

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2011



CALDWELL COUNTY SCHOOLS

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

**COMPREHENSIVE ANNUAL
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For the fiscal year ended June 30, 2011

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

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TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	INTRODUCTORY SECTION	
	Letter of Transmittal	i - vii
	Association of School Business Officials Certificate of Excellence in Financial Reporting	1
	Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	2
	Organizational Chart	3
	List of Principal Officials	4
	FINANCIAL SECTION	
	Independent Auditor's Report	5 - 6
	Management's Discussion and Analysis	7 - 14
	Basic Financial Statements:	
	Government - wide Financial Statements:	
1	Statement of Net Assets	15
2	Statement of Activities	16 - 17
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	18
4	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	19
4	Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General and Annually Budgeted Major Special Revenue Funds	21 - 22
6	Statement of Net Assets - Proprietary Funds	23
7	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	24
8	Statement of Cash Flows - Proprietary Funds	25 - 26

**CALDWELL COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011**

TABLE OF CONTENTS

Notes to the Financial Statements	27 - 49
Individual Fund Schedules:	
General Fund:	
Detail Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	50 - 53
State Public School Fund:	
Detail Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	54 - 56
Capital Projects Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual	57
Schedule of Revenues in Detail - Budget and Actual	58
Food Service Fund:	
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	59
Child Care Fund:	
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	60

Table

STATISTICAL SECTION

Narrative	61
-----------	----

**CALDWELL COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011**

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
	Financial Trends:	
1	Net Assets by Component - Last Nine Fiscal Years	62
2	Changes in Net Assets - Last Nine Fiscal Years	63 - 64
3	Fund Balances, Governmental Funds - Last Ten Fiscal Years	65
4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	66
	Revenue and Debt Capacity:	
5	General Governmental Revenues by Source - Last Ten Fiscal Years	67
6	General Governmental Expenditures by Function - Last Ten Fiscal Years	68
7	Capital Projects Fund Expenditures by Function - Last Ten Fiscal Years	69
8	School Food Service Expenditures by Function - Last Ten Fiscal Years	70
9	School Food Service Revenues by Source - Last Ten Fiscal Years	71
10	Child Care Expenditures by Function - Last Ten Fiscal Years	72
11	Child Care Revenues by Source - Last Ten Fiscal Years	73
12	Assessed Value of Taxable Property - Last Ten Fiscal Years	74
13	Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	75
14	Property Tax Levies and Collections - Last Ten Fiscal Years	76
15	Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	77
16	Direct and Overlapping Governmental Activities Debt as of June 30, 2011	78
17	Legal Debt Margin Information - Last Ten Fiscal Years	79

**CALDWELL COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2011**

TABLE OF CONTENTS

Demographic and Economic Information:

18	Principal Property Tax Payers - Current Year and Ten Years Prior	80
19	Demographic and Economic Statistics - Last Ten Fiscal Years	81
20	Principal Employers - Current Year and Eight Years Prior	82

Operating Information:

21	Full-Time Employees by Function - Last Ten Fiscal Years	83
22	Operating Statistics - Last Ten Fiscal Years	84
23	Teachers' Salaries - Last Ten Fiscal Years	85
24	Capital Asset Information - Last Six Fiscal Years	86

COMPLIANCE SECTION

	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	87 - 88
	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	89 - 90
	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	91 - 92
	Schedule of Findings and Questioned Costs	93 - 94
	Corrective Action Plan	95
	Summary Schedule of Prior Audit Findings	96
	Schedule of Expenditures of Federal and State Awards	97 - 98
	GASB 34 Calculation of Major Funds	99 - 100



Caldwell County Schools

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Dr. Steve Stone, Superintendent

LETTER OF TRANSMITTAL

December 1, 2011

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, 2011, 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 thirtieth largest system in North Carolina out of one hundred fifteen. The system includes eleven elementary, four K-8, four middle, three high schools, two alternative schools, and an early college high school and a middle college, both of which are located on the campus of the community college. The system employees over one thousand seven hundred full-time employees and has a student population of twelve thousand four hundred sixty-five. There are eight hundred eighty-nine certified teachers, of which two hundred and two 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 was at an annual high of 13.6% in November 2010. Unemployment figures remained in the double digits throughout fiscal year 2010 – 2011.

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 industry.

An MSNBC article categorized the Hickory-Lenoir-Morganton towns in NC as fourth of the ten cities in the United States that will take a decade to recover from the recession due to the area's economy being based on furniture and fiber optics. An article in the Washington Post stated "the region had lost more of its jobs to international competition than just about anywhere else in the nation."

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.

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. The first graduating class of CECHS was the class of 2011. There were 66 graduates, 33 of which received both a high school diploma and an associate's degree.

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.

Caldwell County Schools implemented Project Lead the Way, Gateway to Technology, a pre-engineering curriculum that gives middle school students rigorous, reality based knowledge to become better prepared for college and high technology fields. CCS receives much recognition for this successful program.

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. 22 of 26 (84.6%) of Caldwell County Schools earned the distinction of highest academic growth or expected academic growth in 2010 - 2011.

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 254, or nearly 30% 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 purpose of a system of internal control is to assure that assets which belong to the enterprise are received when tendered, are protected while in the custody of the business, and are used only for business and are used only for business purposes.” (Intermediate Accounting 3rd edition Meigs, Mosich, Johnson and Keller). Internal controls consist of all technologies, processes and practices designed to safeguard assets. A control system can only provide reasonable assurance the objectives of the control system are met. No internal control system can provide absolute assurance. Internal control systems must be evaluated periodically to ensure that the control system remains appropriate in the changing organizational climate.

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 receives a monthly financial report reflecting budget activity and balance sheet activity. The Board's Finance Committee, consisting of three board members, the superintendent, and the finance officer, meets regularly.

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 is committed to preserving employees' jobs. As a cost saving measure, "non-essential" positions are not being filled as vacancies occur. The savings, along with federal Education Jobs 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, 2010. This was the eighth 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.

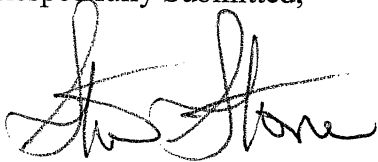
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from both 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 Finance Committee for their continuing support and guidance in conducting the financial affairs of the school system.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Steve Stone". The signature is fluid and cursive, with the first name "Steve" and last name "Stone" clearly distinguishable.

Dr. Steve Stone
Superintendent

A handwritten signature in black ink, appearing to read "Karla O. Miller". The signature is cursive and elegant, with the first name "Karla" and last name "Miller" clearly distinguishable.

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, 2010

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

President

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, 2010

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.



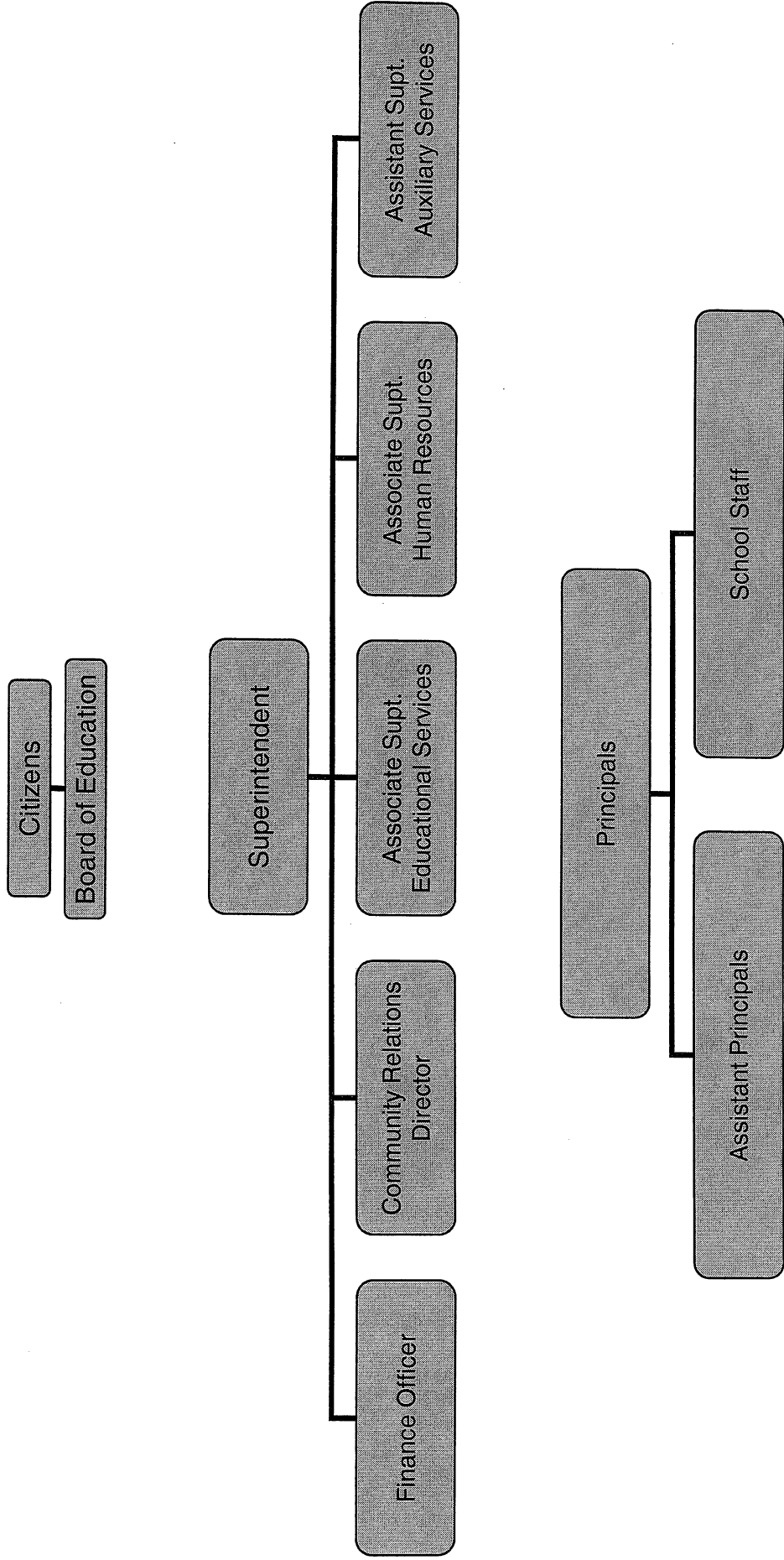
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Caldwell County Board of Education Organizational Chart



Caldwell County Board Of Education Lenoir, North Carolina

School Board Members

Mr. Darrell C. Pennell, Chairman
Mr. Timothy W. Hawkins, Vice Chairman

Mrs. Teresa H. Branch
Ms. Linda H. Coffey
Mrs. Dorothy A. Darsie
Dr. Helen P. Hall
Mr. C. Duane Knight

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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Financial Section

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, 2011, 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, 2011, 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 23, 2011, 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 inquires 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.
Certified Public Accountants

September 23, 2011
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, 2011. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The school system experienced a decreased enrollment of 256 students (slightly less than 2%) from the previous year.
- Unassigned General Fund balance totaled \$6,873,012 at June 30, 2011. Total General Fund balance increased by \$2,886,175 during fiscal year 2011. The increase in General Fund was due to \$3.5 million of federal education stabilization funds received through the American Recovery and Reinvestment Act.
- The 2010-2011 year continued to be very challenging as the result of state economic conditions including a discretionary reversion of \$2,655,397 in August 2010.
- Caldwell County Schools received an Elementary/Secondary School Counseling (ESSC) grant from the US Department of Education totaling \$1.1 million over a three year period. The grant provides additional mental health professionals to the school system.

