

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
For the fiscal year ended June 30, 2012



CALDWELL COUNTY SCHOOLS

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

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For the fiscal year ended June 30, 2012**

**Prepared By:
CALDWELL COUNTY SCHOOLS
Financial Services Department**

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Introductory Section



Caldwell County Schools

1914 Hickory Blvd., SW
Lenoir, NC 28645
Telephone 828-728-8407
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Dr. Steve Stone, Superintendent

LETTER OF TRANSMITTAL

December 1, 2012

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, 2012, 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 Financial Services 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 Management's 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 thirty-first 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, an early college high school and a middle college, both of which are located on the campus of the community college. The system employs over one thousand five hundred full-time employees and has a student population of twelve thousand three hundred sixty-nine. There are eight hundred twenty-five certified teachers, of which one hundred and ninety-six 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

For one hundred years, the primary employers in Caldwell County were furniture and textile manufacturers. Since December 2007, when the national recession was recognized, North Carolina has lost more than 240,000 jobs, with the majority being from the manufacturing industry.

Our four-county region, known as the Greater Hickory Metro Region or the Unifour, has experienced a depressed economy for the past ten years. Caldwell County has suffered the most of the four counties with unemployment being above 5% since May 2001. Our county's unemployment rate has been in the double digits since November 2008. At 11.6%, our county's rate is higher than the state average of 9.4%. Caldwell County has consistently remained in the state's ten counties with the highest unemployment rates.

Caldwell County's Economic Development Commission continues to aggressively recruit industry to Caldwell County. According to Boyd Group Site Consultants, an independent national site selection consultant, "Lenoir has been selected as one of the top small market cities in the country for high-technology manufacturing. Lenoir had the lowest projected annual operating costs when compared to 44 other cities across the country. Lenoir is one of the top-three markets for high-tech manufacturing." Caldwell County is proud of the fact that Google located a data center here.

Major Initiatives and Accomplishments

Caldwell County Schools receives support from a school-business partnership program, as well as a strong volunteer program. In 2011-12, Caldwell County Schools had 71 school/business partnerships which enhance the opportunity for schools and businesses to work together. Volunteers logged a phenomenal 68,000 volunteer hours during the 2011-12 school year, which offered invaluable support to our students and staff.

Through a private grant, Caldwell County Schools offers a free pre-kindergarten summer program called Rising Stars which provides assistance for students entering kindergarten. Children at fifteen elementary school sites enjoy experiences in writing, counting, numbers, math and problem solving in preparation for starting kindergarten in the fall.

The WrapAround program is a before and after school child care program for elementary school students which provides childcare from 6:00 in the morning until the school day starts and again in the afternoons until 6:00 pm. The program is also open full days during the year when school is not in session and during the summer. WrapAround is fully licensed by the North Carolina Division of Child Development.

In the spring of 2012, Caldwell County Board of Education unveiled a plan for a unique partnership that will allow students to develop skills and interest in the fields of Science, Technology, Engineering, Arts and Math (STEAM) with the establishment of the Paterson Science Center, a stand-alone Science Center operated by Caldwell County Schools on the campus of Patterson School. Patterson School was once a private coed boarding school which was founded in 1909 and closed in 2009. Patterson Science Center will open its' doors to students in the fall of 2012.

All middle and K-8 schools have received Project Lead the Way Gateway to Technology School of Excellence recognition for successful implementation of Gateway to Technology, a pre-engineering curriculum that gives students rigorous, reality-based knowledge to become better prepared for college and high-technology fields. Project Lead the Way offers students a hands-on, project driven experience in Science, Technology, Engineering and Math (STEM).

Caldwell County Schools is proud of two innovative high schools that are located on the campus of Caldwell Community College. Caldwell Early College High School offers students the opportunity to complete a five year program and exit with both a high school diploma and an Associate's degree. The vision of CECHS is to graduate students ready for college, ready for a career and ready for life. Caldwell Career Center Middle College offers a strong academic foundation with emphasis on advanced college and technical coursework. The vision of CCCMC is to become a national model for blended technical and academic education.

The Education Foundation of Caldwell County is a non-profit organization established to support high academic achievement and innovation in our school system. The foundation promotes cooperation between the schools and the private sector and encourages creativity and excellence in teaching by securing resources to enhance education. Each spring, the Education Foundation sponsors a huge arts "festival" called Kaleidoscope, which showcases our students' talents. The Education Foundation is the only nonprofit organization in Caldwell County which exclusively supports public education.

The Caldwell County School System continues to show academic achievement as reported in the North Carolina ABCs of Public Education 2011-12 Growth and Performance Analysis. 25 of 26 schools earned the statewide distinction of highest academic growth or expected academic growth schools.

The number of National Board certified teachers reached 254 in 2011-12. This means that 29 percent of our teaching staff has obtained Nation Board certification. This figure ranks Caldwell County Schools in the top 50 school districts in the nation for National Board certification.

Long Term Financial Planning

Caldwell County Schools Board of Education has two committees which guide our school system in long range financial planning. The Board Finance Committee is comprised of three board of education members, the superintendent and the finance director. This committee meets monthly (more often during budget preparation). Financial planning and direction is given to the superintendent and finance director in these meetings. Planning to meet long term goals is a topic at each meeting; as well as, current financial status updates and reviews.

The second committee is the Facilities Committee and is comprised of three board of education members, the superintendent and the associate superintendent in charge of auxiliary services. The committee meets bi-monthly. Long range plans for maintenance of buildings and grounds, critical needs, expansion projects, and future building projects are prepared by the facilities committee. Status reports for all construction projects are given at the meetings.

The Board of Education also collaborates with officials from our County's management team. The Liaison Committee meets bi-monthly and is comprised of three board of education members, three county commissioners, county manager, county finance officer, superintendent and school finance director. Long range planning for our school system is the topic for each of these meetings. Because our school system is dependent upon our county for our current expense and capital outlay funding, we must work collaboratively to ensure that the citizens of Caldwell County support our education efforts and future needs.

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 American Recovery and Reinvestment Act funding, allowed Caldwell County Schools to avoid lay-offs which would further impact the local economy.

Independent Audit

The North Carolina State Statutes require an annual audit by independent certified public accountants. The financial statements were audited by the accounting firm of Boggs, Crump and Brown, PA, whose opinion is expressed in the Financial Section. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit also met the guidelines of the federal Single Audit Act Amendments of 1996, as required by the U.S. Office of Management and Budget's Circular A-133 and the North Carolina Single Audit Implementation Act.

Awards

The Association of School Business Officials (ASBO) has awarded the Certificate of Excellence in Financial Reporting and the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Caldwell County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the ninth 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.

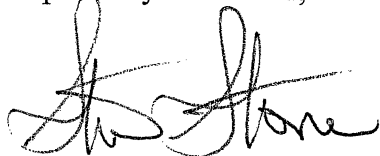
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet both certificate programs requirements and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate from both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

Acknowledgements

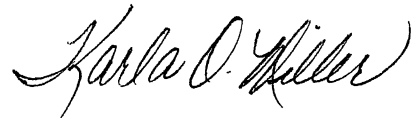
The preparation of this report would not have been possible without the dedication and support of the entire staff of the Finance Department. We would like to thank all members of the department for their assistance in the preparation of this report, and to the Board's independent accounting firm, Boggs,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

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

Respectfully Submitted,



Dr. Steve Stone
Superintendent



Karla O. Miller
Finance Officer

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Caldwell County Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
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, 2011

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.



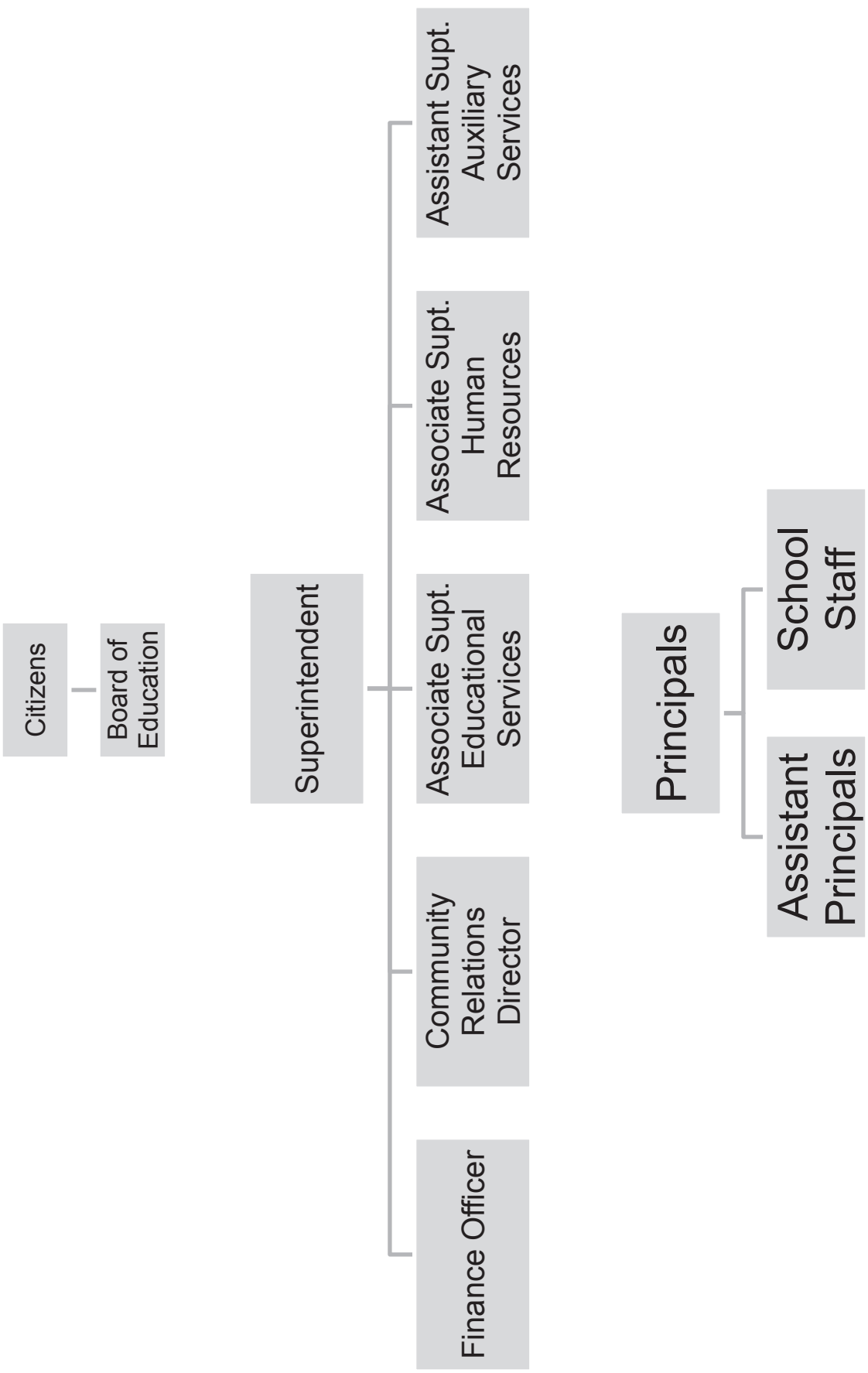
Linda C. Danison

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

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, 2012, 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 opinions 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 opinions.

In our opinion, the financial statements referred to 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons 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 21, 2012, 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 grant agreements 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages three through ten be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caldwell County Board of Education's basic financial statements. The individual fund budgetary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The individual fund budgetary schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary schedules and the accompanying schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the 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 21, 2012
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, 2012. 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 213 students (slightly less than 2%) from the previous year.
- Unassigned General Fund balance totaled \$8,379,818 at June 30, 2012. Total General Fund balance increased by \$2,957,201 during fiscal year 2012. The increase in General Fund was due to \$3 million of federal education stabilization funds received through the American Recovery and Reinvestment Act, which were fully utilized during 2011-2012. \$2.6 million of the ARRA funding in 2011-2012 was from the Education Jobs Fund and was utilized for school based employees.
- The 2011-2012 year continued to be very challenging as the result of state economic conditions including a discretionary reversion of \$3,681,358 in 2011-2012.
- 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.
- Caldwell County Schools is excited to announce the news that through grant funding and a partnership with the Patterson School, the Patterson Science Center will open in 2012-2013. This will begin as a "hands on" science experience for Caldwell County Schools students with plans to expand the curriculum in the future.

