition Cluster:
10.555	National School Lunch Program - Cash Assistance (Cluster)
10.555	National School Lunch Program - Non-Cash Assistance (Commodities) (Cluster)
10.553	National School Breakfast Program - Cash Assistance (Cluster)
10.555	Summer National School Lunch - Cash Assistance (Cluster)
10.579	School Lunch Equipment - ARRA

**CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section I. Summary of Auditor's Results

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.010-1	Title I - Educationally Deprived
84.389	Title I - Educationally Deprived - ARRA
84.010-2	Title I - School Improvement
84.388	Title I - School Improvement - ARRA
84.394	Education Stabilization - ARRA

Dollar threshold used to distinguish between
 Type A and Type B Programs \$447,463

Auditee qualified as low-risk auditee? yes X no

State Awards

Internal control over major State programs:

* Material weakness(es) identified? yes X no

* Significant deficiency(s) identified
 that are not considered to be
 material weaknesses yes X none
 reported

Noncompliance material to State awards yes X no

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

Any audit findings disclosed that are required
 to be reported in accordance with the State
 Single Audit Implementation Act yes X no

Identification of major State programs:

Program Name

State Public School Fund
 Public School Building Capital Fund
 Financed Purchase of School Buses - Debt Service Allotment

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section II. Financial Statement Findings:

2010 - 01 Criteria: Good internal control requires that management reviews the Balance Sheet and Revenue and Expenditure reports monthly for unusual transactions or balances.

Condition: Fund 5 Balance Sheet "Accounts Receivable - USDA" was not reconciled to detail records on a monthly basis.

Effect: Management cannot make decisions without accurate financial data; however, although the General Ledger was incorrect, the program director was utilizing other available revenue reports in his analysis.

Cause: The Finance Office was not reviewing the Child Nutrition Fund Balance Sheet in a timely manner.

Recommendation: We recommend that finance office personnel review the Child Nutrition Balance Sheet as well as Revenue and Expenditure reports monthly.

Management Response: We have implemented procedures to incorporate comparison of available "Pay List of USDA Grants" and internal "Revenue Summary" reports for Child Nutrition in finance department reconciliation procedures. The error was corrected before the six month FC-1-A report was filed.

Section III. Federal Awards Findings and Questioned Costs:

Finding 2010-2: Material weakness - internal control over financial reporting - National School Lunch and Breakfast Program

Same as Finding 2010-01

Finding 2010-3: Immaterial Noncompliance - National School Lunch and Breakfast Program - ARRA Expenditure.

Criteria: ARRA Management directive #3 requires all competitive solicitations for purchases to be placed on the statewide Interactive Purchasing System (IPS).

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section III. Federal Awards Findings and Questioned Costs:

Finding 2010-3 (Cont'd):

Condition: The Child Nutrition Program acquired \$30,214 of equipment with ARRA funds. These acquisitions were bid in compliance with state law. They were not placed on IPS.

However, management did request guidance from DPI as to bid requirements and followed their instructions.

Effect: The expenditure of \$30,214 was not in compliance with ARRA management directive #3 requirement as to utilizing the statewide Interactive Purchasing System (IPS).

Cause: Training provided to Child Nutrition Directors had not explicitly communicated required use of IPS for competitive expenditures but only that they should comply with state bid requirements.

Recommendation: Use the statewide Interactive Procurement System (IPS) for ARRA Grant purchases greater than \$5,000, to allow opportunities for formal and informal solicitations if recovery funds are being used for goods and services.

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

Finding 2010-4: Immaterial Noncompliance - IDEA Handicapped Cluster -
ARRA Expenditure

Criteria: ARRA management directive #3 requires all vacant positions funded by ARRA to be posted with the local Employment Security Commission office.