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 \$70,577,370 as of June 30, 2011. The largest component of net assets is invested in capital assets, net of related debt, of \$57,943,787. It comprises 82% 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, 2011**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current assets	\$18,947,971	\$15,829,227	\$3,591,830	\$ 3,233,001	\$22,539,801	\$19,062,228
Capital assets	57,551,272	57,603,447	743,005	718,839	58,294,277	58,322,286
Total assets	<u>76,499,243</u>	<u>73,432,674</u>	<u>4,334,835</u>	<u>3,951,840</u>	<u>80,834,078</u>	<u>77,384,514</u>
Current liabilities	5,183,003	4,395,581	273,896	216,860	5,456,899	4,612,441
Long-term liabilities	4,639,931	4,464,159	159,878	156,007	4,799,809	4,620,166
Total liabilities	<u>9,822,934</u>	<u>8,859,740</u>	<u>433,774</u>	<u>372,867</u>	<u>10,256,708</u>	<u>9,232,607</u>
Invested in capital assets, net of related debt	57,200,782	57,354,116	743,005	718,839	57,943,787	58,072,955
Restricted:						
Individual schools	1,355,440	1,256,683			1,355,440	1,256,683
Stabilization by State Statute	115,788	112,868			115,788	112,868
School Capital Outlay	3,264,357	3,880,529			3,264,357	3,880,529
Unrestricted net assets	<u>4,739,942</u>	<u>1,968,738</u>	<u>3,158,056</u>	<u>2,860,134</u>	<u>7,897,998</u>	<u>4,828,872</u>
Total net assets	<u>\$66,676,309</u>	<u>\$64,572,934</u>	<u>\$3,901,061</u>	<u>\$ 3,578,973</u>	<u>\$70,577,370</u>	<u>\$68,151,907</u>

Note that net assets increased during the year, indicating an improvement in the financial condition of the unit. The increase in net assets (3.6%) was mainly due to an increase in current assets in the governmental activities. Unrestricted net assets increased in the business-type activities primarily because of an increase in current assets of the 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, 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 719,087	\$ 753,246	\$3,622,476	\$ 3,790,505	\$ 4,341,563	\$ 4,543,751
Operating grants and contributions	79,035,486	76,091,874	4,791,617	4,614,561	83,827,103	80,706,435
Capital grants and contributions	837,047	680,304			837,047	680,304
General revenue:						
Other revenues	<u>22,627,591</u>	<u>22,582,890</u>	<u>3,338</u>	<u>5,808</u>	<u>22,630,929</u>	<u>22,588,698</u>
Total revenues	<u>103,219,211</u>	<u>100,108,314</u>	<u>8,417,431</u>	<u>8,410,874</u>	<u>111,636,642</u>	<u>108,519,188</u>
Expenses:						
Governmental activities:						
Instructional services	83,788,101	81,702,318			83,788,101	81,702,318
System-wide support services	14,790,985	14,415,284			14,790,985	14,415,284
Ancillary services	13,850	19,216			13,850	19,216
Non-programmed charges	168,007	(2,679)			168,007	(2,679)
Unallocated depreciation expense	2,309,540	2,246,610			2,309,540	2,246,610
Business-type activities:						
Food service			6,978,426	6,910,897	6,978,426	6,910,897
Child care			1,162,270	1,170,291	1,162,270	1,170,291
Total expenses	<u>101,070,483</u>	<u>98,380,749</u>	<u>8,140,696</u>	<u>8,081,188</u>	<u>109,211,179</u>	<u>106,461,937</u>
Increase (decrease) in net assets before transfers	2,148,728	1,727,565	276,735	329,686	2,425,463	2,057,251
Transfers in (out)	(45,353)	(67,623)	45,353	67,623		
Increase (decrease) in net assets	2,103,375	1,659,942	322,088	397,309	2,425,463	2,057,251
Beginning 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>
Ending net assets	<u>\$66,676,309</u>	<u>\$64,572,934</u>	<u>\$3,901,061</u>	<u>\$ 3,578,973</u>	<u>\$70,577,370</u>	<u>\$68,151,907</u>

Total governmental activities generated revenues of \$103,219,211 while expenses in this category totaled \$101,070,483 for the year ended June 30, 2011. Comparatively, revenues were \$100,108,314 and expenses totaled \$98,380,749 for the year ended June 30, 2010. The increase in net assets stands at \$2,103,375 at June 30, 2011 compared to an increase in net assets of \$1,659,942 for fiscal year end June 30, 2010. Instructional services expenses comprised 82.9% of total governmental-type expenses while system-wide support services made up 14.6% of those expenses for fiscal years ending June 30, 2011 and June 30, 2010. County funding comprised 15.2% of total government revenue for fiscal year end June 30, 2011 as compared to 16.2% in fiscal year end June 30, 2010 while unrestricted state funding comprised 5.2% and 4.4% for fiscal years ending June 30, 2011 and June 30, 2010 respectively. Much of the remaining 79.6% of total governmental revenue consists mainly of restricted State and Federal money. This revenue represented 79.4% of total revenue in 2010. Business-type activities generated revenue of \$8,417,431 and had expenses of \$8,140,696 as compared to revenues of \$8,410,874 and expenses of \$8,081,188 for the period ending June 30, 2010. Net assets increased in the business-type activities by \$322,088 as compared to a increase of \$397,309 for the period ending June 30, 2010.

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 \$2,368,760 for a total combined fund balance of \$14,325,434. Fund balance of governmental funds increased by \$1,253,244 during fiscal 2010. The General Fund reported an increase in fund balance of \$2,886,175 while the Capital Outlay Fund reported a decrease in fund balance of (\$616,172). The Individual School Fund reported an increase in fund balance of \$98,757. Total governmental activity expenditures increased by \$2,350,900. General Fund expenditures decreased by \$1,077,707 (7%) due to \$3.5 million of federal education stabilization funds received through the American Recovery and Reinvestment Act.

The Board's business-type funds reported a combined increase in net assets of \$322,088 as compared to an increase of \$397,309 for the period ended June 30, 2010. The School Food Service Fund reported an increase in net assets of \$304,265 while the Child Care Fund also reported an increase in net assets of \$17,823 as compared to an increase of net assets of \$360,508 and an increase of \$36,801 respectively for fiscal year ended June 30, 2010. The decrease in performance in the School Food Service Fund was due to food sales being down by 5.5% and overall expenses being up 1%. Federal reimbursements were up \$168,165 or 4.5%. The decrease in Child Care Funds performance was down mainly due to fees being down \$26,564 or 2.2%.

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 \$453,597. The Board was also able to remain under budget when comparing the budget to actual expenditures. Actual expenditures were \$4,386,512 under budget. This was due in large part to regular instructional services and operational support services expenditures being under budget by \$2,318,217 and \$630,846 respectively.

Capital Assets

Capital assets decreased by \$28,009 (or .05%) from the previous year. Depreciation for the total primary government totaled \$3,014,377 while additions from capital expenditures totaled \$2,987,882. 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, 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 2,716,383	\$ 2,716,383	\$	\$	\$ 2,716,383	\$ 2,716,383
Construction in progress	917,447	1,975,733			917,447	1,975,733
Buildings	51,163,118	50,151,860			51,163,118	50,151,860
Equipment and furniture	652,257	741,896	743,005	718,839	1,395,262	1,460,735
Vehicles	2,102,067	2,017,575			2,102,067	2,017,575
Total	<u>\$57,551,272</u>	<u>\$57,603,447</u>	<u>\$743,005</u>	<u>\$718,839</u>	<u>\$58,294,277</u>	<u>\$58,322,286</u>

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

Debt Outstanding

During the year the Board's outstanding debt increased by \$101,161 due to the use of installment financing to pay for school buses. The Board is limited by North Carolina statutes with regards to the types of debt it can issue and for what purpose that debt can be used. The County holds virtually all debt issued for school capital construction.

More detailed information concerning long-term debt activity is available in the notes to the financial statements (Note III.B.6).

Economic Factors

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

- Caldwell County's economy has been based on furniture, which has seen massive layoffs in recent years. According to The Washington Post, "the region has lost more of its jobs to international competition than just about anywhere else in the nation."
- The County's unemployment rate of 13.4% is higher than the state average of 9.9%
- Caldwell County Schools is the leading employer 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, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$14,580,992	\$2,933,314	\$17,514,306
Due from other governments	3,592,643	195,303	3,787,946
Receivables (net)	10,299	10,139	20,438
Inventories	764,037	453,074	1,217,111
	<u>18,947,971</u>	<u>3,591,830</u>	<u>22,539,801</u>
Total current assets			
Capital assets (Note 1):			
Land and construction in progress	3,633,830		3,633,830
Other capital assets, net of depreciation	53,917,442	743,005	54,660,447
	<u>57,551,272</u>	<u>743,005</u>	<u>58,294,277</u>
Total capital assets			
	<u>76,499,243</u>	<u>4,334,835</u>	<u>80,834,078</u>
Total assets			
LIABILITIES			
Accounts payable and accrued expenses	386,109	143,075	529,184
Accrued salaries and wages payable	4,236,428	73,415	4,309,843
Unearned revenue		39,348	39,348
Liabilities due within one year	560,466	18,058	578,524
	<u>5,183,003</u>	<u>273,896</u>	<u>5,456,899</u>
Total current liabilities			
Long-term liabilities:			
Due in more than one year	4,639,931	159,878	4,799,809
	<u>9,822,934</u>	<u>433,774</u>	<u>10,256,708</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	57,200,782	743,005	57,943,787
Restricted for:			
Individual schools	1,355,440		1,355,440
Stabilization by State Statute	115,788		115,788
School Capital Outlay	3,264,357		3,264,357
Unrestricted (deficit)	4,739,942	3,158,056	7,897,998
	<u>\$66,676,309</u>	<u>\$3,901,061</u>	<u>\$70,577,370</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$50,337,798	\$ 2,200	\$ 43,583,547	\$
Special Populations	10,824,119		10,726,746	
Alternative Programs	6,750,418		6,523,189	
School Leadership	6,229,949		4,072,373	
Co-Curricular	3,432,646	710,890	2,343,164	
School-Based Support	6,213,171		5,226,297	
System-wide Support services:				
Support and Development	740,411		478,961	
Special Population Support and Development	420,818		268,821	
Alternative Programs and Services				
Support and Development	130,984		114,246	
Technology Support	708,677		185,495	
Operational Support	10,224,653	5,997	3,951,954	837,047
Financial and Human Resource	928,724		589,005	
Accountability	226,192		86,093	
System-wide Pupil Support	42,369			
Policy, Leadership, and Public Relations	1,368,157		702,740	
Ancillary Services	13,850		46,830	
Non-programmed charges	168,007		136,025	
Unallocated depreciation expense**	2,309,540			
Total governmental activities	<u>101,070,483</u>	<u>719,087</u>	<u>79,035,486</u>	<u>837,047</u>
Business-type activities:				
School food service	6,978,426	2,442,563	4,791,617	
Child care	1,162,270	1,179,913	0	
Total business-type activities	<u>8,140,696</u>	<u>3,622,476</u>	<u>4,791,617</u>	<u>0</u>
Total primary government	<u>\$109,211,179</u>	<u>\$4,341,563</u>	<u>\$ 83,827,103</u>	<u>\$ 837,047</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
\$ (6,752,051)	\$	\$ (6,752,051)
(97,373)		(97,373)
(227,229)		(227,229)
(2,157,576)		(2,157,576)
(378,592)		(378,592)
(986,874)		(986,874)
(261,450)		(261,450)
(151,997)		(151,997)
(16,738)		(16,738)
(523,182)		(523,182)
(5,429,655)		(5,429,655)
(339,719)		(339,719)
(140,099)		(140,099)
(42,369)		(42,369)
(665,417)		(665,417)
32,980		32,980
(31,982)		(31,982)
(2,309,540)		(2,309,540)
<u>(20,478,863)</u>		<u>(20,478,863)</u>
	255,754	255,754
	17,643	17,643
	<u>273,397</u>	<u>273,397</u>
<u>(20,478,863)</u>	<u>273,397</u>	<u>(20,205,466)</u>
14,446,200		14,446,200
1,286,812		1,286,812
4,925,826		4,925,826
437,213		437,213
29,510	3,338	32,848
1,502,030		1,502,030
(45,353)	45,353	0
<u>22,582,238</u>	<u>48,691</u>	<u>22,630,929</u>
2,103,375	322,088	2,425,463
<u>64,572,934</u>	<u>3,578,973</u>	<u>68,151,907</u>
<u>\$ 66,676,309</u>	<u>\$ 3,901,061</u>	<u>\$ 70,577,370</u>