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 \$74,008,161 as of June 30, 2012. The largest component of net assets is invested in capital assets, net of related debt, of \$58,365,793. It comprises 79% 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, 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current assets	\$21,063,412	\$18,947,971	\$3,800,882	\$ 3,591,830	\$24,864,294	\$22,539,801
Capital assets	57,712,693	57,551,272	828,345	743,005	58,541,038	58,294,277
Total assets	78,776,105	76,499,243	4,629,227	4,334,835	83,405,332	80,834,078
Current liabilities	4,172,199	5,183,003	513,885	273,896	4,686,084	5,456,899
Long-term liabilities	4,547,787	4,639,931	163,300	159,878	4,711,087	4,799,809
Total liabilities	8,719,986	9,822,934	677,185	433,774	9,397,171	10,256,708
Invested in capital assets, net of related debt	57,537,448	57,200,782	828,345	743,005	58,365,793	57,943,787
Restricted:						
Individual schools	1,427,055	1,355,440			1,427,055	1,355,440
Stabilization by State Statute	103,065	115,788			103,065	115,788
School Capital Outlay	3,382,490	3,264,357			3,382,490	3,264,357
Unrestricted net assets	7,606,061	4,739,942	3,123,697	3,158,056	10,729,758	7,897,998
Total net assets	<u>\$70,056,119</u>	<u>\$66,676,309</u>	<u>\$3,952,042</u>	<u>\$ 3,901,061</u>	<u>\$74,008,161</u>	<u>\$70,577,370</u>

Note that net assets increased during the year, indicating an improvement in the financial condition of the unit. The increase in net assets (4.8%) 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 net assets of the Child Care Fund. Also note that the Board carries capital assets for which Caldwell County carries the offsetting debt.

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

Table 2
Condensed Statement of Activities
as of June 30, 2012

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 778,379	\$ 719,087	\$3,558,209	\$ 3,622,476	\$ 4,336,588	\$ 4,341,563
Operating grants and contributions	77,055,973	79,035,486	4,829,402	4,791,617	81,885,375	83,827,103
Capital grants and contributions	198,439	837,047			198,439	837,047
General revenue:						
Other revenues	25,454,949	22,627,591	1,082	3,338	25,456,031	22,630,929
Total revenues	<u>103,487,740</u>	<u>103,219,211</u>	<u>8,388,693</u>	<u>8,417,431</u>	<u>111,876,433</u>	<u>111,636,642</u>
Expenses:						
Governmental activities:						
Instructional services	82,391,721	83,788,101			82,391,721	83,788,101
System-wide support services	15,069,091	14,790,985			15,069,091	14,790,985
Ancillary services	9,317	13,850			9,317	13,850
Non-programmed charges	144,884	168,007			144,884	168,007
Unallocated depreciation expense	2,446,437	2,309,540			2,446,437	2,309,540
Business-type activities:						
Food service			7,200,620	6,978,426	7,200,620	6,978,426
Child care			1,183,572	1,162,270	1,183,572	1,162,270
Total expenses	<u>100,061,450</u>	<u>101,070,483</u>	<u>8,384,192</u>	<u>8,140,696</u>	<u>108,445,642</u>	<u>109,211,179</u>
Increase (decrease) in net assets before transfers	3,426,290	2,148,728	4,501	276,735	3,430,791	2,425,463
Transfers in (out)	(46,480)	(45,353)	46,480	45,353		
Increase (decrease) in net assets	3,379,810	2,103,375	50,981	322,088	3,430,791	2,425,463
Beginning net assets	66,676,309	64,572,934	3,901,061	3,578,973	70,577,370	68,151,907
Ending net assets	<u>\$70,056,119</u>	<u>\$66,676,309</u>	<u>\$3,952,042</u>	<u>\$ 3,901,061</u>	<u>\$74,008,161</u>	<u>\$70,577,370</u>

Total governmental activities generated revenues of \$103,487,740 while expenses in this category totaled \$100,061,450 for the year ended June 30, 2012. Comparatively, revenues were \$103,219,211 and expenses totaled \$101,070,483 for the year ended June 30, 2011. The increase in net assets stands at \$3,379,810 at June 30, 2012 compared to an increase in net assets of \$2,103,375 for fiscal year end June 30, 2011. Instructional services expenses comprised 82.3% of total governmental-type expenses while system-wide support services made up 15.1% of those expenses for fiscal year ending June 30, 2012. 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 year June 30, 2011. County funding comprised 17.3% of total government revenue for fiscal year end

June 30, 2012 as compared to 15.2% in fiscal year end June 30, 2011 while unrestricted state funding comprised 5.5% and 5.2% for fiscal years ending June 30, 2012 and June 30, 2011 respectively. Much of the remaining 77.2% of total governmental revenue consists mainly of restricted State and Federal money. This revenue represented 79.6% of total revenue in 2011. Business-type activities generated revenue of \$8,388,693 and had expenses of \$8,384,192 as compared to revenues of \$8,417,431 and expenses of \$8,140,696 for the period ending June 30, 2011. Net assets increased in the business-type activities by \$50,981 as compared to an increase of \$322,088 for the period ending June 30, 2011.

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 \$3,146,949 for a total combined fund balance of \$17,472,383. Fund balance of governmental funds increased by \$2,368,760 during fiscal 2011. The General Fund reported an increase in fund balance of \$2,957,201 while the Capital Outlay Fund reported an increase in fund balance of \$118,133. The Individual School Fund reported an increase in fund balance of \$71,615. Total governmental activity expenditures decreased by \$1,221,540. General Fund expenditures remained consistent with the previous year (down approximately 2%) because of utilizing federal Education Jobs funding.

The Board's business-type funds reported a combined increase in net assets of \$50,981 as compared to an increase of \$322,088 for the period ended June 30, 2011. The School Food Service Fund reported a decrease in net assets of (\$19,079) while the Child Care Fund reported an increase in net assets of \$70,060 as compared to an increase of net assets of \$304,265 and an increase of \$17,823 respectively for fiscal year ended June 30, 2011. The decrease in performance in the School Food Service Fund was due to food sales being down by 5.6% and overall expenses being up 3.2%. Federal reimbursements were up \$167,806 or 4.2%. The increase in Child Care Funds performance was mainly due to fees being up \$73,719 or 6.2.

When analyzing the school district's 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 \$1,088,688. The Board was also able to remain under budget when comparing the budget to actual expenditures. Actual expenditures were \$4,708,928 under budget. This was due in large part to regular instructional services and school leadership services expenditures being under budget by \$1,594,682 and \$1,468,662 respectively.

Capital Assets

Capital assets increased by \$246,761 (or .4%) from the previous year. Depreciation for the total primary government totaled \$3,123,657 while additions from capital expenditures totaled \$3,370,418. 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, 2012

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 2,818,176	\$ 2,716,383	\$	\$	\$ 2,818,176	\$ 2,716,383
Construction in progress	1,157,372	917,447			1,157,372	917,447
Buildings	51,488,644	51,163,118			51,488,644	51,163,118
Equipment and furniture	613,218	652,257	828,345	743,005	1,441,563	1,395,262
Vehicles	1,635,283	2,102,067			1,635,283	2,102,067
Total	<u>\$57,712,693</u>	<u>\$57,551,272</u>	<u>\$828,345</u>	<u>\$743,005</u>	<u>\$58,541,038</u>	<u>\$58,294,277</u>

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

Debt Outstanding

During the year the Board's outstanding debt decreased by \$175,245 due to payments made on 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 effect on the economic outlook of Caldwell County.

Caldwell County's economy has historically been based on the furniture industry, which has seen massive layoffs in recent years due to international competition.

The County's unemployment rate of 11.6% is higher than the state average of 9.4%.

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

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CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$17,167,035	\$3,234,262	\$20,401,297
Due from other governments	3,107,569	161,147	3,268,716
Receivables (net)	55,659	15,373	71,032
Inventories	733,149	390,100	1,123,249
	<u>21,063,412</u>	<u>3,800,882</u>	<u>24,864,294</u>
Total current assets			
Capital assets (Note 1):			
Land and			
construction in progress	3,975,548		3,975,548
Other capital assets, net of			
depreciation	53,737,145	828,345	54,565,490
	<u>57,712,693</u>	<u>828,345</u>	<u>58,541,038</u>
Total capital assets			
	<u>78,776,105</u>	<u>4,629,227</u>	<u>83,405,332</u>
Total assets			
LIABILITIES			
Accounts payable and accrued expenses	434,027	375,911	809,938
Accrued salaries and wages payable	3,157,002	74,787	3,231,789
Unearned revenue		46,852	46,852
Liabilities due within one year	581,170	16,335	597,505
	<u>4,172,199</u>	<u>513,885</u>	<u>4,686,084</u>
Total current liabilities			
Long-term liabilities:			
Due in more than one year	4,547,787	163,300	4,711,087
	<u>8,719,986</u>	<u>677,185</u>	<u>9,397,171</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of			
related debt	57,537,448	828,345	58,365,793
Restricted for:			
Individual schools	1,427,055		1,427,055
Stabilization by State Statute	103,065		103,065
School Capital Outlay	3,382,490		3,382,490
Unrestricted	7,606,061	3,123,697	10,729,758
	<u>\$70,056,119</u>	<u>\$3,952,042</u>	<u>\$74,008,161</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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional programs:				
Regular Instructional	\$50,106,246	\$ 47,026	\$ 42,285,097	\$ -
Special Populations	10,131,180		10,071,811	
Alternative Programs	6,132,882		5,824,888	
School Leadership	6,063,023		4,475,774	
Co-Curricular	3,664,437	728,239	2,546,097	
School-Based Support	6,293,953		5,697,777	
System-wide Support services:				
Support and Development	694,622		380,976	
Special Population Support and Development	385,658		215,804	
Alternative Programs and Services Support and Development	134,828		117,718	
Technology Support	859,811		176,284	
Operational Support	10,110,846	3,114	4,518,208	198,439
Financial and Human Resource	1,183,821		104,389	
Accountability	229,156		3,051	
System-wide Pupil Support	86,852			
Policy, Leadership, and Public Relations	1,383,497		564,463	
Ancillary Services	9,317			
Non-programmed charges	144,884		73,636	
Unallocated depreciation expense**	2,446,437			
Total governmental activities	100,061,450	778,379	77,055,973	198,439
Business-type activities:				
School food service	7,200,620	2,304,577	4,829,402	
Child care	1,183,572	1,253,632		
Total business-type activities	8,384,192	3,558,209	4,829,402	0
Total primary government	\$108,445,642	\$4,336,588	\$ 81,885,375	\$ 198,439

General revenues:

Unrestricted county appropriations - operating
 Unrestricted county appropriations - capital
 Unrestricted state appropriations - operating
 Unrestricted state appropriations - capital
 Unrestricted federal appropriations
 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.