Condition: One teaching position which was filled in August of 2009 and paid with IDEA VI B - ARRA funds was not posted with the local Employment Security Commission office. Total salary and benefits \$36,676.83. School units in North Carolina generally post all teaching positions on the Department of Public Instruction personnel website. Caldwell County Public Schools utilize this accepted method of communicating any available teaching positions. Furthermore, the Local Employment Security office refers any inquiries about teaching position to the state website and to Caldwell County Public School human resources.

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section III. Federal Awards Findings and Questioned Costs:

Finding 2010-4 (Cont'd):

Cause: Guidance from DPI was late being communicated to the local school units. Recommended use of ARRA VI B funds changed more than once. When the finance office was told that there existed an employment security commission posting requirement after the year was about over, they attempted to move any new hires to other non ARRA funding sources just as most everyone else in North Carolina public schools. Not moving this one teacher was an isolated error.

Recommendation: Post all vacant positions with the Local Employment Security Commission office.

Management Response: We concur with the recommendation and began posting with the Local Employment Security Commission office in July 2010.

It is also our position that we were in compliance with the spirit of the requirement by posting on the statewide DPI database of available positions.

Section IV. State Awards Findings and Questioned Costs:

None

**CALDWELL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section II. Financial Statement Findings:

Finding: 2010-01

Name of Contact Person: Karla Miller, Finance Officer

Corrective Action: Finance office personnel will review the Child Nutrition Balance Sheet as well as detail Revenue and Expenditure reports monthly in order to properly reconcile the accounts receivable - USDA account to the detail records. The "Pay List of USDA Grants" and Child Nutrition Program "Revenue Summary" reports will be utilized for comparison.

Completion Date: September 30, 2010

Section III. Federal Awards Findings and Questioned Costs:

Finding: 2010-02

Same as Finding 2010-01.

Finding: 2010-03

Name of Contact Person: Karla Miller, Finance Officer

Corrective Action: Finance Office personnel will include Child Nutrition program procurement in the utilization of the statewide Interactive Procurement System (IPS) for purchases greater than \$5,000 to allow opportunities for formal and informal solicitations if recovery funds are being used for goods and services.

Completion Date: September 30, 2010

Finding: 2010-04

Name of Contact Person: Trish Johnson, HR Director

Corrective Action: Human Resources began posting all positions with Local Employment Security Commission office in July 2010.

Completion Date: July 1, 2010

**CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Status: Corrected. Management believes the finding has been fully corrected, is no longer valid and does not warrant further action. The State Agency is not currently following up with Caldwell County Board of Education.

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. Management believes the finding has been fully corrected, is no longer valid and does not warrant further action. The federal agency is not currently following up with Caldwell County Board of Education.

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

Status: Corrected

Finding: 09-01 - Budget overexpenditure

Status: Corrected

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**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<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	\$ 125,872	\$
Total U.S. Department of Defense		<u>125,872</u>	
<u>U.S. Department of Education</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
Even Start	84.213	155,535	
Title I - Educationally Deprived	84.010-1	2,621,454	
Title I - Educationally Deprived - ARRA	84.389	749,476	
Title I - School Improvement	84.010-2	208,343	
Title I - School Improvement - ARRA	84.388	25,659	
Education of the Handicapped Act:			
IDEA - Handicapped (Cluster)	84.027	2,163,231	
IDEA - Pre-School Grant (Cluster)	84.173	78,925	
IDEA - Capacity and Improvement (Cluster)	84.027	3,476	
IDEA - Handicapped - ARRA	84.391	1,308,896	
IDEA - Pre-School - ARRA	84.392	56,286	
Title IV Part A - Safe and Drug Free Schools and Community Act	84.186	12,667	
Carl D. Perkins Vocational Education Act - Basic Grants to States:			
Vocational Education - Basic	84.048	165,245	
Innovative Education	84.298	219	
Tech Prep Education Grant	84.243	52,000	
Improving Teacher Quality (Cluster)	84.367	517,191	
Language Acquisition	84.229	34,244	
Education Technology	84.318	23,131	
ARRA - Education Technology	84.386	64	
Teaching American History	84.215X	44,040	
Special Education State Improvement	84.323A	1,900	
ARRA - Education Stabilization	84.394	2,147,403	
ARRA - Homeless Youth	84.387	5,133	
<u>Direct Program:</u>			
Tech Prep Demonstration Program	84.353	153,360	
Total U.S. Department of Education		<u>10,527,878</u>	
<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	2,817,825	
National School Lunch Program - Non-Cash Assistance(Commodities) - (Cluster)	10.555	450,626	
School Breakfast Program-Cash Assistance(Cluster)	10.553	903,682	
Summer National School Lunch-Cash Assistance(Cluster)	10.555	59,325	
ARRA - School Lunch Equipment	10.579	30,214	
Total U.S. Department of Agriculture (Cluster)		<u>4,261,672</u>	
Total Federal Assistance Programs		<u>\$14,915,422</u>	