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**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	\$9,898,874	\$	\$1,355,440	\$3,326,678	\$	\$14,580,992
Due from other governments	106,471	2,944,934		103,072	438,166	3,592,643
Receivables (Net)	9,318			981		10,299
Inventories	764,037					764,037
Total assets	\$10,778,700	\$2,944,934	\$1,355,440	\$3,430,731	\$438,166	\$18,947,971
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 219,735	\$	\$	\$ 166,374	\$	\$ 386,109
Accrued salaries and benefits payable	853,328	2,944,934			438,166	4,236,428
Total liabilities	1,073,063	2,944,934	0	166,374	438,166	4,622,537
Fund balances:						
Nonspendable:						
Inventories	764,037					764,037
Restricted:						
Stabilization by State Statute	115,788					115,788
School Capital Outlay Individual Schools			1,355,440	1,916,441		1,916,441
Assigned:						
Subsequent years expenditure	1,952,800			1,347,916		3,300,716
Unassigned	6,873,012					6,873,012
Total fund balances	9,705,637	0	1,355,440	3,264,357	0	14,325,434
Total liabilities and fund balances	\$10,778,700	\$2,944,934	\$1,355,440	\$3,430,731	\$438,166	

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.	57,551,272
Some liabilities, including bonds payable and accrued vacation pay, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(5,200,397)
Net assets of government activities	<u>\$66,676,309</u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 503,884	\$ 66,808,634	\$	\$ 999,921	\$	\$ 68,312,439
Caldwell County	14,435,922			1,286,812		15,722,734
U.S. Government	319,539				13,517,296	13,836,835
Contributions and donations	135,438		2,343,164			2,478,602
Other	1,807,833		725,546	485,143		3,018,522
Total revenues	17,202,616	66,808,634	3,068,710	2,771,876	13,517,296	103,369,132
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	3,174,583	45,271,699			1,646,546	50,092,828
Special Populations	49,335	6,558,085			4,168,661	10,776,081
Alternative Programs	675,173	2,681,400			3,394,379	6,750,952
School Leadership	1,702,673	2,330,934			1,842,996	5,876,603
Co-Curricular	462,693	0	2,969,953		0	3,432,646
School-Based Support	395,637	5,505,420			320,303	6,221,360
System-wide support services:						
Support and Development	241,532	432,513			82,474	756,519
Special Population Support and Development	143,769	88,482			180,339	412,590
Alternative Programs and Services						
Support and Development	16,697	29,596			84,650	130,943
Technology Support	282,101	378,560			46,934	707,595
Operational Support	5,757,959	2,850,235			895,785	9,503,979
Financial and Human						
Resource	376,689	120,786			443,464	940,939
Accountability	140,115	1,581			84,512	226,208
System-wide Pupil Support	39,656					39,656
Policy, Leadership, and Public Relations	662,116	514,892			187,849	1,364,857
Ancillary services	12,489				59	12,548
Non-programmed charges	178,969	(902)			138,345	316,412
Debt service:						
Principal				437,213		437,213
Capital outlay:						
Real property and buildings				2,340,597		2,340,597
System-wide support services				710,775		710,775
Instructional services				517,828		517,828
Total expenditures	14,312,186	66,763,281	2,969,953	4,006,413	13,517,296	101,569,129
Excess (deficiency) of revenues over expenditures	2,890,430	45,353	98,757	(1,234,537)	0	1,800,003
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	(80,000)	(45,353)		80,000		(45,353)
Installment purchase obligations issued				538,365		538,365
Total other financing sources (uses)	(80,000)	(45,353)		618,365	0	493,012
Net change in fund balances	2,810,430	0	98,757	(616,172)		2,293,015
Fund balances- beginning	6,819,462		1,256,683	3,880,529		11,956,674
Increase in reserve for inventories	75,745					75,745
Fund balances - ending	\$ 9,705,637	\$ -	\$1,355,440	\$3,264,357	\$	\$ 14,325,434

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, 2011

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

Net changes in fund balances - total governmental funds	\$ 2,293,015
<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 depreciation exceeded capital outlays in the current period</p>	
	(50,661)
<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	75,745
<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>	
	(101,161)
<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>	
Loss on disposal of assets	(1,514)
Compensated absences liability change	(112,049)
	(113,563)
Total changes in net assets of governmental activities	\$ 2,103,375

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Variance
	Original	Final	Actual	With Final
			Amounts	Budget -
				Positive
				(Negative)
Revenues:				
State of North Carolina	\$ 509,279	\$ 509,279	\$ 503,884	\$ (5,395)
Caldwell County	14,436,000	14,436,000	14,435,922	(78)
U.S. Government	214,618	588,815	319,539	(269,276)
Contributions and donations	135,776	136,776	135,438	(1,338)
Other	1,125,053	1,203,453	1,807,833	604,380
Total Revenues	16,420,726	16,874,323	17,202,616	328,293
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	5,732,310	5,473,037	3,174,583	2,298,454
Special Populations	56,380	81,406	49,335	32,071
Alternative Programs	513,814	724,814	675,173	49,641
School Leadership	2,332,364	2,333,519	1,702,673	630,846
Co-Curricular	484,653	483,945	462,693	21,252
School-Based Support	372,359	753,356	395,637	357,719
System-wide Support services:				
Support and Development	393,074	319,548	241,532	78,016
Special Population Support and Development	146,459	162,109	143,769	18,340
Alternative Programs and Services Support and Development	16,440	22,640	16,697	5,943
Technology Support	552,951	542,951	282,101	260,850
Operational Support	6,110,943	6,082,998	5,757,959	325,039
Financial and Human Resource	335,117	476,768	376,689	100,079
Accountability	173,362	174,082	140,115	33,967
System-wide Pupil Support	38,908	60,658	39,656	21,002
Policy, Leadership, and Public Relations	801,114	792,014	662,116	129,898
Ancillary Services	12,500	12,500	12,489	11
Nutrition Services				
Non-programmed charges	20,000	182,590	178,969	3,621
Total expenditures	18,092,748	18,678,935	14,312,186	4,366,749
Revenues over (under) expenditures	(1,672,022)	(1,804,612)	2,890,430	4,695,042
Other financing sources (uses):				
Transfer to other funds	(80,000)	(105,000)	(80,000)	25,000
Total other financing sources (uses)	(80,000)	(105,000)	(80,000)	25,000
Revenues and other sources and other uses	(1,752,022)	(1,909,612)	2,810,430	4,720,042
Fund balances, beginning of year	1,752,022	1,909,612	6,819,462	4,909,850
Increase in reserve for inventories			75,745	75,745
Fund balances, end of year	\$	\$	\$ 9,705,637	\$ 9,705,637

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)
\$66,917,988	\$68,309,707	\$66,808,634	(\$1,501,073)	\$	\$	\$	\$
				14,203,512	16,154,607	\$13,517,296	(2,637,311)
<u>66,917,988</u>	<u>68,309,707</u>	<u>66,808,634</u>	<u>(1,501,073)</u>	<u>14,203,512</u>	<u>16,154,607</u>	<u>13,517,296</u>	<u>(2,637,311)</u>
46,935,264	46,024,724	45,271,699	753,025	1,208,597	1,998,613	1,646,546	352,067
6,220,203	6,605,418	6,558,085	47,333	4,224,483	4,562,800	4,168,661	394,139
3,125,542	3,131,779	2,681,400	450,379	3,639,465	3,723,240	3,394,379	328,861
2,278,358	2,391,343	2,330,934	60,409	2,099,358	3,095,806	1,842,996	1,252,810
			0				
4,708,062	5,554,035	5,505,420	48,615	607,660	500,932	320,303	180,629
467,768	433,153	432,513	640	90,961	82,721	82,474	247
85,489	88,731	88,482	249	181,807	188,144	180,339	7,805
32,698	31,198	29,596	1,602	89,373	87,297	84,650	2,647
205,205	510,801	378,560	132,241	47,012	47,130	46,934	196
2,217,773	2,850,312	2,850,235	77	1,061,933	917,735	895,785	21,950
84,074	120,788	120,786	2	458,023	488,861	443,464	45,397
1,580	1,585	1,581	4	84,018	84,837	84,512	325
						0	
510,262	515,487	514,892	595	192,800	195,975	187,849	8,126
				300	300	59	241
	0	(902)	902	217,722	180,216	138,345	41,871
<u>66,872,278</u>	<u>68,259,354</u>	<u>66,763,281</u>	<u>1,496,073</u>	<u>14,203,512</u>	<u>16,154,607</u>	<u>13,517,296</u>	<u>2,637,311</u>
45,710	50,353	45,353	(5,000)	0	0	0	0
(45,710)	(50,353)	(45,353)	5,000				0
(45,710)	(50,353)	(45,353)	5,000	0	0	0	0
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, 2011

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$2,538,230	\$ 395,084	\$2,933,314
Due from other governments	167,004	28,299	195,303
Receivables (net)	10,139		10,139
Inventories	453,074		453,074
Total current assets	<u>3,168,447</u>	<u>423,383</u>	<u>3,591,830</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	743,005		743,005
Total noncurrent assets	<u>743,005</u>		<u>743,005</u>
Total assets	<u><u>\$3,911,452</u></u>	<u><u>\$ 423,383</u></u>	<u><u>\$4,334,835</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 132,384	\$ 10,691	\$ 143,075
Accrued salaries and wages payable	44,134	29,281	73,415
Unearned revenue	22,442	16,906	39,348
Compensated absences	9,512	8,546	18,058
Total current liabilities	<u>208,472</u>	<u>65,424</u>	<u>273,896</u>
Noncurrent liabilities:			
Compensated absences	116,056	43,822	159,878
Total noncurrent liabilities	<u>116,056</u>	<u>43,822</u>	<u>159,878</u>
Total liabilities	<u>324,528</u>	<u>109,246</u>	<u>433,774</u>
NET ASSETS			
Invested in capital assets	743,005		743,005
Unrestricted	2,843,919	314,137	3,158,056
Total net assets	<u><u>\$3,586,924</u></u>	<u><u>\$ 314,137</u></u>	<u><u>\$3,901,061</u></u>

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

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Fund		
	Major Fund		
	School Food		Total
	Service	Child Care	
OPERATING REVENUES			
Food sales	\$2,442,563	\$	\$2,442,563
Child care fees		1,179,913	1,179,913
	<u>2,442,563</u>	<u>1,179,913</u>	<u>3,622,476</u>
Total operating revenues			
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,112,716	58,017	2,170,733
Donated commodities	454,674		454,674
Salaries and benefits	3,470,972	1,044,557	4,515,529
Indirect costs	374,014		374,014
Materials and supplies	257,324	20,921	278,245
Repairs and maintenance	89,720		89,720
Depreciation	148,098		148,098
Non Capitalized Equipment	48,535	4,207	52,742
Purchased services	22,373	34,568	56,941
	<u>6,978,426</u>	<u>1,162,270</u>	<u>8,140,696</u>
Total operating expenses			
Operating Income (loss)	<u>(4,535,863)</u>	<u>17,643</u>	<u>(4,518,220)</u>
NONOPERATING REVENUES			
Federal reimbursements	3,948,997		3,948,997
Federal commodities	454,674		454,674
State reimbursements	13,932		13,932
Interest earned	3,158	180	3,338
Indirect costs not paid	374,014		374,014
	<u>4,794,775</u>	<u>180</u>	<u>4,794,955</u>
Total nonoperating revenue			
Income (loss) before transfers	258,912	17,823	276,735
Transfers from other funds	45,353		45,353
Change in net assets	304,265	17,823	322,088
Total net assets - beginning	<u>3,282,659</u>	<u>296,314</u>	<u>3,578,973</u>
Total net assets - ending	<u>\$3,586,924</u>	<u>\$ 314,137</u>	<u>\$3,901,061</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, 2011

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,436,342	\$ 1,188,677	\$ 3,625,019
Cash paid for goods and services	(2,471,145)	(116,073)	(2,587,218)
Cash paid for employees services and benefits	(3,412,187)	(1,056,287)	(4,468,474)
Net cash provided (used) by operating activities	(3,446,990)	16,317	(3,430,673)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	3,962,929		3,962,929
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(172,264)		(172,264)
Net cash (used) by capital and related financing activities	(172,264)		(172,264)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,158	180	3,338
Net increase in cash and cash equivalents	346,833	16,497	363,330
Balances - beginning of year	2,191,397	378,587	2,569,984
Balances - end of year	<u>\$ 2,538,230</u>	<u>\$ 395,084</u>	<u>\$ 2,933,314</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (4,535,863)	\$ 17,643	\$ (4,518,220)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	148,098		148,098
Donated commodities consumed	454,674		454,674
Salaries paid by special revenue fund	45,353		45,353
Indirect costs not paid	374,014		374,014
Changes in assets and liabilities:			
Decrease (increase) in due from other governments	(890)	3,520	2,630
Decrease (increase) in accounts receivable	(4,461)		(4,461)
Decrease (increase) in inventory	6,332		6,332
Increase (decrease) in accounts payable and accrued liabilities	56,357	(4,045)	52,312
Increase (decrease) in accrued annual leave	10,266	(6,045)	4,221
Increase (decrease) in unearned revenues	(870)	5,244	4,374
Total adjustments	1,088,873	(1,326)	1,087,547
Net cash provided (uses) by operating activities	<u>\$ (3,446,990)</u>	<u>\$ 16,317</u>	<u>\$ (3,430,673)</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, 2011**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$45,353 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 \$374,014 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 Exhibit 7.