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (7,774,123)	\$ -	\$ (7,774,123)
(59,369)		(59,369)
(307,994)		(307,994)
(1,587,249)		(1,587,249)
(390,101)		(390,101)
(596,176)		(596,176)
(313,646)		(313,646)
(169,854)		(169,854)
(17,110)		(17,110)
(683,527)		(683,527)
(5,391,085)		(5,391,085)
(1,079,432)		(1,079,432)
(226,105)		(226,105)
(86,852)		(86,852)
(819,034)		(819,034)
(9,317)		(9,317)
(71,248)		(71,248)
(2,446,437)		(2,446,437)
<u>(22,028,659)</u>		<u>(22,028,659)</u>
	(66,641)	(66,641)
	70,060	70,060
	<u>3,419</u>	<u>3,419</u>
<u>(22,028,659)</u>	<u>3,419</u>	<u>(22,025,240)</u>
14,400,000		14,400,000
3,516,055		3,516,055
5,418,666		5,418,666
277,227		277,227
292,559		292,559
19,969	899	20,868
1,530,473	183	1,530,656
(46,480)	46,480	0
<u>25,408,469</u>	<u>47,562</u>	<u>25,456,031</u>
3,379,810	50,981	3,430,791
<u>66,676,309</u>	<u>3,901,061</u>	<u>70,577,370</u>
<u>\$ 70,056,119</u>	<u>\$ 3,952,042</u>	<u>\$ 74,008,161</u>

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**CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
ASSETS						
Cash and cash equivalents	\$ 12,256,368	\$ -	\$ 1,427,055	\$ 3,483,612	\$ -	\$17,167,035
Due from other governments	52,317	2,732,241		53,288	269,723	3,107,569
Receivables (Net)	50,748			4,911		55,659
Inventories	733,149					733,149
Total assets	\$13,092,582	\$2,732,241	\$1,427,055	\$3,541,811	\$269,723	\$21,063,412
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 274,706	\$ -	\$ -	\$ 159,321	\$ -	\$ 434,027
Accrued salaries and benefits payable	155,038	2,732,241			269,723	3,157,002
Total liabilities	429,744	2,732,241	0	159,321	269,723	3,591,029
Fund balances:						
Nonspendable:						
Inventories	733,149					733,149
Restricted:						
Stabilization by State Statute	103,065					103,065
School Capital Outlay Individual Schools			1,427,055	2,052,156		2,052,156
Assigned:						
Subsequent years expenditure	3,446,806			1,330,334		4,777,140
Unassigned	8,379,818					8,379,818
Total fund balances	12,662,838	0	1,427,055	3,382,490	0	17,472,383
Total liabilities and fund balances	\$13,092,582	\$2,732,241	\$1,427,055	\$3,541,811	\$269,723	

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. 57,712,693

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). (5,128,957)

Net assets of government activities \$70,056,119

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, 2012

	MAJOR FUNDS					Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
REVENUES						
State of North Carolina	\$ 294,528	\$ 68,810,324	\$ -	\$ 431,233	\$ -	\$ 69,536,085
Caldwell County	14,479,863			3,516,055		17,995,918
U.S. Government	343,712				10,426,635	10,770,347
Contributions and donations	253,629		2,546,097			2,799,726
Other	1,699,482		744,425	25,923		2,469,830
Total revenues	17,071,214	68,810,324	3,290,522	3,973,211	10,426,635	103,571,906
EXPENDITURES						
Current:						
Instructional services:						
Regular Instructional	3,816,232	44,011,258			1,985,093	49,812,583
Special Populations	54,812	7,145,159			2,922,652	10,122,623
Alternative Programs	567,104	2,680,206			2,913,596	6,160,906
School Leadership	1,340,940	3,635,414			968,899	5,945,253
Co-Curricular	445,530	0	3,218,907		0	3,664,437
School-Based Support	508,038	4,934,979			880,897	6,323,914
System-wide support services:						
Support and Development	276,257	340,341			76,431	693,029
Special Population Support and Development	148,618	135,633			101,350	385,601
Alternative Programs and Services Support and Development	17,286	30,098			87,620	135,004
Technology Support	260,257	550,905			54,071	865,233
Operational Support	4,853,575	4,282,171			123,194	9,258,940
Financial and Human Resource	640,016	444,031			97,328	1,181,375
Accountability	139,288	65,859			22,037	227,184
System-wide Pupil Support	40,497					40,497
Policy, Leadership, and Public Relations	757,631	509,237			119,834	1,386,702
Ancillary services	9,317					9,317
Non-programmed charges	156,864	(1,447)			73,633	229,050
Debt service:						
Principal				175,246		175,246
Capital outlay:						
Real property and buildings				3,249,841		3,249,841
System-wide support services				190,891		190,891
Instructional services				289,963		289,963
Total expenditures	14,032,262	68,763,844	3,218,907	3,905,941	10,426,635	100,347,589
Excess (deficiency) of revenues over expenditures	3,038,952	46,480	71,615	67,270	0	3,224,317
OTHER FINANCING SOURCES (USES)						
Transfers (to) from other funds	(50,863)	(46,480)		50,863		(46,480)
Installment purchase obligations issued						0
Total other financing sources (uses)	(50,863)	(46,480)		50,863	0	(46,480)
Net change in fund balances	2,988,089	0	71,615	118,133		3,177,837
Fund balances- beginning	9,705,637		1,355,440	3,264,357		14,325,434
Decrease in reserve for inventories	(30,888)					(30,888)
Fund balances - ending	\$12,662,838	\$ -	\$1,427,055	\$3,382,490	\$ -	\$ 17,472,383

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, 2012

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

Net changes in fund balances - total governmental funds	\$ 3,177,837
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	161,421
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Adjustment for change in inventory methods	(30,888)
--	----------

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.	175,245
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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. Loss on disposal of assets Compensated absences liability change	<u>(103,805)</u>
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Total changes in net assets of governmental activities	<u><u>\$ 3,379,810</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ 343,810	\$ 294,528	\$ (49,282)
Caldwell County	14,400,000	14,479,000	14,479,863	863
U.S. Government	115,000	528,278	343,712	(184,566)
Contributions and donations	116,176	251,776	253,629	1,853
Other	1,133,526	1,250,526	1,699,482	448,956
Total Revenues	15,764,702	16,853,390	17,071,214	217,824
Expenditures:				
Current:				
Instructional services:				
Regular Instructional	6,135,896	5,410,914	3,816,232	1,594,682
Special Populations	24,240	84,915	54,812	30,103
Alternative Programs	147,709	680,719	567,104	113,615
School Leadership	2,497,245	2,809,602	1,340,940	1,468,662
Co-Curricular	484,653	486,653	445,530	41,123
School-Based Support	536,146	972,674	508,038	464,636
System-wide Support services:				
Support and Development	537,340	313,717	276,257	37,460
Special Population Support and Development	60,000	148,672	148,618	54
Alternative Programs and Services Support and Development	9,900	18,061	17,286	775
Technology Support	437,302	521,302	260,257	261,045
Operational Support	5,393,280	5,416,280	4,853,575	562,705
Financial and Human Resource Accountability	590,200	641,800	640,016	1,784
	71,319	174,319	139,288	35,031
System-wide Pupil Support Policy, Leadership, and Public Relations	553,483	846,773	757,631	89,142
Ancillary Services				
Nutrition Services	12,500	12,500	9,317	3,183
Non-programmed charges	146,289	161,289	156,864	4,425
Total expenditures	17,637,502	18,741,190	14,032,262	4,708,928
Revenues over (under) expenditures	(1,872,800)	(1,887,800)	3,038,952	4,926,752
Other financing sources (uses):				
Transfer to other funds	(80,000)	(65,000)	(50,863)	14,137
Total other financing sources (uses)	(80,000)	(65,000)	(50,863)	14,137
Revenues and other sources and other uses	(1,952,800)	(1,952,800)	2,988,089	4,940,889
Fund balances, beginning of year	(1,952,800)	1,952,800	9,705,637	7,752,837
Increase in reserve for inventories			(30,888)	(30,888)
Fund balances, end of year	\$ -	\$ -	\$ 12,662,838	\$ 12,662,838

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

State Public School Fund				Federal Grant Fund			
Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance With Final Budget - Positive (Negative)
\$68,603,436	\$70,448,441	\$68,810,324	(\$1,638,117)	\$ -	\$ -	\$ -	\$ -
				9,882,537	11,349,401	\$10,426,635	(922,766)
<u>68,603,436</u>	<u>70,448,441</u>	<u>68,810,324</u>	<u>(1,638,117)</u>	<u>9,882,537</u>	<u>11,349,401</u>	<u>10,426,635</u>	<u>(922,766)</u>
47,379,809	44,355,912	44,011,258	344,654	701,642	2,060,944	1,985,093	75,851
6,251,639	7,277,554	7,145,159	132,395	3,191,203	3,232,418	2,922,652	309,766
2,760,889	3,317,702	2,680,206	637,496	3,171,148	3,304,260	2,913,596	390,664
3,171,225	3,915,340	3,635,414	279,926	762,650	968,899	968,899	0
			0				
3,889,989	5,007,679	4,934,979	72,700	518,864	920,346	880,897	39,449
449,916	380,964	340,341	40,623	96,639	96,639	76,431	20,208
81,848	135,712	135,633	79	93,891	102,373	101,350	1,023
0	33,954	30,098	3,856	87,998	90,092	87,620	2,472
3,500	655,756	550,905	104,851	79,921	81,782	54,071	27,711
4,065,089	4,295,896	4,282,171	13,725	814,320	123,195	123,194	1
88,748	444,742	444,031	711	119,247	115,564	97,328	18,236
3,150	65,959	65,859	100	21,266	22,037	22,037	0
405,958	509,728	509,237	491	125,321	134,650	119,834	14,816
0	0	(1,447)	1,447	98,427	96,202	73,633	22,569
<u>68,551,760</u>	<u>70,396,898</u>	<u>68,763,844</u>	<u>1,633,054</u>	<u>9,882,537</u>	<u>11,349,401</u>	<u>10,426,635</u>	<u>922,766</u>
<u>51,676</u>	<u>51,543</u>	<u>46,480</u>	<u>(5,063)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(51,676)</u>	<u>(51,543)</u>	<u>(46,480)</u>	<u>5,063</u>				<u>0</u>
<u>(51,676)</u>	<u>(51,543)</u>	<u>(46,480)</u>	<u>5,063</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0	0
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALDWELL COUNTY BOARD OF EDUCATION, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$2,762,796	\$ 471,466	\$3,234,262
Due from other governments	132,847	28,300	161,147
Receivables (net)	15,373		15,373
Inventories	390,100		390,100
Total current assets	<u>3,301,116</u>	<u>499,766</u>	<u>3,800,882</u>
Noncurrent assets:			
Capital assets:			
Furniture and equipment, net	828,345		828,345
Total noncurrent assets	<u>828,345</u>		<u>828,345</u>
Total assets	<u>\$4,129,461</u>	<u>\$ 499,766</u>	<u>\$4,629,227</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 366,688	\$ 9,223	\$ 375,911
Accrued salaries and wages payable	37,811	36,976	74,787
Unearned revenue	30,433	16,419	46,852
Compensated absences	8,510	7,825	16,335
Total current liabilities	<u>443,442</u>	<u>70,443</u>	<u>513,885</u>
Noncurrent liabilities:			
Compensated absences	118,174	45,126	163,300
Total noncurrent liabilities	<u>118,174</u>	<u>45,126</u>	<u>163,300</u>
Total liabilities	<u>561,616</u>	<u>115,569</u>	<u>677,185</u>
NET ASSETS			
Invested in capital assets	828,345		828,345
Unrestricted	2,739,500	384,197	3,123,697
Total net assets	<u>\$3,567,845</u>	<u>\$ 384,197</u>	<u>\$3,952,042</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, 2012

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
OPERATING REVENUES			
Food sales	\$2,304,577	\$ -	\$2,304,577
Child care fees		1,253,632	1,253,632
	<u>2,304,577</u>	<u>1,253,632</u>	<u>3,558,209</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	2,276,318	53,564	2,329,882
Donated commodities	349,769		349,769
Salaries and benefits	3,539,638	1,066,616	4,606,254
Indirect costs	344,873		344,873
Materials and supplies	291,148	23,978	315,126
Repairs and maintenance	90,387		90,387
Depreciation	151,261		151,261
Non Capitalized Equipment	136,780	790	137,570
Purchased services	20,446	38,624	59,070
	<u>7,200,620</u>	<u>1,183,572</u>	<u>8,384,192</u>
Total operating expenses			
	<u>(4,896,043)</u>	<u>70,060</u>	<u>(4,825,983)</u>
Operating Income (loss)			
NONOPERATING REVENUES			
Federal reimbursements	4,116,803		4,116,803
Federal commodities	349,769		349,769
State reimbursements	17,957		17,957
Interest earned	899		899
Sale of fixed assets	183		183
Indirect costs not paid	344,873		344,873
	<u>4,830,484</u>	<u>0</u>	<u>4,830,484</u>
Total nonoperating revenue			
	<u>(65,559)</u>	<u>70,060</u>	<u>4,501</u>
Income (loss) before transfers			
Transfers from other funds	46,480		46,480
	<u>(19,079)</u>	<u>70,060</u>	<u>50,981</u>
Change in net assets			
Total net assets - beginning	<u>3,586,924</u>	<u>314,137</u>	<u>3,901,061</u>
Total net assets - ending	<u>\$3,567,845</u>	<u>\$ 384,197</u>	<u>\$3,952,042</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, 2012