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<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			\$ 62,740,377
Vocational Education - Months of Employment			3,300,990
Text Books			410,088
Driver Training			278,979
State Technology Fund			149,527
Breakfast Program for Kindergarten			17,071
Financed Purchase of School Buses - Debt			
Service Allotment			415,193
Dropout Prevention			13,466
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development:			
More at Four			302,680
Smart Start - Even Start Match			63,145
<u>Golden Leaf Foundation</u>			
Project Lead The Way			136,543
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund			373,887
Public School Building Capital Fund - Lottery			288,426
			<hr/>
Total State Assistance Programs			\$ 68,490,372
			<hr/> <hr/>

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, 2010

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes</u> <u>"X" if Meets</u>		<u>Liabilities</u>	<u>Computes</u> <u>"X" if Meets</u>	
		<u>10%</u>	<u>5%</u>		<u>10%</u>	<u>5%</u>
		<u>Rule</u>	<u>Rule</u>		<u>Rule</u>	<u>Rule</u>
General Fund	\$ 7,380,066	x	x	\$ 560,604	x	x
Special Revenue Funds:						
State Public School Fund	2,897,824	x	x	2,897,824	x	x
Federal Grants Fund	311,630			311,630		x
Individual Schools	1,256,683		x	0		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,983,024</u>	x	x	<u>102,495</u>		
Total Government Funds	<u>\$ 15,829,227</u>			<u>\$3,872,553</u>		
10% of Total Governmental Funds	<u>\$ 1,582,923</u>			<u>\$ 387,255</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 3,541,434	x	x	\$ 258,775	x	
Child Care	<u>410,406</u>	x		<u>114,092</u>	x	
Total Enterprise Funds	<u>\$ 3,951,840</u>			<u>\$ 372,867</u>		
10% of Total Enterprise Funds	<u>\$ 395,184</u>			<u>\$ 37,287</u>		
Total Governmental and Enterprise Funds	<u>\$19,781,067</u>			<u>\$4,245,420</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 989,053</u>			<u>\$ 212,271</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	
\$17,171,345	x	x	\$ 15,389,893	x	x	Always major
66,879,961	x	x	66,842,552	x	x	Major
10,360,692	x	x	10,330,478	x	x	Major
2,833,133			2,630,100			Major
<u>3,040,450</u>			<u>4,025,206</u>			Major
<u>\$100,285,581</u>			<u>\$ 99,218,229</u>			
<u>\$10,028,558</u>			<u>\$ 9,921,823</u>			
\$ 7,203,782	x	x	\$6,910,897	x	x	Major
1,207,092	x		1,170,291	x		Major - Discretion of Auditee
<u>\$ 8,410,874</u>			<u>\$ 8,081,188</u>			
<u>\$ 841,087</u>			<u>\$ 808,119</u>			
<u>\$108,696,455</u>			<u>\$107,299,417</u>			
<u>\$ 5,434,823</u>			<u>\$ 5,364,971</u>			

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