The School Food Service Fund received donated commodities with a value of \$454,674 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$454,674 worth of donated commodities during the fiscal year as an operating expense. These transactions are reported on Exhibit 7.

**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

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]. The General Fund consists of the Local Current Expense Fund (Fund 2) and Fund 8 (Other Special Revenue Fund) which is maintained separate from Fund 2 by the Board of Education pursuant to N.C. 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. Several budget amendments were made during the year including receiving Race to the Top funds of \$1,131,259, EduJobs funds of \$2,630,701 and additional VI-B ARRA funding in the Federal Grant Fund. Amendments were made to the State Public School Fund of \$1,396,963 for the allocation of textbooks carryover for \$367,286 and additional transportation funding of \$476,484. Also in the General Fund there was an amendment for \$374,197 for the Elementary and Secondary School Counseling Grant. 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, 2011. 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, 2011

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

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.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

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

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

Fund Balance - (Cont'd)

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay. [G.S. 159-18 through 22]

Restricted for Individual Schools - revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Committed Fund Balance - portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education's governing body (highest level of decision-making authority) and in certain instances approval by the County's governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance - portion of fund balance that Caldwell County Board of Education intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the superintendent to modify appropriations between functions, sub-functions and objects of expenditure within a purpose within a fund.

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

Caldwell County Board of Education has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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

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 \$52,350,875 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)	\$102,256,429
Less Accumulated Depreciation	<u>(44,705,157)</u>
Net capital assets	57,551,272
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:	
Bonds, leases, and installment financing	(350,490)
Compensated absences	<u>(4,849,907)</u>
Total adjustment	<u>\$ 52,350,875</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$189,640) as follows:

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>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,815,618
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.	(2,866,279)
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	(538,365)
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	437,204
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	(112,049)
Loss on disposal of asset	(1,514)
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>75,745</u>
Total adjustment	<u>\$ (189,640)</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 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, 2011 the Board had deposits with banks and savings and loans with a carrying amount of \$11,514,308 and with the State Treasurer of \$- 0 -. The bank balances with the financial institutions and the State Treasurer were \$11,461,656 and \$902,729, respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$11,864,385 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2011, the Board of Education had \$6,000,000 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.

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

A. Assets - (Cont'd)

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2011, were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 106,471	\$ 9,318
Other governmental activities	<u>3,486,172</u>	<u>981</u>
Total	<u>\$ 3,592,643</u>	<u>\$ 10,299</u>
Business-type activities:		
School Food Service	\$ 167,004	\$ 10,139
Child Care	<u>28,299</u>	
Total	<u>\$ 195,303</u>	<u>\$ 10,139</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 33,407	Federal - ROTC
	47,127	State - Medicaid
	25,937	County - Fines & Forfeitures
State Public School Fund	2,944,934	Operating funds from DPI
Capital Outlay Fund	103,072	State Public School Building Capital Fund
Federal Grants Fund	<u>438,166</u>	Federal grant funds
Total	<u>\$3,592,643</u>	
Business Activities		
School Food Service	\$ 161,885	Federal funds
School Food Service	5,119	State - Sales tax
Child Care	1,033	State - Sales tax
Child Care	<u>27,266</u>	County - DSS
Total	<u>\$ 195,303</u>	

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balances</u>	<u>Reclassifications</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,716,383	\$	\$	\$	\$ 2,716,383
Construction in progress	<u>1,975,733</u>	<u>(1,461,887)</u>	<u>403,601</u>		<u>917,447</u>
Total capital assets not being depreciated	<u>4,692,116</u>	<u>\$ (1,461,887)</u>	<u>\$ 403,601</u>	<u>\$</u>	<u>3,633,830</u>
Capital assets being depreciated:					
Buildings and improvements	83,339,543	\$ 1,461,887	\$ 1,658,679	\$ (15,090)	86,445,019
Equipment and furniture	2,835,742		112,107	(111,109)	2,836,740
Vehicles	<u>9,271,417</u>		<u>641,231</u>	<u>(571,807)</u>	<u>9,340,841</u>
Total capital assets being depreciated	<u>95,446,702</u>	<u>\$ 1,461,887</u>	<u>\$ 2,412,017</u>	<u>\$ (698,006)</u>	<u>98,622,600</u>
Less accumulated depreciation for:					
Buildings and Improvements	33,187,683	\$	\$ 2,107,794	\$ (13,576)	35,281,901
Equipment and furniture	2,093,846		201,746	(111,109)	2,184,483
Vehicles	<u>7,253,842</u>		<u>556,739</u>	<u>(571,807)</u>	<u>7,238,774</u>
Total accumulated depreciation	<u>42,535,371</u>	<u>\$</u>	<u>\$ 2,866,279</u>	<u>\$ (696,492)</u>	<u>44,705,158</u>
Total capital assets being depreciated, net	<u>52,911,331</u>				<u>53,917,442</u>
Governmental activity capital assets, net	<u>\$57,603,447</u>				<u>\$57,551,272</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>\$ 2,331,871</u>	<u>\$ 172,264</u>	<u>\$</u>	<u>\$ 2,504,135</u>
Total capital assets being depreciated	<u>2,331,871</u>	<u>\$ 172,264</u>	<u>\$</u>	<u>2,504,135</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,613,032</u>	<u>\$ 148,098</u>	<u>\$</u>	<u>1,761,130</u>
Total accumulated depreciation	<u>1,613,032</u>	<u>\$ 148,098</u>	<u>\$</u>	<u>1,761,130</u>
School Food Service capital assets, net	<u>718,839</u>			<u>743,005</u>
Business-type activities capital assets, net	<u>\$ 718,839</u>			<u>\$ 743,005</u>

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

A. Assets - (Cont'd)

4. Capital Assets - (Cont'd)

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$2,309,540
Operational support services	<u>556,739</u>
Total	<u>\$2,866,279</u>

Construction commitments

Caldwell County has active renovation projects as of June 30, 2011. At year end, the County's commitments with contractors for school renovations are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Davenport Elementary School		
HVAC Replacement	\$ - 0 -	\$381,200
Gamewell Elementary School		
Roof Replacement	- 0 -	687,175
Hudson Middle School		
HVAC Replacement	115,276	775,015
Davenport Elementary School		
Roof Replacement	- 0 -	118,714
Gamewell Middle School		
Asbestos Abatement Project	- 0 -	84,000
Dudley Shoals Elementary		
Roof Replacement	89,645	3,500

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 4.93% 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, 2011, 2010, and 2009 were \$3,193,721, \$2,303,910, and \$2,311,496, 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, 2011, 2010, and 2009, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,174,286, \$2,904,089, and \$2,820,576, respectively. These contributions represented 4.90%, 4.50%, 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

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)

must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

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)

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, 2011, 2010, and 2009, the Board paid all annual required contributions to the DIPNC for disability benefits of \$336,863, \$335,584, and \$357,732, respectively. These contributions represented .52% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2011, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 219,735	\$ 853,328	\$1,073,063
Other Governmental	<u>166,374</u>	<u>3,383,100</u>	<u>3,549,474</u>
Total governmental activities	<u>\$ 386,109</u>	<u>\$4,236,428</u>	<u>\$4,622,537</u>
Business-type Activities:			
School Food Service	\$ 132,384	\$ 44,134	\$ 176,518
Other Business-type	<u>10,691</u>	<u>29,281</u>	<u>39,972</u>
Total business-type activities	<u>\$ 143,075</u>	<u>\$ 73,415</u>	<u>\$ 216,490</u>

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

B. Liabilities - (Cont'd)

3. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (Child Care Fund)	\$ 16,906
Pre-payments (School Food Service Fund)	<u>22,442</u>
Total	<u>\$ 39,348</u>

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Board has an annual aggregate limit for general liability of \$2,000,000 and an annual aggregate limit of \$2,000,000 for errors and omissions claims. Statutory workers' compensation coverage is purchased through private insurers. Coverage is provided to the extent employees are paid from Federal or local funds. Workers' Compensation coverage is provided by the State of North Carolina through a self-insured fund, to the extent employees are paid from State funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction. The fund insures the tangible property assets of the Board. Coverage is provided on an "all risk" perils contract. Buildings and contents are insured on a replacement cost basis. The Fund purchases excess reinsurance to protect the assets of the Fund in the event of a catastrophic event. The Fund maintains a self-insured retention of \$10 million. Excess reinsurance is purchased through commercial insurers. A limit of \$5 million per occurrence is provided on Flood, Earthquake, Business Interruption and Extra Expense. \$10 million per occurrence is provided on Increased Cost of Construction. The Board also has a flood insurance policy for Collettsville Elementary School which is considered a flood risk. Coverage limits are \$500,000 for the building and \$255,300 for contents with a \$5,000 deductible for each. Flood insurance is not carried at other school locations because these locations are not considered to be a flood risk.

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

B. Liabilities - (Cont'd)

4. Risk Management - (Cont'd)

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

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

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

5. Contingent Liabilities

At June 30, 2011, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

6. Long-Term Obligations

a. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement by Mercedes Benz Financial Services USA LLC at total payments less than the purchase price. In 2009, the Board entered into one installment purchase contract to finance the purchase of two school buses. Also in 2010, the Board entered into an installment purchase contract to finance the purchase of seven school buses. These financing contracts require principal only payments of \$40,653 and \$134,591 respectively due at the beginning of each contract year.

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

B. Liabilities - (Cont'd)

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

a. Installment Purchase - (Cont'd)

The future minimum payments of the installment purchases as of June 30, 2011 including \$- 0 - of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities Principal</u>	<u>Interest</u>
2012	\$ 175,245	\$
2013	<u>175,245</u>	
Principal payments	<u>\$ 350,490</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, 2011:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Current Portion</u>
Governmental activities:					
Installment purchases	\$ 249,329	\$ 538,365	\$ 437,204	\$ 350,490	\$ 175,245
Compensated absences	<u>4,737,858</u>	<u>3,193,131</u>	<u>3,081,082</u>	<u>4,849,907</u>	<u>385,221</u>
Total	<u>\$4,987,187</u>	<u>\$3,731,496</u>	<u>\$ 3,518,286</u>	<u>\$5,200,397</u>	<u>\$ 560,466</u>
Business-type activities:					
Compensated absences	<u>\$ 173,715</u>	<u>\$ 209,694</u>	<u>\$ 205,473</u>	<u>\$ 177,936</u>	<u>\$ 18,058</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2011, 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>\$ 45,353</u>

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

D. Fund Balance

The Board of Education has a revenue spending policy that provides policy programs with multiple revenue sources. The Finance Officer will use resources firstly from revenues restricted as to use and secondly from general unrestricted revenues. For purposes of fund balance classification expenditures are to spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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

Total fund balance - General Fund	\$9,705,637
Less:	
Inventories	764,037
Stabilization by State Statute	115,788
Appropriated Fund Balance in 2012 budget	<u>1,952,800</u>
Remaining Fund Balance	<u>\$6,873,012</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 23, 2011, 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, 2011
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