	Enterprise Fund		
	Major Fund		
	School Food Service	Child Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,341,674	\$ 1,253,145	\$ 3,594,819
Cash paid for goods and services	(2,471,504)	(118,424)	(2,589,928)
Cash paid for employees services and benefits	(3,544,845)	(1,058,339)	(4,603,184)
Net cash provided (used) by operating activities	(3,674,675)	76,382	(3,598,293)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	4,134,760		4,134,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	183		183
Acquisition of capital assets	(236,601)		(236,601)
Net cash (used) by capital and related financing activities	(236,418)		(236,418)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	899		899
Net increase in cash and cash equivalents	224,566	76,382	300,948
Balances - beginning of year	2,538,230	395,084	2,933,314
Balances - end of year	<u>\$ 2,762,796</u>	<u>\$ 471,466</u>	<u>\$ 3,234,262</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (4,896,043)	\$ 70,060	\$ (4,825,983)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	151,261		151,261
Donated commodities consumed	349,769		349,769
Salaries paid by special revenue fund	46,480		46,480
Indirect costs not paid	344,873		344,873
Changes in assets and liabilities:			
Decrease (increase) in due from other governments	34,157		34,157
Decrease (increase) in accounts receivable	(5,234)		(5,234)
Decrease (increase) in inventory	62,974		62,974
Increase (decrease) in accounts payable and accrued liabilities	227,981	6,226	234,207
Increase (decrease) in accrued annual leave	1,116	583	1,699
Increase (decrease) in unearned revenues	7,991	(487)	7,504
Total adjustments	1,221,368	6,322	1,227,690
Net cash provided (uses) by operating activities	<u>\$ (3,674,675)</u>	<u>\$ 76,382</u>	<u>\$ (3,598,293)</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, 2012**

Noncash investing, capital and financing activities:

The State Public School Fund paid salaries and benefits of \$46,480 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 \$344,873 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 \$349,769 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue. The Fund recorded the consumption of \$349,769 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, 2012**

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 various allotment revisions from the state and federal government. Also in the General Fund there were amendments made for \$370,278 for the Elementary and Secondary School Counseling Grant, \$276,660 for NC Pre K funding and \$125,000 for the Patterson Science Center 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 \$52,583,736 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)	\$105,224,478
Less Accumulated Depreciation	<u>(47,511,785)</u>
Net capital assets	57,712,693
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	(175,245)
Compensated absences	<u>(4,953,712)</u>
Total adjustment	<u>\$ 52,583,736</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 \$201,973 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	\$ 3,133,817
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.	(2,972,396)
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	175,245
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	(103,805)
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>(30,888)</u>
Total adjustment	<u>\$ 201,973</u>

II. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2012, the Board reported expenditures within the Capital Outlay Fund that violated State law [G.S. 115C-441] because they exceeded the amounts appropriated in the budget ordinance by \$557,221. Capital projects paid for by the County out of QSCB funding was not properly recorded and budgeted for. Management will properly monitor expenditures made by the County and record accordingly.

II. Stewardship, Compliance and Accountability - (Cont'd)

A. Excess of Expenditures over Appropriations - (Cont'd)

	<u>Budget</u>	<u>Actual</u>	<u>(Excess)</u>
Capital Outlay Fund:			
Building and Improvements	\$2,692,620	\$3,249,841	\$(557,221)

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for 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, 2012 the Board had deposits with banks and savings and loans with a carrying amount of \$12,151,297 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$12,169,420 and \$300,323 respectively. Of these balances, \$500,000 was covered by federal depository insurance and \$11,969,743 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

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

A. Assets - (Cont'd)

2. Investments

At June 30, 2012, the Board of Education had \$8,250,000 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.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2012, were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 52,317	\$ 50,748
Other governmental activities	<u>3,055,252</u>	<u>4,911</u>
Total	<u>\$ 3,107,569</u>	<u>\$ 55,659</u>
Business-type activities:		
School Food Service	\$ 132,847	\$ 15,373
Child Care	<u>28,300</u>	
Total	<u>\$ 161,147</u>	<u>\$ 15,373</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 29,865	Federal - ROTC
	22,452	County - Fines & Forfeitures
State Public School Fund	2,732,241	Operating funds from DPI
Capital Outlay Fund	53,288	State Public School Building Capital Fund
Federal Grants Fund	<u>269,723</u>	Federal grant funds
Total	<u>\$3,107,569</u>	
Business Activities		
School Food Service	\$ 132,847	Federal funds
Child Care	1,033	State - Sales tax
Child Care	<u>27,267</u>	County - DSS
Total	<u>\$ 161,147</u>	

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2012, 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	\$	\$ 101,793	\$	\$ 2,818,176
Construction in progress	<u>917,447</u>	<u>(390,080)</u>	<u>630,005</u>	<u></u>	<u>1,157,372</u>
Total capital assets not being depreciated	<u>3,633,830</u>	<u>\$ (390,080)</u>	<u>\$ 731,798</u>	<u>\$</u>	<u>3,975,548</u>
Capital assets being depreciated:					
Buildings and improvements	86,445,019	\$ 390,080	\$ 2,169,687	\$	89,004,786
Equipment and furniture	2,836,740		173,157		3,009,897
Vehicles	<u>9,340,841</u>	<u></u>	<u>59,175</u>	<u>(165,769)</u>	<u>9,234,247</u>
Total capital assets being depreciated	<u>98,622,600</u>	<u>\$ 390,080</u>	<u>\$ 2,402,019</u>	<u>\$ (165,769)</u>	<u>101,248,930</u>
Less accumulated depreciation for:					
Buildings and Improvements	35,281,901	\$	\$ 2,234,241	\$	37,516,142
Equipment and furniture	2,184,483		212,196		2,396,679
Vehicles	<u>7,238,774</u>	<u></u>	<u>525,959</u>	<u>(165,769)</u>	<u>7,598,964</u>
Total accumulated depreciation	<u>44,705,158</u>	<u>\$</u>	<u>\$ 2,972,396</u>	<u>\$ (165,769)</u>	<u>47,511,785</u>
Total capital assets being depreciated, net	<u>53,917,442</u>				<u>53,737,145</u>
Governmental activity capital assets, net	<u>\$57,551,272</u>				<u>\$ 57,712,693</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated				
Furniture and office equipment	\$ 2,504,135	\$ 236,601	\$	\$ 2,740,736
Total capital assets being depreciated	<u>2,504,135</u>	<u>\$ 236,601</u>	<u>\$</u>	<u>2,740,736</u>
Less accumulated depreciation for:				
Furniture and office equipment	<u>1,761,130</u>	<u>\$ 151,261</u>	<u>\$</u>	<u>1,912,391</u>
Total accumulated depreciation	<u>1,761,130</u>	<u>\$ 151,261</u>	<u>\$</u>	<u>1,912,391</u>
School Food Service capital assets, net	<u>743,005</u>			<u>828,345</u>
Business-type activities capital assets, net	<u>\$ 743,005</u>			<u>\$ 828,345</u>

III. 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	\$2,446,438
Operational support services	<u>525,958</u>
Total	<u>\$2,972,396</u>

Construction commitments

Caldwell County has active renovation projects as of June 30, 2012. 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>
Hudson Middle School		
Band HVAC	\$ 0	\$105,000
Gamewell Middle School		
HVAC Replacement	425,918	466,213

Financing commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Caldwell County Board of Education has entered into an agreement to purchase 7 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the County Board of Education out of funds allocated to the County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2012, has been recorded.

The payments due in the fiscal year ended June 30, 2013 are as follows:

Total purchase price, 7 buses	\$ 546,395
Total payments due in 12-13	273,198
Remaining payments in subsequent years	273,197

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

B. Liabilities

1. Pension Plan and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Caldwell County Board of Education contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary and the Board is required to contribute at an actuarially determined rate. The current rate is 7.44% 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, 2012, 2011, and 2010 were \$4,672,996, \$3,193,721, and \$2,303,910, 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

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

B. Liabilities - (Cont'd)

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

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

1. Healthcare Benefits - (Cont'd)

contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

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

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

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

B. Liabilities - (Cont'd)

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

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

2. Long-term Disability Benefits

Bill. For the fiscal years ended June 30, 2012, 2011, and 2010, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$3,140,454, \$3,174,286, and \$2,904,089, respectively. These contributions represented 5.0%, 4.90%, and 4.50% of covered payroll, respectively.

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

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

B. Liabilities - (Cont'd)

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

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

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

after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

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

B. Liabilities - (Cont'd)

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

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

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

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

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only 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, 2012, 2011, and 2010, the Board paid all annual required contributions to the DIPNC for disability benefits of \$326,607, \$336,863, and \$335,584, respectively. These contributions represented .52% of covered payroll, respectively.

2. Accounts Payable

Accounts payable as of June 30, 2012, are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 274,706	\$ 155,038	\$ 429,744
Other Governmental	<u>159,321</u>	<u>3,001,964</u>	<u>3,161,285</u>
Total governmental activities	<u>\$ 434,027</u>	<u>\$3,157,002</u>	<u>\$3,591,029</u>
Business-type Activities:			
School Food Service	\$ 366,688	\$ 37,811	\$ 404,499
Other Business-type	<u>9,223</u>	<u>36,976</u>	<u>46,199</u>
Total business-type activities	<u>\$ 375,911</u>	<u>\$ 74,787</u>	<u>\$ 450,698</u>

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

B. Liabilities - (Cont'd)

3. Unearned Revenues

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

	<u>Unearned Revenue</u>
Pre-payments (Child Care Fund)	\$ 16,419
Pre-payments (School Food Service Fund)	<u>30,433</u>
Total	<u>\$ 46,852</u>

4. Risk Management

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

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

B. Liabilities - (Cont'd)

4. Risk Management - (Cont'd)

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

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

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

5. Operating Lease

The Board has entered into a lease for a facility with a lease term beginning April 1, 2012 and ending March 31, 2020. The Board may terminate this lease by providing at least 180 days advance written notice to lessor.

Total operating lease expense for this facility totaled \$9,870 for fiscal year ended June 30, 2012.

Future minimum rental payments for this facility as of June 30, 2012 are as follows:

June 30, 2013	\$39,480
June 30, 2014	39,480
June 30, 2015	39,480
June 30, 2016	39,480
June 30, 2017	39,480
June 30, 2018	39,480
June 30, 2019	39,480
June 30, 2020	29,610

6. Contingent Liabilities

At June 30, 2012, 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.

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

B. Liabilities - (Cont'd)

7. 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.

The future minimum payments of the installment purchases as of June 30, 2012 including \$- 0 - of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 175,245	\$ 0
Principal payments	\$ 175,245	
Total interest payments		\$ 0

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2012:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1,</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u>	<u>Portion</u>
	<u>2011</u>			<u>2012</u>	
Governmental activities:					
Installment purchases	\$ 350,490	\$	\$ 175,245	\$ 175,245	\$ 175,245
Compensated absences	4,849,907	2,898,292	2,794,487	4,953,712	405,925
Total	<u>\$5,200,397</u>	<u>\$2,898,292</u>	<u>\$ 2,969,732</u>	<u>\$5,128,957</u>	<u>\$ 581,170</u>
Business-type activities:					
Compensated absences	\$ 177,936	\$ 207,252	\$ 205,553	\$ 179,635	\$ 16,335

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

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

C. Interfund Balances and Activity

Transfers to/from other funds

Transfers to/from other funds at June 30, 2012, consist of the following:

	<u>Amount</u>
From the General Fund to the Capital Outlay Fund for Capital Outlay	<u>\$ 50,863</u>
From the State Public School Fund to the School Food Service Fund for administrative costs	<u>\$ 46,480</u>

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	\$12,662,838
Less:	
Inventories	733,149
Stabilization by State Statute	103,065
Appropriated Fund Balance in 2013 budget	<u>3,446,806</u>
Remaining Fund Balance	<u>\$ 8,379,818</u>

IV. 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.

V. **Subsequent Events**

Management has evaluated subsequent events through September 21, 2012, 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.

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, 2012
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2011)

REVENUES	Local Current Expenses			2011 Actual
	Budget	2012 Actual	Variances	
State of North Carolina:				
More At Four	\$ 343,810	\$ 294,528	\$ (49,282)	\$ 298,080
Dropout Prevention			-	161,534
Smart Start			-	44,270
Total State of North Carolina	343,810	294,528	(49,282)	503,884
Caldwell County:				
Appropriation	14,400,000	14,400,000	0	14,350,000
Forest Service	79,000	79,863	863	85,922
Total Caldwell County	14,479,000	14,479,863	863	14,435,922
United States Government:				
ROTC	158,000	115,865	(42,135)	131,634
Elementary & Secondary School Counseling	370,278	227,847	(142,431)	91,241
Tech Prep			0	96,664
Total U.S. Government	528,278	343,712	(184,566)	319,539
Other:				
ABC Revenues	20,000	20,880	880	26,565
CCC Reimbursement	91,000	90,823	(177)	176,184
Sales Taxes	60,000	63,575	3,575	59,309
Tuition and Fees - Rising Stars	45,526	47,026	1,500	2,200
Fines and Forfeitures	400,000	239,055	(160,945)	351,828
Rental of School Property	3,500	3,114	(386)	5,997
Interest Earned on Investments	10,000	2,968	(7,032)	10,191
Miscellaneous & School				
Reimbursements	320,500	411,597	91,097	476,952
Indirect Cost Allocations	125,000	84,166	(40,834)	148,407
Private Grants and Donations	251,776	253,629	1,853	135,438
Medicaid Reimbursement	175,000	699,232	524,232	498,631
E-Rate Reimbursement			0	36,205
Insurance Settlements		37,046	37,046	15,364
Total Other	1,502,302	1,953,111	450,809	1,943,271
Fund Balance Appropriated	1,952,800		(1,952,800)	
Total Revenue	18,806,190	17,071,214	(1,734,976)	17,202,616
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular Instructional Services:				
Salaries		2,598,726		2,248,820
Employee Benefits		698,018		520,644
Purchased Services		316,342		175,047
Supplies and Materials		203,146		230,072
Total Regular Instructional Services	5,410,914	3,816,232	1,594,682	3,174,583

<u>EXPENDITURES</u>	Local Current Expenses			2011 Actual
	Budget	2012 Actual	Variances	
INSTRUCTIONAL SERVICES - (CONT'D):				
Special Population Services:				
Salaries	\$	\$ 44,315	\$	\$ 38,557
Employee Benefits		9,035		7,935
Purchased Services				251
Supplies and Materials		1,462		2,592
Total Special Population Services	84,915	54,812	30,103	49,335
Alternative Programs and Services:				
Salaries		386,954		476,804
Employee Benefits		145,537		162,124
Purchased Services		16,706		13,525
Supplies and Materials		17,907		22,720
Total Alternative Programs and Services	680,719	567,104	113,615	675,173
School Leadership Services:				
Salaries		956,807		1,243,941
Employee Benefits		301,600		379,248
Purchased Services		37,629		37,941
Supplies and Materials		44,904		41,543
Total School Leadership Services	2,809,602	1,340,940	1,468,662	1,702,673
Co-Curricular Services:				
Salaries		314,600		316,017
Employee Benefits		59,637		52,105
Purchased Services		71,293		94,571
Total Co-Curricular Services	486,653	445,530	41,123	462,693
School-Based Support Services:				
Salaries		166,667		92,441
Employee Benefits		56,491		28,172
Purchased Services		256,682		264,496
Supplies and Materials		28,198		10,528
Total School-Based Support Services	972,674	508,038	464,636	395,637
Total Instructional Services	10,445,477	6,732,656	3,712,821	6,460,094
SYSTEM-WIDE SUPPORT SERVICES:				
Support and Development Services:				
Salaries		199,321		183,306
Employee Benefits		52,452		41,221
Purchased Services		14,544		6,975
Supplies and Materials		9,940		10,030
Total Support and Development Services	313,717	276,257	37,460	241,532
Special Population Support and Development Services:				
Salaries		70,128		73,060
Employee Benefits		18,490		18,894
Purchased Services		60,000		51,815
Total Special Population Support And Development Services	148,672	148,618	54	143,769
Alternative Programs and Services:				
Salaries		5,736		5,749
Employee Benefits		1,191		1,044
Purchased Services		8,082		8,082
Supplies and Materials		2,277		1,822
Total Alternative Programs and Services	18,061	17,286	775	16,697

EXPENDITURES - (Cont'd):	Local Current Expenses			2011 Actual
	2012 Budget	2012 Actual	Variance	
SYSTEM-WIDE SUPPORT SERVICES - (CONT'D):				
Technology Support Services:				
Salaries	\$	\$ 75,281	\$	\$ 111,990
Employee Benefits		20,267		28,290
Purchased Services		31,826		4,750
Supplies and Materials		132,883		137,071
Total Technology Support Services	521,302	260,257	261,045	282,101
Operational Support Services:				
Salaries		967,639		1,604,338
Employee Benefits		342,099		640,746
Purchased Services		2,585,237		2,622,820
Supplies and Materials		842,944		890,055
Capital Outlay		115,656		
Total Operational Support Services	5,416,280	4,853,575	562,705	5,757,959
Financial and Human Resource Services:				
Salaries		111,017		98,203
Employee Benefits		89,376		10,751
Purchased Services		426,799		38,675
Supplies and Materials		12,824		3,952
Insurance				225,108
Total Financial and Human Resource Services	641,800	640,016	1,784	376,689
Accountability Services:				
Salaries		75,662		75,351
Employee Benefits		18,724		16,977
Purchased Services		28,258		21,782
Supplies and Materials		16,644		26,005
Total Accountability Services	174,319	139,288	35,031	140,115
System-Wide Pupil Support:				
Salaries		29,476		29,416
Employee Benefits		11,021		10,240
Total System-Wide Pupil Support Services	41,000	40,497	503	39,656
Policy, Leadership and Public Relations Services:				
Salaries		375,814		296,591
Employee Benefits		72,947		50,249
Purchased Services		242,437		226,681
Supplies and Materials		66,433		88,595
Total Policy, Leadership and Public Relations Services	846,773	757,631	89,142	662,116
Total System-Wide Support Services	8,121,924	7,133,425	988,499	7,660,634
ANCILLARY SERVICES:				
Nutrition Services:				
Supplies and Materials		9,317		12,489
Total Nutrition Services	12,500	9,317	3,183	12,489
Total Ancillary Services	12,500	9,317	3,183	12,489
Non-Programmed Charges:				
Payments to Charter Schools		30,575		21,379
Payment to DHHS		126,289		157,590
Total Programmed Charges	161,289	156,864	4,425	178,969
Total Expenditures	18,741,190	14,032,262	4,708,928	14,312,186

EXPENDITURES - (Cont'd):

	Local Current Expenses			2011 Actual
	Budget	2012 Actual	Variances	
Excess of Revenue Over (Under) Expenditures	\$ 65,000	\$ 3,038,952	\$ 2,973,952	\$ 2,890,430
OTHER FINANCING SOURCES (USES) :				
Operating Transfers (Out)	(65,000)	(50,863)	14,137	(80,000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	2,988,089	\$ 2,988,089	2,810,430
Fund Balance - July 1, 2011		9,705,637		6,819,462
Increase (Decrease) in Reserve for Inventories		(30,888)		75,745
Fund Balance - June 30, 2012		\$ 12,662,838		\$ 9,705,637

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, 2012
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2011)

	2012		2011
	Budget	Actual	
REVENUES:			
State of North Carolina	\$ 70,448,441	\$68,810,324	\$(1,638,117)
Total Revenues	70,448,441	68,810,324	(1,638,117)
EXPENDITURES:			
INSTRUCTIONAL SERVICES:			
Regular Instructional:			
Salaries		31,923,133	33,292,594
Employee Benefits		10,196,948	9,909,325
Purchased Services		420,268	591,528
Supplies and Materials		1,470,909	1,478,252
Total Regular Instructional Services	44,355,912	44,011,258	344,654
Special Populations:			
Salaries		5,280,343	4,752,456
Employee Benefits		1,731,416	1,438,126
Purchased Services		54,969	135,889
Supplies and Materials		78,430	231,614
Total Special Populations Services	7,277,554	7,145,159	132,395
Alternative Programs and Services:			
Salaries		1,882,777	1,881,703
Employee Benefits		608,887	576,552
Purchased Services		33,829	35,174
Supplies and Materials		154,712	187,971
Total Alternative Programs And Services	3,317,702	2,680,206	637,496
School Leadership Services:			
Salaries		2,814,018	1,854,631
Employee Benefits		818,087	473,546
Purchased Services		3,309	2,757
Total School Leadership Services	3,915,340	3,635,414	279,926
School-Based Support Services:			
Salaries		3,487,660	3,937,450
Employee Benefits		1,072,404	1,134,205
Purchased Services		368,303	433,756
Supplies and Materials		6,612	9
Total School-Based Support Services	5,007,679	4,934,979	72,700
Total Instructional Services	63,874,187	62,407,015	1,467,171
Total Instructional Services	63,874,187	62,407,015	1,467,171

EXPENDITURES - (Cont'd):

SYSTEM-WIDE SUPPORT SERVICES	2012			2011
	Budget	Actual	Variance	Actual
Support and Development Services:				
Salaries	\$	\$ 268,105	\$	\$ 347,975
Employee Benefits		72,236		84,497
Purchased Services				41
Total Support and Development Services	380,964	340,341	40,623	432,513
Special Population Support and Development Services:				
Salaries		98,246		55,803
Employee Benefits		30,191		19,274
Purchased Services		7,196		13,405
Total Special Population Support And Development Services	135,712	135,633	79	88,482
Alternative Programs and Services:				
Salaries		20,718		20,718
Employee Benefits		9,011		8,066
Purchased Services		369		474
Supplies and Materials				338
Total Alternative Programs and Services	33,954	30,098	3,856	29,596
Technology Support Services:				
Salaries		282,879		182,739
Employee Benefits		96,848		58,466
Purchased Services		132,613		59,583
Supplies and Materials		38,565		77,772
Total Technology Support Services	655,756	550,905	104,851	378,560
Operational Support Services:				
Salaries		2,751,865		1,689,208
Employee Benefits		814,163		346,070
Purchased Services		18,113		60,914
Supplies and Materials		698,031		745,980
Other				8,063
Total Operational Support Services	4,295,896	4,282,171	13,725	2,850,235
Financial and Human Resource Services:				
Salaries		336,751		94,365
Employee Benefits		107,280		26,421
Total Financial and Human Resource Services	444,742	444,031	711	120,786
Accountability Services:				
Salaries		49,227		1,338
Employee Benefits		16,632		243
Total Accountability Services	65,959	65,859	100	1,581
Policy, Leadership and Public Relations Services:				
Salaries		406,902		424,422
Employee Benefits		102,335		90,470
Total Policy, Leadership and Public Relations Services:	509,728	509,237	491	514,892
Total System-Wide Support Services	6,522,711	6,358,275	164,436	4,416,645