<u>REVENUES</u>	Local Current Expenses			2010 Actual
	2011 Budget	2011 Actual	2011 Variances	
State of North Carolina:				
More At Four	\$ 303,600	\$ 298,080	\$ (5,520)	\$ 302,680
Dropout Prevention	161,534	161,534	-	13,466
Smart Start	44,145	44,270	125	63,145
Project Lead The Way			-	136,543
Total State of North Carolina	<u>509,279</u>	<u>503,884</u>	<u>(5,395)</u>	<u>515,834</u>
Caldwell County:				
Appropriation	14,350,000	14,350,000	0	14,300,000
Forest Service	86,000	85,922	(78)	88,013
Total Caldwell County	<u>14,436,000</u>	<u>14,435,922</u>	<u>(78)</u>	<u>14,388,013</u>
United States Government:				
ROTC	115,000	131,634	16,634	125,872
Teaching American History			0	44,040
Elementary & Secondary School Counseling	374,197	91,241	(282,956)	
Tech Prep	99,618	96,664	(2,954)	153,360
Total U.S. Government	<u>588,815</u>	<u>319,539</u>	<u>(269,276)</u>	<u>323,272</u>
Other:				
ABC Revenues	18,000	26,565	8,565	18,382
CCC Reimbursement	176,189	176,184	(5)	190,782
Sales Taxes	60,000	59,309	(691)	65,211
Tuition and Fees - Rising Stars	2,000	2,200	200	19,432
Fines and Forfeitures	400,000	351,828	(48,172)	401,034
Rental of School Property	2,500	5,997	3,497	2,338
Interest Earned on Investments	20,000	10,191	(9,809)	17,226
Miscellaneous & School Reimbursements	317,400	476,952	159,552	304,872
Indirect Cost Allocations	125,000	148,407	23,407	177,266
Private Grants and Donations	136,776	135,438	(1,338)	144,866
Medicaid Reimbursement	82,364	498,631	416,267	557,171
E-Rate Reimbursement		36,205	36,205	35,511
Insurance Settlements		15,364	15,364	10,135
Total Other	<u>1,340,229</u>	<u>1,943,271</u>	<u>603,042</u>	<u>1,944,226</u>
Fund Balance Appropriated	<u>1,909,612</u>		<u>(1,909,612)</u>	
Total Revenue	<u>18,783,935</u>	<u>17,202,616</u>	<u>(1,581,319)</u>	<u>17,171,345</u>
<u>EXPENDITURES</u>				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,248,820		2,844,632
Employee Benefits		520,644		780,155
Purchased Services		175,047		194,630
Supplies and Materials		230,072		298,024
Capital Outlay				8,000
Total Regular Instructional Services	<u>5,473,037</u>	<u>3,174,583</u>	<u>2,298,454</u>	<u>4,125,441</u>

<u>EXPENDITURES</u>	Local Current Expenses			2010 Actual
	Budget	2011 Actual	Variances	
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$	\$ 38,557	\$	\$ 81,967
Employee Benefits		7,935		18,273
Purchased Services		251		2,397
Supplies and Materials		2,592		1,135
Total Special Population Services	81,406	49,335	32,071	103,772
Alternative Programs and Services:				
Salaries		476,804		431,886
Employee Benefits		162,124		133,208
Purchased Services		13,525		779
Supplies and Materials		22,720		17,731
Total Alternative Programs and Services	724,814	675,173	49,641	583,604
School Leadership Services:				
Salaries		1,243,941		1,586,856
Employee Benefits		379,248		428,994
Purchased Services		37,941		42,898
Supplies and Materials		41,543		39,620
Total School Leadership Services	2,333,519	1,702,673	630,846	2,098,368
Co-Curricular Services:				
Salaries		316,017		302,362
Employee Benefits		52,105		45,681
Purchased Services		94,571		70,732
Total Co-Curricular Services	483,945	462,693	21,252	418,775
School-Based Support Services:				
Salaries		92,441		187,991
Employee Benefits		28,172		46,500
Purchased Services		264,496		228,995
Supplies and Materials		10,528		
Total School-Based Support Services	753,356	395,637	357,719	463,486
Total Instructional Services	9,850,077	6,460,094	3,389,983	7,793,446
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		183,306		207,231
Employee Benefits		41,221		44,052
Purchased Services		6,975		6,414
Supplies and Materials		10,030		12,097
Total Support and Development Services	319,548	241,532	78,016	269,794
Special Population Support and Development Services:				
Salaries		73,060		90,784
Employee Benefits		18,894		25,242
Purchased Services		51,815		67,958
Total Special Population Support And Development Services	162,109	143,769	18,340	183,984
Alternative Programs and Services:				
Salaries		5,749		5,575
Employee Benefits		1,044		913
Purchased Services		8,082		6,588
Supplies and Materials		1,822		1,583
Total Alternative Programs and Services	22,640	16,697	5,943	14,659

<u>EXPENDITURES - (Cont'd):</u>	Local Current Expenses			2010 Actual
	Budget	2011 Actual	Variance	
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	\$ 111,990	\$	\$ 297,398
Employee Benefits		28,290		80,061
Purchased Services		4,750		32,995
Supplies and Materials		137,071		122,600
Total Technology Support Services	542,951	282,101	260,850	533,054
Operational Support Services:				
Salaries		1,604,338		1,472,908
Employee Benefits		640,746		536,336
Purchased Services		2,622,820		2,563,071
Supplies and Materials		890,055		794,407
Insurance				220,856
Total Operational Support Services	6,082,998	5,757,959	325,039	5,587,578
Financial and Human Resource Services:				
Salaries		98,203		91,599
Employee Benefits		10,751		20,871
Purchased Services		38,675		40,935
Supplies and Materials		3,952		4,827
Insurance		225,108		
Total Financial and Human Resource Services	476,768	376,689	100,079	158,232
Accountability Services:				
Salaries		75,351		72,568
Employee Benefits		16,977		15,283
Purchased Services		21,782		38,256
Supplies and Materials		26,005		20,469
Total Accountability Services	174,082	140,115	33,967	146,576
System-Wide Pupil Support:				
Salaries		29,416		31,811
Employee Benefits		10,240		10,463
Total System-Wide Pupil Support Services	60,658	39,656	21,002	42,274
Policy, Leadership and Public Relations Services:				
Salaries		296,591		295,240
Employee Benefits		50,249		46,875
Purchased Services		226,681		220,074
Supplies and Materials		88,595		75,012
Total Policy, Leadership and Public Relations Services	792,014	662,116	129,898	637,201
Total System-Wide Support Services	8,633,768	7,660,634	973,134	7,573,352
ANCILLARY SERVICES:				
Nutrition Services:				
Supplies and Materials		12,489		12,706
Total Nutrition Services	12,500	12,489	11	12,706
Total Ancillary Services	12,500	12,489	11	12,706
Non-Programmed Charges:				
Payments to Charter Schools		21,379		10,389
Payment to DHHS		157,590		
Total Programmed Charges	182,590	178,969	3,621	10,389
Total Expenditures	18,678,935	14,312,186	4,366,749	15,389,893

EXPENDITURES - (Cont'd):

	Local Current Expenses			2010 Actual
	Budget	2011 Actual	Variances	
Excess of Revenue Over (Under) Expenditures	\$ 105,000	\$ 2,890,430	\$ 2,785,430	\$ 1,781,452
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(105,000)</u>	<u>(80,000)</u>	<u>25,000</u>	<u>(80,000)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	2,810,430	<u>\$ 2,810,430</u>	1,701,452
Fund Balance - July 1, 2010		6,819,462		5,027,109
Increase Decrease) in Reserve for Inventories		<u>75,745</u>		<u>90,901</u>
Fund Balance - June 30, 2011		<u>\$ 9,705,637</u>		<u>\$ 6,819,462</u>

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, 2011
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

	2011		Variance	2010
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$68,309,707	\$66,808,634	#####	\$66,879,961
Total Revenues	68,309,707	66,808,634	(1,501,073)	66,879,961
EXPENDITURES:				
INSTRUCTIONAL SERVICES:				
Regular Instructional:				
Salaries		33,292,594		33,714,706
Employee Benefits		9,909,325		9,178,898
Purchased Services		591,528		806,937
Supplies and Materials		1,478,252		1,747,545
Total Regular Instructional Services	46,024,724	45,271,699	753,025	45,448,086
Special Populations:				
Salaries		4,752,456		4,518,488
Employee Benefits		1,438,126		1,241,619
Purchased Services		135,889		131,598
Supplies and Materials		231,614		360,648
Capital Outlay				121,905
Total Special Populations Services	6,605,418	6,558,085	47,333	6,374,258
Alternative Programs and Services:				
Salaries		1,881,703		1,770,533
Employee Benefits		576,552		500,349
Purchased Services		35,174		30,468
Supplies and Materials		187,971		163,571
Total Alternative Programs And Services	3,131,779	2,681,400	450,379	2,464,921
School Leadership Services:				
Salaries		1,854,631		2,376,031
Employee Benefits		473,546		552,239
Purchased Services		2,757		1,737
Total School Leadership Services	2,391,343	2,330,934	60,409	2,930,007
School-Based Support Services:				
Salaries		3,937,450		3,720,677
Employee Benefits		1,134,205		968,999
Purchased Services		433,756		401,664
Supplies and Materials		9		2,985
Total School-Based Support Services	5,554,035	5,505,420	48,615	5,094,325
Total Instructional Services	63,707,299	62,347,538	1,359,761	62,311,597

EXPENDITURES - (Cont'd):

SYSTEM-WIDE SUPPORT SERVICES	2011			2010
	Budget	Actual	Variance	Actual
Support and Development Services:				
Salaries	\$	\$ 347,975	\$	\$ 457,184
Employee Benefits		84,497		97,986
Purchased Services		41		946
Supplies and Materials				520
Total Support and Development Services	433,153	432,513	640	556,636
Special Population Support and Development Services:				
Salaries		55,803		25,920
Employee Benefits		19,274		6,695
Purchased Services		13,405		21,581
Total Special Population Support And Development Services	88,731	88,482	249	54,196
Alternative Programs and Services:				
Salaries		20,718		20,718
Employee Benefits		8,066		7,629
Purchased Services		474		
Supplies and Materials		338		
Total Alternative Programs and Services	31,198	29,596	1,602	28,347
Technology Support Services:				
Salaries		182,739		45,340
Employee Benefits		58,466		11,569
Purchased Services		59,583		64,583
Supplies and Materials		77,772		94,869
Total Technology Support Services	510,801	378,560	132,241	216,361
Operational Support Services:				
Salaries		1,689,208		1,653,080
Employee Benefits		346,070		319,711
Purchased Services		60,914		67,909
Supplies and Materials		745,980		685,836
Other		8,063		8,055
Total Operational Support Services	2,850,312	2,850,235	77	2,734,591
Financial and Human Resource Services:				
Salaries		94,365		279,257
Employee Benefits		26,421		72,197
Total Financial and Human Resource Services	120,788	120,786	2	351,454
Accountability Services:				
Salaries		1,338		1,338
Employee Benefits		243		219
Total Accountability Services	1,585	1,581	4	1,557
Policy, Leadership and Public Relations Services:				
Salaries		424,422		489,688
Employee Benefits		90,470		100,526
Total Policy, Leadership and Public Relations Services:	515,487	514,892	595	590,214
Total System-Wide Support Services	4,552,055	4,416,645	135,410	4,533,356

	<u>Budget</u>	<u>2011 Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	\$	\$ (902)	\$	\$ (2,401)
Total Non-Programmed Charges		(902)	902	(2,401)
Total Expenditures	68,259,354	66,763,281	1,496,073	66,842,552
Excess of Revenue Over (Under) Expenditures	50,353	45,353	(5,000)	37,409
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(50,353)	(45,353)	5,000	(37,409)
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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>2011 Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
Revenues:				
State of North Carolina	\$ 2,245,296	\$ 999,921	\$ (1,245,375)	\$ 1,077,506
Caldwell County	1,030,565	1,286,812	256,247	1,923,423
Other	60,000	485,143	425,143	39,521
Total Revenues	<u>3,335,861</u>	<u>2,771,876</u>	<u>(563,985)</u>	<u>3,040,450</u>
Expenditures:				
Instructional Services Equipment	610,028	517,828	92,200	517,539
System-Wide Support Services Equipment and Vehicles	1,117,005	710,775	406,230	241,426
Capital Outlay Projects - Building and Improvements	4,266,302	2,340,597	1,925,705	2,851,048
Debt Service: Principal	<u>920,490</u>	<u>437,213</u>	<u>483,277</u>	<u>415,193</u>
Total Expenditures	<u>6,913,825</u>	<u>4,006,413</u>	<u>2,907,412</u>	<u>4,025,206</u>
Excess of Revenues Over (Under) Expenditures	(3,577,964)	(1,234,537)	2,343,427	(984,756)
Other Financing Sources (Uses):				
Operating Transfers - In		80,000	80,000	80,000
Installment purchase obligations issued	920,490	538,365	(382,125)	162,614
Fund Balance Appropriated	<u>2,657,474</u>		<u>(2,657,474)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>(616,172)</u>	<u>\$ (616,172)</u>	<u>(742,142)</u>
Fund Balance:				
Beginning of Year, July 1, 2010		<u>3,880,529</u>		<u>4,622,671</u>
End of Year, June 30, 2011		<u>\$ 3,264,357</u>		<u>\$ 3,880,529</u>