	<u>Budget</u>	<u>2012 Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
NON-PROGRAMMED CHARGES:				
Sales Tax Refund	\$	\$ (1,447)	\$	\$ (902)
Total Non-Programmed Charges		(1,447)	1,447	(902)
Total Expenditures	70,396,898	68,763,844	1,633,054	66,763,281
Excess of Revenue Over (Under) Expenditures	51,543	46,480	(5,063)	45,353
OTHER FINANCING SOURCES:				
Transfer to Child Nutrition Fund	(51,543)	(46,480)	5,063	(45,353)
Fund Balance:				
Beginning of Year	0	0	0	0
End of Year	\$ 0	\$ 0	\$ 0	\$ -

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	2012			2011
	Budget	Actual	Variance	Actual
Revenues:				
State of North Carolina	\$ 1,920,963	\$ 431,233	\$ (1,489,730)	\$ 999,921
Caldwell County	1,230,660	3,516,055	2,285,395	1,286,812
Other	60,000	25,923	(34,077)	485,143
Total Revenues	<u>3,211,623</u>	<u>3,973,211</u>	<u>761,588</u>	<u>2,771,876</u>
Expenditures:				
Instructional Services Equipment	513,493	289,963	223,530	517,828
System-Wide Support Services Equipment and Vehicles	765,679	190,891	574,788	710,775
Capital Outlay Projects - Building and Improvements	2,692,620	3,249,841	(557,221)	2,340,597
Debt Service:				
Principal	<u>1,140,359</u>	<u>175,246</u>	<u>965,113</u>	<u>437,213</u>
Total Expenditures	<u>5,112,151</u>	<u>3,905,941</u>	<u>1,206,210</u>	<u>4,006,413</u>
Excess of Revenues Over (Under) Expenditures	(1,900,528)	67,270	1,967,798	(1,234,537)
Other Financing Sources (Uses):				
Operating Transfers - In		50,863	50,863	80,000
Installment purchase obligations issued	552,612		(552,612)	538,365
Fund Balance Appropriated	<u>1,347,916</u>		<u>(1,347,916)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>118,133</u>	<u>\$ 118,133</u>	<u>(616,172)</u>
Fund Balance:				
Beginning of Year, July 1, 2011		<u>3,264,357</u>		<u>3,880,529</u>
End of Year, June 30, 2012		<u>\$ 3,382,490</u>		<u>\$ 3,264,357</u>

CALDWELL COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES IN DETAIL - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUE	Budget	2012 Actual	Variance	2011 Actual
State of North Carolina:				
Public School Building Capital Fund	\$ 600,000	\$ 101,981	\$ (498,019)	\$ 200,411
Public School Building Capital Fund - Lottery	768,351	154,006	(614,345)	362,297
State Appropriations - Buses	552,612	175,246	(377,366)	437,213
Total State Revenues	<u>1,920,963</u>	<u>431,233</u>	<u>(1,489,730)</u>	<u>999,921</u>
Caldwell County:				
Appropriation from general revenues	1,230,660	1,321,860	91,200	180,517
Appropriation - Issued Installment Purchase - QSCB		2,194,195	2,194,195	1,106,295
Total	<u>1,230,660</u>	<u>3,516,055</u>	<u>2,285,395</u>	<u>1,286,812</u>
Other:				
Sales Tax	28,000	17,721	(10,279)	21,094
Interest Earned	20,000	815	(19,185)	4,663
Disposition Fixed Assets	12,000	7,387	(4,613)	459,386
Total	<u>60,000</u>	<u>25,923</u>	<u>(34,077)</u>	<u>485,143</u>
Total Revenues	<u>\$3,211,623</u>	<u>\$3,973,211</u>	<u>\$ 761,588</u>	<u>\$2,771,876</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, 2012
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2011)

	2012		2011 Actual
	Budget	Actual	
Operating Revenues:			
Food Sales	\$ 2,287,821	\$ 2,304,577	\$ 16,756
Operating Expenses:			
Business Support Services:			
Purchase of Food		2,563,113	2,561,058
Salaries and Benefits		3,538,522	3,460,706
Materials and Supplies		291,148	257,324
Repairs and Maintenance		90,387	89,720
Purchased Services		20,446	22,373
Capital Outlay		236,601	172,264
Non-Capitalized Equipment		136,780	48,535
Total Operating Expenses	6,964,751	6,876,997	87,754
Operating (Loss)	(4,676,930)	(4,572,420)	104,510
Nonoperating Revenue:			
Federal Reimbursements	4,138,229	4,116,803	(21,426)
Federal Commodities	359,703	349,769	(9,934)
Interest Earned	5,192	899	(4,293)
Gain (Loss) on Sale of Capital Assets	406	183	(223)
State Reimbursement	18,000	17,957	(43)
Total Nonoperating Revenue	4,521,530	4,485,611	(35,919)
Excess of Revenues and Other Sources Over Expenditures Before other Financing Sources	(155,400)	(86,809)	68,591
Other Financing Sources:			
Transfer From Other Funds		46,480	46,480
Fund Balance Appropriated	155,400		(155,400)
Excess of Revenues and Other Sources Over Expenditures	\$ -	\$ (40,329)	\$ (40,329)
Reconciliation of Modified Accrual to Full Accrual Basis:			
Excess of Revenues and Other Sources Over Expenditures		\$ (40,329)	\$ 296,697
Reconciling Items:			
Depreciation		(151,261)	(148,098)
Indirect cost		(344,873)	(374,014)
Indirect cost not paid		344,873	374,014
Equipment Purchases		236,601	172,264
Increase (Decrease) in Inventory		(62,974)	(6,332)
(Increase) Decrease in Accrued Vacation Pay		(1,116)	(10,266)
Net Income (Loss) (Full Accrual)		\$ (19,079)	\$ 304,265

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, 2012
(WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2011)

	2012		2011
	Budget	Actual	Variance
			Actual
Operating Revenues:			
Child Care Fees	\$ 1,957,754	\$ 1,253,632	\$ (704,122)
			\$ 1,179,913
Operating Expenses:			
Business Support Services:			
Purchase of Food		53,564	58,017
Salaries and Benefits		1,066,033	1,050,602
Materials and Supplies		23,978	20,921
Non Capitalized Equipment		790	4,207
Purchased Services		38,624	34,568
Total Operating Expenses	1,957,754	1,182,989	774,765
			1,168,315
Operating Income	0	70,643	70,643
			11,598
Nonoperating Revenue:			
Interest Earned			180
Total Nonoperating Revenue	0	0	0
			180
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 70,643	\$ 70,643
			\$ 11,778
Reconciliation of Modified Accrual to Full Accrual Basis:			
Excess of Revenues and Other Sources Over Expenditures		\$ 70,643	\$ 11,778
Reconciling Items:			
(Increase) Decrease in Accrued Vacation Pay		(583)	6,045
Net Income (Full Accrual)		\$ 70,060	\$ 17,823

Caldwell County Board of Education
Statistical Section
June 30, 2012

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

Table 1

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

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt	\$57,537,448	\$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	4,912,610	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	7,606,061	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	70,056,119	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	828,345	743,005	718,839	751,005	838,315	853,642	926,741	917,917	818,499	876,155
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,123,697	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	3,952,042	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	58,365,793	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	4,912,610	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	10,729,758	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	\$74,008,161	\$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

Table 2

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities:										
Instructional Programs	\$ 82,391,721	\$ 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	15,213,975	14,958,992	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	9,317	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	2,446,437	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	100,061,450	101,070,483	98,380,749	103,523,371	102,458,368	96,006,929	91,324,167	86,615,458	80,901,578	79,911,240
Business-Type Activities:										
School Food Service	7,200,620	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	1,183,572	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	8,384,192	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	\$ 108,445,642	\$ 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	775,265	713,090	750,908	782,017	738,340	766,836	770,710	811,496	935,904	790,918
Support Services	3,114	5,997	2,338	3,097	2,617	105,706	25,910	34,862	20,317	3,970
Operating Grants and Contributions	77,055,973	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	198,439	837,047	680,304	40,618	4,012	12,525	15,317	68,425	192,320	163,291
Total Governmental Activities Program Revenues	78,032,791	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	2,304,577	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	1,253,632	1,179,913	1,206,477	1,299,561	1,374,618	1,318,276	1,260,529	1,367,463	1,228,967	1,125,485
Operating Grants and Contributions:										
School Food Service	4,829,402	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	8,387,611	8,414,083	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	86,420,402	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
Total District-Wide Program Revenues										
Net (Expense)/Revenue										
Governmental Activities	\$ (22,028,659)	\$ (20,478,863)	\$ (20,855,325)	\$ (22,375,437)	\$ (21,720,728)	\$ (20,253,282)	\$ (19,542,990)	\$ (18,879,094)	\$ (16,329,493)	\$ (18,014,696)
Business-Type Activities	3,419	273,397	323,878	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	\$ (22,025,240)	\$ (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)

Table 2
(cont'd)

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Fiscal Year Ended June 30,										
Net (Expense)/Revenue										
Governmental Activities:	(22,028,659)	(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:	3,419	273,397	323,878	(90,754)	(12,692)	692	(121,274)	157,653	329,514	395,337
Total District-Wide Net (Expense)/Revenue	(22,025,240)	(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	14,400,000	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	3,516,055	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	5,418,666	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	277,227	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 - Operating	292,559	-	-	-	-	-	-	-	-	-
Unrestricted Federal Appropriations - Capital	-	-	-	7,603	-	14,979	-	24,187	-	188,430
Investment Earnings, Unrestricted	19,969	29,510	46,440	96,916	266,800	294,691	261,027	117,080	30,073	61,041
Miscellaneous, Unrestricted	1,530,473	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	(46,480)	(45,353)	(67,623)	(36,421)	(40,067)	(38,369)	(38,071)	-	-	(3,400)
Total Governmental Activities	25,408,469	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	899	3,338	5,808	14,760	44,070	70,461	53,331	30,573	6,675	6,907
Investment Earnings, Unrestricted	183	-	-	-	-	-	-	-	-	-
Miscellaneous, Unrestricted	46,480	45,353	67,623	36,421	40,067	38,369	38,071	-	-	3,400
Transfers	47,562	48,691	73,431	51,181	84,137	108,830	91,402	30,573	6,675	10,307
Total Business-Type Activities	97,124	97,382	147,262	102,362	168,284	218,490	192,804	61,726	13,355	20,014
Total District-Wide	\$ 25,456,031	\$ 22,630,929	\$ 22,588,698	\$ 22,835,822	\$ 22,345,306	\$ 20,931,346	\$ 22,732,587	\$ 19,110,436	\$ 17,022,048	\$ 17,457,942
Change in Net Assets										
Governmental Activities	3,379,810	2,103,375	1,659,942	409,204	540,441	569,224	3,098,195	200,769	685,880	(567,061)
Business-type Activities	50,981	322,088	397,309	(39,573)	71,445	109,522	(29,872)	188,226	336,189	405,644
Total District-Wide	3,430,791	2,425,463	2,057,251	369,631	611,886	678,746	3,068,323	388,995	1,022,069	(161,417)