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	2011		Variance	2010
	Budget	Actual		Actual
REVENUE				
State of North Carolina:				
Public School Building Capital Fund	\$ 625,000	\$ 200,411	\$ (424,589)	\$ 373,887
Public School Building Capital Fund - Lottery	699,806	362,297	(337,509)	288,426
State Appropriations - Buses	920,490	437,213	(483,277)	415,193
Total State Revenues	<u>2,245,296</u>	<u>999,921</u>	<u>(1,245,375)</u>	<u>1,077,506</u>
Caldwell County:				
Appropriation from general revenues	38,565	180,517	141,952	610,825
Appropriation - Issued Installment Purchase - QSCB	992,000	1,106,295	114,295	1,312,598
Total	<u>1,030,565</u>	<u>1,286,812</u>	<u>256,247</u>	<u>1,923,423</u>
Other:				
Sales Tax	28,000	21,094	(6,906)	19,693
Interest Earned	20,000	4,663	(15,337)	11,972
Disposition Fixed Assets	12,000	459,386	447,386	7,856
Total	<u>60,000</u>	<u>485,143</u>	<u>425,143</u>	<u>39,521</u>
Total Revenues	<u><u>\$3,335,861</u></u>	<u><u>\$2,771,876</u></u>	<u><u>\$ (563,985)</u></u>	<u><u>\$3,040,450</u></u>

CALDWELL COUNTY BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

	Budget	2011 Actual	Variance	2010 Actual
Operating Revenues:				
Food Sales	\$ 2,449,047	\$ 2,442,563	\$ (6,484)	\$ 2,584,028
Operating Expenses:				
Business Support Services:				
Purchase of Food		2,561,058		2,556,603
Salaries and Benefits		3,460,706		3,412,262
Materials and Supplies		257,324		270,484
Repairs and Maintenance		89,720		82,036
Purchased Services		22,373		18,871
Capital Outlay		172,264		110,076
Non-Capitalized Equipment		48,535		104,731
Total Operating Expenses	6,832,330	6,611,980	220,350	6,555,063
Operating (Loss)	(4,383,283)	(4,169,417)	213,866	(3,971,035)
Nonoperating Revenue:				
Federal Reimbursements	3,905,820	3,948,997	43,177	3,780,832
Federal Commodities	454,795	454,674	(121)	450,626
Interest Earned	5,192	3,158	(2,034)	5,193
Gain (Loss) on Sale of Capital Assets	406		(406)	
State Reimbursement	17,070	13,932	(3,138)	17,071
Total Nonoperating Revenue	4,383,283	4,420,761	37,478	4,253,722
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	-	251,344	251,344	282,687
Other Financing Sources:				
Transfer From Other Funds		45,353	45,353	67,623
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ 296,697	\$ 296,697	\$ 350,310
Reconciliation of Modified Accrual to Full Accrual Basis:				
Excess of Revenues and Other Sources Over Expenditures		\$ 296,697		\$ 350,310
Reconciling Items:				
Depreciation		(148,098)		(141,292)
Equipment Purchases		172,264		110,076
Increase (Decrease) in Inventory		(6,332)		26,931
(Increase) Decrease in Accrued Vacation Pay		(10,266)		14,483
Net Income (Loss) (Full Accrual)		\$ 304,265		\$ 360,508

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, 2011
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2010)

	2011		2010
	Budget	Actual	Variance
			Actual
Operating Revenues:			
Child Care Fees	\$ 1,866,771	\$ 1,179,913	\$ (686,858)
Operating Expenses:			
Business Support Services:			
Purchase of Food		58,017	55,062
Salaries and Benefits		1,050,602	1,050,328
Materials and Supplies		20,921	21,473
Non Capitalized Equipment		4,207	802
Purchased Services		34,568	42,782
Total Operating Expenses	1,866,771	1,168,315	698,456
Operating Income	0	11,598	11,598
Nonoperating Revenue:			
Interest Earned		180	615
Total Nonoperating Revenue	0	180	180
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 11,778	\$ 11,778
Reconciliation of Modified Accrual to Full Accrual Basis:			
Excess of Revenues and Other Sources Over Expenditures		\$ 11,778	\$ 36,645
Reconciling Items:			
(Increase) Decrease in Accrued Vacation Pay		6,045	156
Net Income (Full Accrual)		\$ 17,823	\$ 36,801

Caldwell County Board of Education
Statistical Section
June 30, 2011

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 nine fiscal years. Governmental Fund revenue sources and expenditures by function are presented over a ten-year period.

Revenue and Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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FINANCIAL TRENDS

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

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities									
Invested in Capital Assets,									
Net of Related Debt	\$57,200,782	\$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	4,735,585	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	4,739,942	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	66,676,309	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	743,005	718,839	751,005	838,315	853,642	926,741	917,917	818,499	876,155
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	3,158,056	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	3,901,061	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	57,943,787	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	4,735,585	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	7,897,998	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	\$70,577,370	\$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 Nine Fiscal Years

Expenses	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fiscal Year Ended June 30.									
Governmental Activities:									
Instructional Programs	\$ 83,788,101	\$ 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	14,959,992	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	13,850	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	2,309,540	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	101,070,483	98,380,749	103,523,371	102,458,368	96,006,929	91,324,167	86,615,456	80,901,578	79,911,240
Business-Type Activities:									
School Food Service	6,978,426	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	1,162,270	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	8,140,696	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	\$ 109,211,179	\$ 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:									
Instructional Programs	713,090	750,908	782,017	738,340	766,836	770,710	811,496	935,904	790,918
Support Services	5,997	2,338	3,097	2,617	105,706	25,910	34,862	20,317	3,970
Operating Grants and Contributions	79,035,486	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	837,047	680,304	40,618	4,012	12,525	15,317	68,425	192,320	163,291
Total Governmental Activities Program Revenues	80,591,620	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	2,442,563	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	1,179,913	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	4,791,617	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	8,414,093	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 Business-Type Activities Program Revenues	89,005,713	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	\$ (20,478,863)	\$ (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	273,397	323,878	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	\$ (20,205,466)	\$ (20,531,447)	\$ (22,466,191)	\$ (21,733,420)	\$ (20,252,600)	\$ (19,664,264)	\$ (18,721,441)	\$ (15,999,979)	\$ (17,619,359)

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

Table 2
(cont'd)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fiscal Year Ended June 30.									
Net (Expense)/Revenue									
Governmental Activities:	(20,478,863)	(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:	273,397	323,878	(90,754)	(12,892)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	(20,205,466)	(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	14,446,200	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	1,286,812	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	4,925,826	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	437,213	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	29,510	46,440	96,916	266,800	294,691	261,027	117,080	30,073	61,041
Miscellaneous, Unrestricted	1,502,030	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	(45,353)	(67,623)	(36,421)	(40,067)	(38,369)	(38,071)	-	-	(3,400)
Total Governmental Activities	22,582,238	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	-	-	14,760	44,070	70,461	53,331	30,573	6,675	6,907
Investment Earnings, Unrestricted	3,338	5,808	-	-	-	-	-	-	-
Miscellaneous, Unrestricted	45,353	67,623	36,421	40,067	38,369	38,071	-	-	3,400
Transfers	48,691	73,431	51,181	84,137	108,830	91,402	30,573	6,675	10,307
Total Business-Type Activities	97,422	147,662	102,362	128,274	217,660	191,804	61,146	13,350	20,614
Total District-Wide	\$ 22,680,929	\$ 22,668,698	\$ 22,887,003	\$ 22,389,443	\$ 21,040,176	\$ 22,833,089	\$ 19,141,009	\$ 17,028,723	\$ 17,468,249
Change in Net Assets									
Governmental Activities	2,103,375	1,659,942	409,204	540,441	569,224	3,098,195	200,769	685,880	(567,061)
Business-type Activities	322,088	397,309	(39,573)	71,445	109,522	(29,872)	188,226	336,189	405,644
Total District-Wide	2,425,463	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,	2011	2010	2009	2008	2007
General Fund					
Nonspendable	\$ 764,037	\$ 688,291	\$ 597,590	\$ 547,075	\$ 553,360
Restricted	115,788	112,868	202,345	97,735	163,764
Committed	-	-	-	-	-
Assigned	1,952,800	1,752,022	2,128,709	662,688	518,662
Unassigned	6,873,012	4,266,281	2,098,465	2,274,973	1,183,358
Total General Fund	<u>\$ 9,705,637</u>	<u>\$ 6,819,462</u>	<u>\$ 5,027,109</u>	<u>\$ 3,582,471</u>	<u>\$ 2,419,144</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,271,881	1,347,362	1,273,685	1,488,649	1,741,759
Committed	-	-	-	-	-
Assigned	1,347,916	2,096,039	1,194,548	1,619,892	1,272,570
Unassigned	-	1,693,811	3,208,088	2,282,480	2,005,029
Total All Other Governmental Funds	<u>\$ 4,619,797</u>	<u>\$ 5,137,212</u>	<u>\$ 5,676,321</u>	<u>\$ 5,391,021</u>	<u>\$ 5,019,358</u>
Fiscal Year Ended June 30,					
	2006	2005	2004	2003	2002
General Fund					
Nonspendable	\$ 544,557	\$ 562,389	\$ 490,512	\$ 437,303	\$ 364,401
Restricted	139,024	107,767	130,248	222,444	204,085
Committed	-	-	-	-	-
Assigned	905,818	1,330,000	886,774	383,428	165,287
Unassigned	549,994	603,856	1,163,036	337,347	1,655,638
Total General Fund	<u>\$ 2,139,393</u>	<u>\$ 2,604,012</u>	<u>\$ 2,670,570</u>	<u>\$ 1,380,522</u>	<u>\$ 2,389,411</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,226,150	1,387,093	1,542,826	1,557,798	413,632
Committed	-	-	-	-	-
Assigned	260,000	200,000	255,735	775,146	-
Unassigned	2,400,021	615,637	668,494	145,329	707,916
Total All Other Governmental Funds	<u>\$ 3,886,171</u>	<u>\$ 2,202,730</u>	<u>\$ 2,467,055</u>	<u>\$ 2,478,273</u>	<u>\$ 1,121,548</u>