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

Table 3

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008
General Fund					
Nonspendable	\$ 733,149	\$ 764,037	\$ 688,291	\$ 597,590	\$ 547,075
Restricted	103,065	115,788	112,868	202,345	97,735
Committed	-	-	-	-	-
Assigned	3,446,806	1,952,800	1,752,022	2,128,709	662,688
Unassigned	8,379,818	6,873,012	4,266,281	2,098,465	2,274,973
Total General Fund	\$ 12,662,838	\$ 9,705,637	\$ 6,819,462	\$ 5,027,109	\$ 3,582,471
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,479,211	3,271,881	1,347,362	1,273,685	1,488,649
Committed	-	-	-	-	-
Assigned	1,330,334	1,347,916	2,096,039	1,194,548	1,619,892
Unassigned	-	-	1,693,811	3,208,088	2,282,480
Total All Other Governmental Funds	\$ 4,809,545	\$ 4,619,797	\$ 5,137,212	\$ 5,676,321	\$ 5,391,021
Fiscal Year Ended June 30,	2007	2006	2005	2004	2003
General Fund					
Nonspendable	\$ 553,360	\$ 544,557	\$ 562,389	\$ 490,512	\$ 437,303
Restricted	163,764	139,024	107,767	130,248	222,444
Committed	-	-	-	-	-
Assigned	518,662	905,818	1,330,000	886,774	383,428
Unassigned	1,183,358	549,994	603,856	1,163,036	337,347
Total General Fund	\$ 2,419,144	\$ 2,139,393	\$ 2,604,012	\$ 2,670,570	\$ 1,380,522
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,741,759	1,226,150	1,387,093	1,542,826	1,557,798
Committed	-	-	-	-	-
Assigned	1,272,570	260,000	200,000	255,735	775,146
Unassigned	2,005,029	2,400,021	615,637	668,494	145,329
Total All Other Governmental Funds	\$ 5,019,358	\$ 3,886,171	\$ 2,202,730	\$ 2,467,055	\$ 2,478,273

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

Table 4

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008
Revenues					
State of North Carolina	\$ 69,536,085	\$ 68,312,439	\$ 68,473,301	\$ 74,766,647	\$ 74,643,259
Caldwell County	17,995,918	15,722,734	16,311,436	16,441,906	16,065,072
U.S. Government	10,770,347	13,836,835	10,683,964	7,558,824	7,479,826
Other	5,269,556	5,497,124	4,816,880	5,263,296	4,976,686
Total Revenues	<u>103,571,906</u>	<u>103,369,132</u>	<u>100,285,581</u>	<u>104,030,673</u>	<u>103,164,843</u>
Expenditures					
Instructional Programs	75,705,802	76,929,110	75,276,677	79,437,319	78,377,082
Support Services	19,110,777	18,939,789	18,453,793	18,278,233	18,457,236
Community Services	1,625,069	1,693,817	1,462,553	1,355,646	1,382,775
Debt Service - Principal	175,246	437,213	415,193	932,330	541,702
Debt Service - Interest	-	-	-	-	2,590
Capital Outlay	3,730,695	3,569,200	3,610,013	3,434,916	2,887,544
Total Expenditures	<u>100,347,589</u>	<u>101,569,129</u>	<u>99,218,229</u>	<u>103,438,444</u>	<u>101,648,929</u>
Revenues Over (Under) Expenditures	3,224,317	1,800,003	1,067,352	592,229	1,515,914
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	-	538,365	162,614	1,123,615	65,429
Transfers In (Out)	(46,480)	(45,353)	(67,623)	(36,421)	(40,067)
Net Change in Fund Balances	<u>\$ 3,177,837</u>	<u>\$ 2,293,015</u>	<u>\$ 1,162,343</u>	<u>\$ 1,679,423</u>	<u>\$ 1,541,276</u>
Debt Service as a percentage of Non-Capital Expenditures	0.18%	0.45%	0.43%	0.93%	0.55%
Fiscal Year Ended June 30,					
	2007	2006	2005	2004	2003
Revenues					
State of North Carolina	\$ 69,480,490	\$ 63,942,617	\$ 60,498,340	\$ 58,173,533	\$ 57,242,081
Caldwell County	15,384,834	18,756,919	15,525,428	13,554,418	13,260,142
U.S. Government	7,185,544	7,174,513	6,023,681	5,200,273	4,752,698
Other	4,658,879	4,675,481	4,809,000	4,527,639	4,042,552
Total Revenues	<u>96,709,747</u>	<u>94,549,530</u>	<u>86,856,449</u>	<u>81,455,863</u>	<u>79,297,473</u>
Expenditures					
Instructional Programs	72,523,660	68,423,257	65,180,666	60,517,435	59,317,076
Support Services	19,495,729	18,797,614	17,570,667	16,783,571	17,341,774
Community Services	230,177	249,950	486,867	442,688	224,040
Debt Service - Principal	596,537	301,490	192,280	103,411	98,094
Debt Service - Interest	9,105	15,334	21,243	26,848	32,165
Capital Outlay	3,278,486	5,797,065	4,057,278	2,356,289	3,312,552
Total Expenditures	<u>96,133,694</u>	<u>93,584,710</u>	<u>87,509,001</u>	<u>80,230,242</u>	<u>80,325,701</u>
Revenues Over (Under) Expenditures	576,053	964,820	(652,552)	1,225,621	(1,028,228)
Other Financing Sources (Uses)					
Installment Purchase Obligations Issued	866,450	309,905	249,792	-	-
Transfers In (Out)	(38,369)	(38,071)	-	-	(3,400)
Net Change in Fund Balances	<u>\$ 1,404,134</u>	<u>\$ 1,236,654</u>	<u>\$ (402,760)</u>	<u>\$ 1,225,621</u>	<u>\$ (1,031,628)</u>
Debt Service as a percentage of Non-Capital Expenditures	0.65%	0.36%	0.26%	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
2012	\$69,536,085	\$17,995,918	\$ 10,770,347	\$5,269,556	\$ 103,571,906
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

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
		6,138	1,550	317	132	-	8,137
2012	12,333	\$ 75,705,802	\$ 19,110,777	\$ 3,905,941	\$ 1,625,069	\$ -	\$ 100,347,589
		6,127	1,509	319	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	317	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	339	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	256	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	289	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	463	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	322	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	185	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	263	18	10	6,374
2003	12,602	59,317,076	17,341,774	3,312,552	224,040	130,259	80,325,701

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
2012	\$ 289,963	\$ 190,891	\$ -	\$ 3,249,841	\$ 175,246	\$ 3,905,941
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

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
2012	\$2,276,318	\$ 349,769	\$3,539,638	\$ 344,873	\$ 291,148	\$ 398,874	\$ 7,200,620
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

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
2012	\$ 2,304,577	\$ 4,116,803	\$ 349,769	\$ 363,912	\$ 7,135,061
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

**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
2012	\$ 1,066,616	\$ 53,564	\$ 63,392	\$ 1,183,572
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

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
2012	\$1,253,632	\$ -	\$ -	\$ 1,253,632
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

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			
2012	\$ 3,426,480,303	\$ 902,868,206	\$ 148,757,743	\$ 1,062,451,120	\$5,540,557,372	0.6599
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	-	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

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

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>2012</u>	<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>
CALDWELL COUNTY										
General	0.6599	0.6599	0.6599	0.6599	0.6599	0.5399	0.5399	0.5399	0.5839	0.5839
CITY										
City of Lenoir	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	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	0.5000
SPECIAL DISTRICTS										
Lenoir Special District	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.1900
TOWNS										
Hudson	0.3700	0.3700	0.3700	0.3500	0.3500	0.3500	0.3300	0.3300	0.3300	0.3300
Granite Falls	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4400	0.4400
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	0.2800	0.2950	0.2950	0.2950
Sawmills	0.2000	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000
VILLAGES										
Cedar Rock	0.1500	0.1500	0.1500	0.1500	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	0.0085	0.0071	0.0071	0.0071
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	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	0.1300

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

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
2012	\$ 36,566,382	\$ 33,789,866	92.41%	\$ -	\$ 33,789,866	92.41%
2011	35,009,037	33,528,749	95.77%	1,443,864	34,972,613	99.90%
2010	35,997,030	33,406,179	92.80%	1,884,879	35,291,058	98.04%
2009	36,421,115	33,940,247	93.19%	1,716,947	35,657,194	97.90%
2008	34,510,433	32,289,220	93.56%	1,687,490	33,976,710	98.45%
2007	27,654,595	26,224,463	94.83%	1,135,174	27,359,637	98.93%
2006	27,418,976	25,997,284	94.81%	1,292,023	27,289,307	99.53%
2005	25,124,558	23,802,590	94.74%	1,240,946	25,043,536	99.68%
2004	24,985,656	23,649,465	94.65%	1,267,368	24,916,833	99.72%
2003	24,614,131	23,245,450	94.44%	1,319,395	24,564,845	99.80%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

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

Table 15

Fiscal Year	General Obligation Bonds	Percentage of Actual Value of Taxable Property	Per Capita	Population
2012	\$ 3,945,000	0.07%	\$ 47.43	83,176
2011	5,485,000	0.10%	68.55	80,020
2010	7,090,000	0.13%	88.60	80,020
2009	8,660,077	0.16%	111.91	77,386
2008	10,238,325	0.20%	128.63	79,594
2007	11,753,389	0.23%	148.22	79,298
2006	13,367,034	0.26%	170.18	78,548
2005	14,998,374	0.35%	190.30	78,816
2004	16,617,417	0.00%	212.41	78,234
2003	18,241,458	0.43%	231.95	78,645

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

CALDWELL COUNTY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Table 16

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct			
Caldwell County	\$3,945,000	100.00%	\$3,945,000
Underlying			
City of Lenoir	-	25.00%	0
Overlapping			
City of Hickory	0	1.93%	0
Totals	\$3,945,000		\$3,945,000

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012
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,	2012	2011	2010	2009	2008
Assessed Value of Property	\$5,540,557,372	\$5,389,529,112	\$5,377,766,127	\$5,515,369,206	\$5,209,394,180
Debt Limit 8% of Assessed Value (statutory limitation)	443,244,590	431,162,329	430,221,290	441,229,536	416,751,534
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	39,909,568	45,689,498	52,634,496	54,763,025	56,231,823
Legal Debt Margin	403,335,022	385,472,831	377,586,794	386,466,511	360,519,711
Total net debt applicable to the limit as a percentage of debt limit	9.00%	10.60%	12.23%	12.41%	13.49%
Fiscal Year ended June 30,	2007	2006	2005	2004	2003
Assessed Value of Property	\$5,115,958,568	\$5,055,109,442	\$4,292,186,000	\$4,260,632,000	\$4,204,989,000
Debt Limit 8% of Assessed Value (statutory limitation)	409,276,685	404,408,755	343,374,880	340,850,560	336,399,120
Amount of Debt Applicable to Limit	0	0	0	0	0
Net Debt Bonds and Installment Purchase Contracts	61,317,651	32,282,602	33,101,907	23,667,169	25,419,768
Legal Debt Margin	347,959,034	372,126,153	310,272,973	317,183,391	310,979,352
Total net debt applicable to the limit as a percentage of debt limit	14.98%	7.98%	9.64%	6.94%	7.56%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012

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DEMOGRAPHIC AND ECONOMIC
INFORMATION

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

Table 18

<u>Taxpayer</u>	<u>Fiscal Year ended June 30, 2012</u>				<u>Fiscal Year ended June 30, 2003</u>		
			% of				% of
	Assessed Value	Rank	Total County Assessed Value	Value	Assessed Value	Rank	Total County Assessed Value
MDI/Merchant Distributors Inc.	\$111,698,441	1	2.02%		\$75,394,891	2	1.79%
Google	103,752,854	2	1.87%				
Tapaha Dynamics	87,614,300	3	1.58%				
Duke Energy	54,275,361	4	0.98%		50,061,628	3	1.19%
Blue Ridge Energy	47,626,678	5	0.86%		30,502,534	6	0.73%
Wal Mart	32,031,624	6	0.58%				
Bernhardt Industires	28,869,421	7	0.52%		34,358,690	4	0.82%
Neptco	22,772,789	8	0.41%		23,566,762	9	0.56%
Kincaid Furniture	19,500,308	9	0.35%		31,805,903	5	0.76%
Broyhill Industries	17,334,601	10	0.31%		83,813,404	1	1.99%
BellSouth					28,457,827	7	0.68%
Shuford Mills					26,539,006	8	0.63%
Yale					17,919,316	10	0.43%

Sources: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012
Caldwell County Schools, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2003