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

Table 4

Fiscal Year Ended June 30,	2011	2010	2009	2008	2007
Revenues					
State of North Carolina	\$ 68,312,439	\$ 68,473,301	\$ 74,766,647	\$ 74,643,259	\$ 69,480,490
Caldwell County	15,722,734	16,311,436	16,441,906	16,065,072	15,384,834
U.S. Government	13,836,835	10,683,964	7,558,824	7,479,826	7,185,544
Other	5,497,124	4,816,880	5,263,296	4,976,686	4,658,879
Total Revenues	<u>103,369,132</u>	<u>100,285,581</u>	<u>104,030,673</u>	<u>103,164,843</u>	<u>96,709,747</u>
Expenditures					
Instructional Programs	76,929,110	75,276,677	79,437,319	78,377,082	72,523,660
Support Services	18,939,789	18,453,793	18,278,233	18,457,236	19,495,729
Community Services	1,693,817	1,462,553	1,355,646	1,382,775	230,177
Debt Service - Principal	437,213	415,193	932,330	541,702	596,537
Debt Service - Interest	-	-	-	2,590	9,105
Capital Outlay	3,569,200	3,610,013	3,434,916	2,887,544	3,278,486
Total Expenditures	<u>101,569,129</u>	<u>99,218,229</u>	<u>103,438,444</u>	<u>101,648,929</u>	<u>96,133,694</u>
Revenues Over (Under) Expenditures	1,800,003	1,067,352	592,229	1,515,914	576,053
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	538,365	162,614	1,123,615	65,429	866,450
Transfers In (Out)	(45,353)	(67,623)	(36,421)	(40,067)	(38,369)
Net Change in Fund Balances	<u>\$ 2,293,015</u>	<u>\$ 1,162,343</u>	<u>\$ 1,679,423</u>	<u>\$ 1,541,276</u>	<u>\$ 1,404,134</u>
Debt Service as a percentage of Non-Capital Expenditures	0.45%	0.43%	0.93%	0.55%	0.65%
Fiscal Year Ended June 30,					
	2006	2005	2004	2003	2002
Revenues					
State of North Carolina	\$ 63,942,617	\$ 60,498,340	\$ 58,173,533	\$ 57,242,081	\$ 58,054,180
Caldwell County	18,756,919	15,525,428	13,554,418	13,260,142	13,764,799
U.S. Government	7,174,513	6,023,681	5,200,273	4,752,698	3,823,105
Other	4,675,481	4,809,000	4,527,639	4,042,552	5,493,631
Total Revenues	<u>94,549,530</u>	<u>86,856,449</u>	<u>81,455,863</u>	<u>79,297,473</u>	<u>81,135,715</u>
Expenditures					
Instructional Programs	68,423,257	65,180,666	60,517,435	59,317,076	55,402,661
Support Services	18,797,614	17,570,667	16,783,571	17,341,774	19,130,554
Community Services	249,950	486,867	442,688	224,040	1,549,564
Debt Service - Principal	301,490	192,280	103,411	98,094	93,050
Debt Service - Interest	15,334	21,243	26,848	32,165	37,208
Capital Outlay	5,797,065	4,057,278	2,356,289	3,312,552	3,758,518
Total Expenditures	<u>93,584,710</u>	<u>87,509,001</u>	<u>80,230,242</u>	<u>80,325,701</u>	<u>79,971,555</u>
Revenues Over (Under) Expenditures	964,820	(652,552)	1,225,621	(1,028,228)	1,164,160
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	309,905	249,792	-	-	-
Transfers In (Out)	(38,071)	-	-	(3,400)	(69,829)
Net Change in Fund Balances	<u>\$ 1,236,654</u>	<u>\$ (402,760)</u>	<u>\$ 1,225,621</u>	<u>\$ (1,031,628)</u>	<u>\$ 1,094,331</u>
Debt Service as a percentage of Non-Capital Expenditures	0.36%	0.26%	0.17%	0.17%	0.17%

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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
2011	\$68,312,439	\$15,722,734	\$ 13,836,835	\$5,497,124	\$ 103,369,132
2010	68,473,301	16,311,436	10,683,964	4,816,880	100,285,581
2009	74,766,647	16,441,906	7,558,824	5,263,296	104,030,673
2008	74,643,259	16,065,072	7,479,826	4,976,686	103,164,843
2007	69,480,490	15,384,834	7,185,544	4,658,879	96,709,747
2006	63,942,617	18,756,919	7,174,513	4,675,481	94,549,530
2005	60,498,340	15,525,428	6,023,681	4,809,000	86,856,449
2004	58,173,533	13,554,418	5,200,273	4,527,639	81,455,863
2003	57,242,081	13,260,142	4,752,698	4,042,552	79,297,473
2002	58,054,180	13,764,799	3,823,105	2,957,574	78,599,658

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	Capital Outlay	Community Services	Other	Per Pupil/ Total
		6,127	1,509	1,992	135	-	8,090
2011	12,555	\$ 76,929,110	\$18,939,789	\$ 4,006,413	\$ 1,693,817	\$ -	\$ 101,569,129
		5,938	1,456	2,003	115	-	7,826
2010	12,678	75,276,677	18,453,793	4,025,206	1,462,553	-	99,218,229
		6,158	1,417	2,174	105	-	8,019
2009	12,899	79,437,319	18,278,233	4,367,246	1,355,646	-	103,438,444
		6,041	1,423	1,655	107	8	7,836
2008	12,974	78,377,082	18,457,236	3,323,283	1,382,775	108,553	101,648,929
		5,574	1,499	1,870	18	10	7,389
2007	13,010	72,523,660	19,495,729	3,753,869	230,177	130,259	96,133,694
		5,295	1,455	2,983	19	10	7,243
2006	12,922	68,423,257	18,797,614	5,983,631	249,950	130,258	93,584,710
		5,072	1,367	2,065	38	10	6,809
2005	12,850	65,180,666	17,570,667	4,140,542	486,867	130,259	87,509,001
		4,748	1,317	1,176	35	10	6,295
2004	12,746	60,517,435	16,783,571	2,356,289	442,688	130,259	80,230,242
		4,707	1,376	1,654	18	10	6,374
2003	12,602	59,317,076	17,341,774	3,312,552	224,040	130,259	80,325,701
		4,387	1,515	1,877	123	10	6,332
2002	12,629	55,402,661	19,130,554	3,758,518	1,549,564	130,258	79,971,555

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
2011	\$ 517,828	\$ 710,775	\$ -	\$ 2,340,597	\$437,213	\$ 4,006,413
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

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
2011	\$2,112,716	\$ 454,674	\$3,470,972	\$374,014	\$257,324	\$ 308,726	\$ 6,978,426
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

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
2011	\$ 2,442,563	\$ 3,948,997	\$ 454,674	\$ 391,104	\$ 7,237,338
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

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
2011	\$ 1,044,557	\$ 58,017	\$ 59,696	\$ 1,162,270
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

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
2011	\$1,179,913	\$ -	\$ 180	\$1,180,093
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

CALDWELL COUNTY
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			
2011	\$ 3,323,782,084	\$ 1,107,927,362	\$ 151,108,254	\$ 888,755,661	\$5,471,573,361	0.6599
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

CALDWELL COUNTY
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>2011</u>	<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>
CALDWELL COUNTY										
General	0.6599	0.6599	0.6599	0.6599	0.5399	0.5399	0.5399	0.5839	0.5839	0.5561
CITY										
City of Lenoir	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5000	0.5000	0.5000	0.5000
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5500
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.1900	0.1900
TOWNS										
Hudson	0.3700	0.3700	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300	0.3500
Granite Falls	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4400	0.4400	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	0.2800	0.2950	0.2950	0.2950	0.4700
Sawmills	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000	0.1500
VILLAGES										
Cedar Rock	0.1500	0.1500	0.1500	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	0.0085	0.0071	0.0071	0.0071	0.0071
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	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	0.1300	0.1000

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

CALDWELL COUNTY
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
2011	\$ 35,009,037	\$ 33,528,749	95.77%	\$ -	\$ 33,528,749	95.77%
2010	35,997,030	33,406,179	92.80%	1,171,385	34,577,564	96.06%
2009	36,421,115	33,940,247	93.19%	1,094,436	35,034,683	96.19%
2008	34,510,433	32,289,220	93.56%	1,139,886	33,429,106	96.87%
2007	27,654,595	26,224,463	94.83%	738,960	26,963,423	97.50%
2006	27,418,976	25,997,284	94.81%	813,537	26,810,821	97.78%
2005	25,124,558	23,802,590	94.74%	898,677	24,701,267	98.32%
2004	24,985,656	23,649,465	94.65%	815,197	24,464,662	97.91%
2003	24,614,131	23,245,450	94.44%	849,854	24,095,304	97.89%
2002	22,940,807	21,916,676	95.54%	552,938	22,469,614	97.95%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

CALDWELL COUNTY
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
2011	\$ 5,485,000	n/a	0.10%	\$68.55	80,020
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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

CALDWELL COUNTY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Table 16

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct			
Caldwell County	\$5,485,000	100.00%	\$5,485,000
Underlying			
City of Lenoir	-	25.00%	0
Overlapping			
City of Hickory	160,000	1.93%	3,088
Totals	\$5,645,000		\$5,488,088

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011
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
Legal Debt Margin Information
Last Ten Fiscal Years

Table 17

Fiscal Year ended June 30,	2011	2010	2009	2008	2007
Assessed Value of Property	\$5,389,529,112	\$5,377,766,127	\$5,515,369,206	\$5,209,394,180	\$5,115,958,568
Debt Limit 8% of Assessed Value (statutory limitation)	431,162,329	430,221,290	441,229,536	416,751,534	409,276,685
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	45,689,498	52,634,496	54,763,025	56,231,823	61,317,651
Legal Debt Margin	385,472,831	377,586,794	386,466,511	360,519,711	347,959,034
Total net debt applicable to the limit as a percentage of debt limit	10.60%	12.23%	12.41%	13.49%	14.98%
Fiscal Year ended June 30,	2006	2005	2004	2003	2002
Assessed Value of Property	\$5,055,109,442	\$4,292,186,000	\$4,260,632,000	\$4,204,989,258	\$4,104,686,000
Debt Limit 8% of Assessed Value (statutory limitation)	404,408,755	343,374,880	340,850,560	336,399,141	328,374,880
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt					
Bonds and Installment Purchase Contracts	32,282,602	33,101,907	23,667,169	25,419,768	27,300,724
Legal Debt Margin	372,126,153	310,272,973	317,183,391	310,979,373	301,074,156
Total net debt applicable to the limit as a percentage of debt limit	7.98%	9.64%	6.94%	7.56%	8.31%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

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DEMOGRAPHIC AND ECONOMIC
INFORMATION

CALDWELL COUNTY
Principal Property Tax Payers
Current Year and Ten Years Prior

Table 18

Taxpayer	Fiscal Year ended June 30, 2011			Fiscal Year ended June 30, 2001		
	Assessed Value	Rank	% of	Assessed Value	Rank	% of
			Total County Assessed Value			Total County Assessed Value
MDI/Merchant Distributors Inc.	\$112,500,242	1	2.06%	\$72,627,363	2	2.06%
Tapaha Dynamics	80,938,300	2	1.48%			
Google	73,958,292	3	1.35%			
Duke Energy	53,175,038	4	0.97%	43,973,871	3	1.25%
Blue Ridge Energy	42,100,983	5	0.77%	25,592,243	8	0.73%
Wal Mart	32,771,100	6	0.60%			
Bernhardt Industires	29,281,933	7	0.54%	33,352,600	5	0.95%
Broyhill Industries	26,555,290	8	0.49%	81,427,410	1	2.32%
BellSouth	17,981,735	9	0.33%	30,167,699	6	0.86%
Neptco	17,734,123	10	0.32%	18,238,414	10	0.52%
Shuford Mills				37,265,659	4	1.06%
Kincaid Furniture				29,972,676	7	0.85%
Yale				18,704,442	9	0.53%

Note: Date from nine years prior was not available

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

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
2011	83,209	\$ 1,711,957	\$ 21,217	42.00	12,452	400	13.30%
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%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

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

Table 20

Employer	Fiscal Year ended June 30, 2011			Fiscal Year ended June 30, 2003		
	County	County	County	County	County	County
	Employees	Rank	Employment	Employees	Rank	Employment
Caldwell County Schools	1000+	1	30,999	1000+	2	40,536
Merchant Distributors Inc.	1000+	2	30,999	1000+	4	40,536
Bernhardt Furniture, Inc.	500-999	3	30,999	1000+	3	40,536
Caldwell Memorial Hospital	500-999	4	30,999	500-999	6	40,536
Caldwell Community College	500-999	5	30,999	500-999	7	40,536
Caldwell County	500-999	6	30,999	500-999	8	40,536
Wal Mart Associates, Inc.	500-999	7	30,999			
Broyhill Furniture Industries, Inc.	500-999	8	30,999	1000+	1	40,536
Universal Mental Health Services	250-499	9	30,999			
Thomasville Furniture Industries, Inc.	250-499	10	30,999	250-499	10	40,536
Kincaid Furniture Co., Inc.				500-999	5	40,536
Paxar Americas				500-999	9	40,536

* Data from nine years ago was not available

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2011

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OPERATING INFORMATION

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

Table 21

Position	Fiscal Year Ended June 30,				
	2011	2010	2009	2008	2007
Officials, Adm., Mgrs.	n/a	28	30	22	23
Principals	n/a	26	27	24	26
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	n/a	21	22	19	17
Elementary Teachers	n/a	447	483	460	456
Secondary Teachers	n/a	206	229	193	180
Other Teachers	n/a	236	251	243	257
Guidance	n/a	35	37	36	38
Psychological	n/a	3	5	4	5
Librarian, Audiovisual	n/a	20	21	22	22
Consultant, Supervisor	n/a	1	1	4	4
Other Professionals	n/a	64	63	53	56
Teacher Assistants	n/a	347	388	326	333
Technicians	n/a	8	8	10	9
Clerical, Secretarial	n/a	89	89	88	87
Service Workers	n/a	158	186	178	186
Skilled Crafts	n/a	20	18	20	20
Laborers, Unskilled	n/a	1	1	1	0
Total	n/a	1,710	1,859	1,703	1,719

Position	Fiscal Year Ended June 30,				
	2006	2005	2004	2003	2002
Officials, Adm., Mgrs.	23	25	24	25	17
Principals	24	23	25	25	25
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	17	17	17	20	20
Elementary Teachers	451	452	433	407	284
Secondary Teachers	165	165	141	158	259
Other Teachers	265	264	272	269	237
Guidance	33	32	35	39	37
Psychological	7	5	5	4	5
Librarian, Audiovisual	24	25	24	23	28
Consultant, Supervisor	3	2	2	3	5
Other Professionals	37	27	20	16	17
Teacher Assistants	328	306	296	294	267
Technicians	7	7	5	8	7
Clerical, Secretarial	88	86	84	89	89
Service Workers	184	185	216	224	230
Skilled Crafts	21	14	15	15	14
Laborers, Unskilled	0	1	1	1	1
Total	1,677	1,636	1,615	1,620	1,542

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 (excl. Capital)	Cost Per Pupil	Percentage Change	Schools	Graduating Class
2011	12,555	-0.97%	\$ 97,562,716	7,771	2.49%	26	908
2010	12,678	-1.71%	95,193,023	7,509	-3.91%	26	773
2009	12,899	-0.58%	99,071,198	7,681	0.76%	26	769
2008	12,974	-0.28%	98,325,646	7,579	6.44%	26	767
2007	13,010	0.68%	92,379,825	7,101	5.46%	26	736
2006	12,922	0.56%	87,601,079	6,779	5.08%	25	760
2005	12,850	0.82%	83,368,459	6,488	7.06%	25	680
2004	12,746	1.14%	77,873,953	6,110	1.12%	25	622
2003	12,602	-0.21%	77,013,149	6,111	1.05%	25	686
2002	12,629	0.89%	76,213,037	6,035	6.17%	25	686

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

Table 23

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2011	\$ 30,430	\$ 55,910	\$ 37,105
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

Notes: Does not include supplements, longevity or ABC bonuses.

Source: Caldwell County Schools' payroll data system

CALDWELL COUNTY BOARD OF EDUCATION
Capital Asset Information
Last Six Fiscal Years

Table 24

School Buildings	2011	2010	2009	2008	2007	2006
<u>Elementary & K8 Schools</u>						
Number	16	16	16	16	16	16
Square Feet	962,636	962,636	962,636	962,636	962,636	962,636
Acres	309	309	309	309	309	309
Portables/Mobiles	8	8	8	8	8	n/a
Enrollment	6,013	6,227	6,508	6,571	6,594	6,502
<u>Middle Schools</u>						
Number	4	4	4	4	4	4
Square Feet	358,356	358,356	358,356	358,356	358,356	358,356
Acres	145	145	145	145	145	145
Portables/Mobiles	8	8	8	8	9	n/a
Enrollment	2,637	2,612	2,553	2,562	2,573	2,647
<u>High Schools</u>						
Number	6	6	6	6	4	4
Square Feet	677,843	677,843	677,843	677,843	677,843	646,924
Acres	213	213	213	213	213	207
Portables/Mobiles	8	8	8	8	8	n/a
Enrollment	3,788	3,759	3,332	3,470	3,729	3,773
<u>Support Facilities</u>						
Number	3	3	3	3	3	3
Square Feet	63,783	63,783	63,783	63,783	60,783	60,783
Acres	n/a	n/a	n/a	n/a	n/a	n/a
Portables/Mobiles	0	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.

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Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Caldwell County Board of Education
Lenoir, North Carolina

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Caldwell County Board of Education as of and for the year ended June 30, 2011, which collectively comprises the Caldwell County Board of Education's basic financial statements, and have issued our report thereon dated September 23, 2011. 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

Management of the Caldwell County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Caldwell County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Caldwell County Board of Education
Lenoir, North Carolina

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caldwell County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 matters that we reported to management of the Caldwell County Board of Education, in a separate letter dated September 23, 2011.

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.
Certified Public Accountants

September 23, 2011
Morganton, North Carolina

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

205 East Union Street
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Morganton, NC 28680
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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 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 *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Caldwell County Board of Education's major federal programs for the year ended June 30, 2011. 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 of 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, 2011.

Internal Control Over Compliance

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

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

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



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

September 23, 2011
Morganton, North Carolina

205 East Union Street
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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**

To the Board of Education
Caldwell County Board of Education
Lenoir, North Carolina

Compliance

We have audited 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, 2011. The Caldwell County Board of Education's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the Caldwell County Board of Education's management. Our responsibility is to express an opinion on the Caldwell County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Caldwell County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Caldwell County Board of Education's compliance with those requirements.

In our opinion, the Caldwell County Board of Education complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Caldwell County Board of Education
Lenoir, North Carolina

Internal Control Over Compliance

Management of the Caldwell County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Caldwell County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program 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 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 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 for the information and use of management, others within the organization, members of the Board of Education and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

September 23, 2011
Morganton, North Carolina

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

- * Material weakness(es) identified? ___ yes X no
- * Significant deficiency(s) identified
that are not considered to be
material weaknesses ___ yes X none reported
- 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 ___ yes X 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
84.027A	IDEA: Special Needs Targeted Assistance
84.173	IDEA: Handicapped Preschool and Schools Program
84.173A	IDEA: Preschool Targeted Assistance
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)

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I. Summary of Auditor's Results

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Title I Part A Cluster:
84.010-1	Title I - Educationally Deprived
84.389	Title I - Educationally Deprived - ARRA
	School Improvement Grants Cluster:
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 \$547,215

Auditee qualified as low-risk auditee? ___ yes X no

State Awards

Internal control over major State programs:

* Material weakness(es) identified? ___ yes X no

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

Noncompliance material to State awards ___ yes X no

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

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

Identification of major State programs:

Program Name

State Public School Fund
Vocational Education - Months of Employment

Section II. Financial Statement Findings:

None

Section III. Federal Awards Findings and Questioned Costs:

None

Section IV. State Awards Findings and Questioned Costs:

None

**CALDWELL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

None Required

**CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding: 10-01 - "Accounts Receivable - USDA" was not reconciled to detail records on a monthly basis

Status: Corrected

Finding: 10-02 - Same as 2010-01

Status: Corrected

Finding: 10-03 - Child Nutrition program acquired equipment with ARRA funds which were bid in compliance with state law but not placed on IPS which was not in compliance with ARRA directive #3 requirement as to utilizing the state wide Interactive Purchasing System (IPS).

Status: Corrected

Finding: 10-04 - One teaching position was filled and paid with IDEA VI B - ARRA funds but not posted with the local employment security commission office which was a requirement of ARRA directive #3.

Status: Corrected

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<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	\$ 131,634	\$
Total U.S. Department of Defense		<u>131,634</u>	
<u>U.S. Department of Education</u>			
<u>Passed thru N.C. Department of Public Instruction:</u>			
Even Start	84.213	195,096	
Title I Part A Cluster:			
Title I - Educationally Deprived	84.010-1	2,692,242	
Title I - Educationally Deprived - ARRA	84.389	780,595	
School Improvement Grants Cluster:			
Title I - School Improvement	84.010-2	174,433	
Title I - School Improvement - ARRA	84.388	54,923	
Education of the Handicapped Act:			
IDEA - Handicapped (Cluster)	84.027	2,601,327	
IDEA - Pre-School Grant (Cluster)	84.173	113,914	
IDEA - Capacity and Improvement (Cluster)	84.027	41,085	
IDEA - Special Needs Targeted Assistance	84.027A	3,505	
IDEA - Preschool Targeted Assistance	84.173A	9,846	
IDEA - Handicapped - ARRA	84.391	1,396,763	
IDEA - Pre-School - ARRA	84.392	50,129	
Title IV Part A - Safe and Drug Free Schools and Community Act	84.186	30,551	
Carl D. Perkins Vocational Education Act - Basic Grants to States:			
Vocational Education - Basic	84.048	162,938	
Innovative Education	84.298		
Tech Prep Education Grant	84.243	52,000	
Improving Teacher Quality (Cluster)	84.367	592,836	
Language Acquisition	84.229	53,888	
ARRA - Education Technology	84.386	20,063	
Special Education State Improvement	84.323A	4,259	
ARRA - Education Stabilization	84.394	4,484,352	
Homeless Youth	84.196A	1,972	
ARRA - Homeless Youth	84.387	285	
Education Jobs Fund	84.41	294	
<u>Direct Programs:</u>			
Elementary & Secondary School Counseling	84.215E	91,241	
Tech Prep Demonstration Program	84.353	96,664	
Total U.S. Department of Education		<u>13,705,201</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	2,971,269	
National School Lunch Program - Non-Cash Assistance (Commodities) - (Cluster)	10.555	454,843	
School Breakfast Program-Cash Assistance (Cluster)	10.553	924,249	
Summer National School Lunch-Cash Assistance (Cluster)	10.555	53,310	
Total U.S. Department of Agriculture (Cluster)		<u>4,403,671</u>	
Total Federal Assistance Programs		<u>\$ 18,240,506</u>	

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Federal CFDA Number	Federal Expenditures	State Expenditures
<u>Federal - State Grantor/Program Title</u>			
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 62,913,937
Vocational Education - Months of Employment			3,403,208
Driver Training			259,828
State Technology Fund			184,673
Breakfast Program for Kindergarten			13,932
Dropout Prevention			161,534
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development:			
More at Four			298,080
Smart Start - Even Start Match			44,270
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund			562,708
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation			437,213
Textbooks			46,988
			68,326,371
Total State Assistance Programs			\$ 68,326,371

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, 2011

<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>Rule</u>	<u>5%</u> <u>Rule</u>		<u>10%</u> <u>Rule</u>	<u>5%</u> <u>Rule</u>
General Fund	\$ 10,778,700	x	x	\$ 1,073,063	x	x
Special Revenue Funds:						
State Public School Fund	2,944,934	x	x	2,944,934	x	x
Federal Grants Fund	438,166			438,166		x
Individual Schools	1,355,440		x	0		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,430,731</u>	x	x	<u>166,374</u>		
Total Government Funds	<u>\$ 18,947,971</u>			<u>\$ 4,622,537</u>		
10% of Total Governmental Funds	<u>\$ 1,894,797</u>			<u>\$ 462,254</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 3,911,452	x	x	\$ 324,528	x	x
Child Care	<u>423,383</u>			<u>109,246</u>	x	
Total Enterprise Funds	<u>\$ 4,334,835</u>			<u>\$ 433,774</u>		
10% of Total Enterprise Funds	<u>\$ 433,484</u>			<u>\$ 43,377</u>		
Total Governmental and Enterprise Funds	<u>\$ 23,282,806</u>			<u>\$ 5,056,311</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,164,140</u>			<u>\$ 252,816</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	
\$17,202,616	x	x	\$ 14,312,186	x	x	Always major
66,808,634	x	x	66,763,281	x	x	Major
13,517,296	x	x	13,517,296	x	x	Major
3,068,710			2,969,953			Major
<u>2,771,876</u>		x	<u>4,006,413</u>		x	Major
<u>\$103,369,132</u>			<u>\$101,569,129</u>			
<u>\$10,336,913</u>			<u>\$ 10,156,913</u>			
\$ 7,237,338	x	x	\$6,978,426	x	x	Major
1,180,093	x		1,162,270	x		Major - Discretion of Auditee
<u>\$ 8,417,431</u>			<u>\$ 8,140,696</u>			
<u>\$ 841,743</u>			<u>\$ 814,070</u>			
<u>\$111,786,563</u>			<u>\$109,709,825</u>			
<u>\$ 5,589,328</u>			<u>\$ 5,485,491</u>			

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