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
2012	83,176	\$ 1,610,454	\$ 19,362	42.0	12,555	400	11.60%
2011	83,209	1,765,445	21,217	42.0	12,452	400	13.30%
2010	80,020	2,157,179	26,958	40.0	12,888	400	12.70%
2009	77,386	2,022,715	26,138	n/a	12,741	400	15.60%
2008	79,594	2,238,740	28,127	n/a	12,817	400	7.50%
2007	79,298	2,160,078	27,240	n/a	12,872	395	7.50%
2006	78,548	2,161,641	27,520	n/a	12,850	411	7.20%
2005	78,816	2,113,372	26,814	39.1	12,872	440	13.10%
2004	78,234	2,030,016	25,948	38.9	12,612	425	8.40%
2003	78,645	1,985,550	25,247	38.5	12,534	449	10.60%

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012
U.S. Dept. of Commerce

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

Table 20

Employer	Fiscal Year ended June 30, 2012			Fiscal Year ended June 30, 2003		
	Employees	Rank	Total County Employment	Employees	Rank	Total County Employment
Caldwell County Schools	1000+	1	34,300	1000+	2	37,075
Merchant Distributors Inc.	1000+	2	34,300	1000+	4	37,075
Bernhardt Furniture, Inc.	500-999	3	34,300	1000+	3	37,075
Caldwell Memorial Hospital	500-999	4	34,300	500-999	6	37,075
Caldwell Community College	500-999	5	34,300	500-999	7	37,075
Wal Mart Associates, Inc.	500-999	6	34,300			
Caldwell County	500-999	7	34,300	500-999	8	37,075
Broyhill Furniture Industries, Inc.	500-999	8	34,300	1000+	1	37,075
Universal Mental Health Services	250-499	9	34,300			
Thomasville Furniture Industries, Inc.	250-499	10	34,300	250-499	10	37,075
Kincaid Furniture Co., Inc.				500-999	5	37,075
Paxar Americas				500-999	9	37,075

Source: County of Caldwell, North Carolina Comprehensive Annual Financial Report for fiscal year ended June 30, 2012
NC Department of Commerce, Employment Security Commission

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OPERATING INFORMATION

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

Table 21

<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Officials, Adm., Mgrs.	26	29	28	30	22
Principals	26	26	26	27	24
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	16	19	21	22	19
Elementary Teachers	404	422	447	483	460
Secondary Teachers	196	201	206	229	193
Other Teachers	225	242	236	251	243
Guidance	36	39	35	37	36
Psychological	3	4	3	5	4
Librarian, Audiovisual	18	20	20	21	22
Consultant, Supervisor	0	0	1	1	4
Other Professionals	73	78	64	63	53
Teacher Assistants	281	310	347	388	326
Technicians	7	8	8	8	10
Clerical, Secretarial	85	88	89	89	88
Service Workers	135	159	158	186	178
Skilled Crafts	20	19	20	18	20
Laborers, Unskilled	1	1	1	1	1
Total	1,552	1,665	1,710	1,859	1,703
<u>Position</u>	<u>Fiscal Year Ended June 30,</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Officials, Adm., Mgrs.	23	23	25	24	25
Principals	26	24	23	25	25
Asst. Principals, Teaching					
Asst. Principals, Non-Teach.	17	17	17	17	20
Elementary Teachers	456	451	452	433	407
Secondary Teachers	180	165	165	141	158
Other Teachers	257	265	264	272	269
Guidance	38	33	32	35	39
Psychological	5	7	5	5	4
Librarian, Audiovisual	22	24	25	24	23
Consultant, Supervisor	4	3	2	2	3
Other Professionals	56	37	27	20	16
Teacher Assistants	333	328	306	296	294
Technicians	9	7	7	5	8
Clerical, Secretarial	87	88	86	84	89
Service Workers	186	184	185	216	224
Skilled Crafts	20	21	14	15	15
Laborers, Unskilled	0	0	1	1	1
Total	1,719	1,677	1,636	1,615	1,620

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
2012	12,333	-1.77%	\$ 96,441,648	7,820	-1.15%	26	885
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

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

Table 23

Fiscal Year Ended June 30,	Minimum	Maximum	Average
2012	\$ 30,430	\$ 55,910	\$ 37,030
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

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 Seven Fiscal Years

Table 24

School Buildings	2012	2011	2010	2009	2008	2007	2006
<u>Elementary & K8 Schools</u>							
Number	16	16	16	16	16	16	16
Square Feet	962,636	962,636	962,636	962,636	962,636	962,636	962,636
Acres	309	309	309	309	309	309	309
Portables/Mobiles	8	8	8	8	8	8	n/a
Enrollment	5,930	6,013	6,227	6,508	6,571	6,594	6,502
<u>Middle Schools</u>							
Number	4	4	4	4	4	4	4
Square Feet	358,356	358,356	358,356	358,356	358,356	358,356	358,356
Acres	145	145	145	145	145	145	145
Portables/Mobiles	8	8	8	8	8	9	n/a
Enrollment	2,610	2,637	2,612	2,553	2,562	2,573	2,647
<u>High Schools</u>							
Number	6	6	6	6	6	4	4
Square Feet	677,843	677,843	677,843	677,843	677,843	677,843	646,924
Acres	213	213	213	213	213	213	207
Portables/Mobiles	8	8	8	8	8	8	n/a
Enrollment	3,685	3,788	3,759	3,332	3,470	3,729	3,773
<u>Support Facilities</u>							
Number	3	3	3	3	3	3	3
Square Feet	63,783	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	n/a
Portables/Mobiles	0	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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**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, 2012, which collectively comprises the Caldwell County Board of Education's basic financial statements, and have issued our report thereon dated September 21, 2012. 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.

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2012-1 and 2012-2).

Caldwell County Board of Education
Lenoir, North Carolina

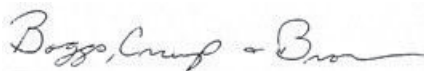
Compliance and Other Matters

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 2012-1 and 2012-2.

We noted certain immaterial instances of noncompliance that we have reported to management of the Caldwell County Board of Education, in a separate letter dated September 21, 2012.

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

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



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

September 21, 2012
Morganton, North Carolina

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Education
Caldwell County 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, 2012. 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, 2012.

However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

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 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 21, 2012
Morganton, North Carolina

**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, 2012. 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, 2012.

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

Caldwell County Board of Education
Lenoir, North Carolina

Internal Control Over Compliance - (Cont'd)

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 21, 2012
Morganton, North Carolina

CALDWELL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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?	<u> X </u> yes	___ no
* Significant deficiency(s) identified that are not considered to be material weaknesses	___ yes	<u> X </u> none reported
Noncompliance material to financial statements noted	<u> X </u> yes	___ no

Federal Awards

Internal control over major federal programs:

* Material weakness(es) identified?	___ yes	<u> X </u> no
* Significant deficiency(s) identified that are not considered to be material weaknesses	___ yes	<u> X </u> none reported
Noncompliance material to federal awards	___ yes	<u> X </u> 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	<u> X </u> yes	___ no
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Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

	Child Nutrition Cluster:
10.555	National School Lunch Program - Non-Cash Assistance (Commodities)
10.555	National School Lunch Program - Cash Assistance
10.553	School Breakfast Program - Cash Assistance
10.555	Summer Food Service Program for Children - Cash Assistance
84.41	ARRA - Education Jobs Fund
84.395	ARRA - Race to the Top
84.367	Improving Teacher Quality
84.394	ARRA - State Fiscal Stabilization Fund

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I. Summary of Auditor's Results

Dollar threshold used to distinguish between
Type A and Type B Programs \$457,108

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

Section II. Financial Statement Findings:

2012-1 Criteria:
(Compliance) State law required that expenditures not exceed
budget appropriations.

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

Condition: During the fiscal year ended June 30, 2012 the Board
reported expenditures that violated State law because
they exceeded the budget ordinance as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Capital Outlay Fund:			
Building and Improvements	\$2,692,620	\$3,249,841	\$ 557,221

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II. Financial Statement Findings:

2012-1 Criteria:

(Compliance)- Cont'd

State law required that expenditures not exceed budget appropriations.

Effect:

Moneys were obligated that had not been appropriated

Cause:

Neither the Capital Outlay Fund budget ordinance nor amendments included appropriation for school construction costs paid by the County with QSCB funds on construction projects for the Board of Education.

Recommendation:

Expenditures by the County for Board of Education construction contracts are to be included in the financial statements of the Board of Education and should be monitored by the finance department and recorded via adjusting entry. Likewise the revenues and expenditures for these appropriations should be included in the budget of the Board of Education.

Management Response:

The Board management agrees with the finding and recommendation.

Finding 2012-2 Criteria:
(Internal Control and
Compliance)

Payroll tax regulations require that payroll tax deposits be made according to a deposit schedule provided by the Internal Revenue Service based on the amount of the payroll tax deposit. If not made according to this schedule then late deposit penalties apply.

Condition:

During fiscal year ended June 30, 2012 the Board paid penalties for late deposits of payroll taxes on two different occasions. The first was for a three month period in which the tax deposits were late each month by eight days, eight days and five days respectively. The second was for a one month period in which the tax deposit was late one day. These late deposit errors totaled \$163,185 in late deposit penalties.

Effect:

Penalties were paid as a result of errors made by paying payroll taxes late.

Cause:

The Board lost an experienced employee to retirement who had been in the payroll benefits position for a number of years. This individual was replaced by an internal employee who was the accounts payable clerk. She remained on the job for approximately four and a half months. Upon her resignation an employee of the Board temporarily took over the duties of the payroll benefits position including making payroll tax deposits until a

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II. Financial Statement Findings - (Cont'd):

Finding 2012-2 Criteria: Payroll tax regulations require that payroll tax
(Internal Control and deposits be made according to a deposit schedule
Compliance) - Provided by the Internal Revenue Service based on the
(Continued) amount of the payroll tax deposit. If not made
according to this schedule then late deposit
penalties apply.

Cause - (Cont'd): new person was hired. The first instance of late
deposits was made by the former accounts payable
clerk and by the employee performing these duties
temporarily. Neither of these employees understood
the importance and ramifications of not making
payroll tax deposits timely. The second instance of
late payment occurred due to the fact that the
individual hired permanently for this position did
not understand that a tax deposit made electronically
had to be made on the same day as the check date in
order to be paid the next day. The payment was made
via the internet on the day following the payroll
date thus was considered a day late.

Recommendation: The finance department needs to ensure that there is
appropriate training in the area of payroll tax
deposits and that this position understands the
importance and ramifications of late payroll tax
deposits. The Supervisor should also sign off on the
confirmation received after payment is made via the
internet.

Management's Response: The Board's management agrees with the finding and
recommendation. The finance officer is also in the
process of appealing the tax penalty in hopes of
getting a refund of the penalty.

Section III. Federal Awards Findings and Questioned Costs:

Finding 2012-3: Immaterial Noncompliance
National School Lunch & Breakfast Program

Criteria: NC General Statute 115-264 states that each school
may, with the approval of the local Board of
Education, sell soft drinks to students so long as
soft drinks are not sold (i) during the lunch period
(ii) at elementary schools or (iii) contrary to the
requirements of the National School Lunch Program.

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section III. Federal Awards Findings and Questioned Costs - (Cont'd):

Finding 2012-3: (Cont'd)	Immaterial Noncompliance National School Lunch & Breakfast Program
Condition:	<p>Site visits were made to several schools to ensure that rules and regulations are being followed for competitive foods. On September 19, 2012 lunch period site visits were made to South Caldwell High School, West Caldwell High School, Hibriten High School and Hudson Middle School.</p> <p>The only machines working at the three high schools were determined to be Child Nutrition program income.</p> <p>During the Hudson Middle School visit a water machine in the gym was on during the lunch period. Upon follow-up the principal stated he was under the impression that the machines timer was working property. Follow-up with the Coca Cola representative corrected the malfunction. During the period from 6/12/2012 to 9/12/2012 the school made commissions of \$62.73 on this machine.</p>
Effect:	The State agency requires reporting of any noted violations and they will determine the repayment amount due from the school unit to the program.
Cause:	The principal responded that "school personnel do not have keys to the machine nor the ability to set or change the timers. We sell very few waters to our students from that machine. Immediately upon notification of this finding I called our Coca Cola representative and she related the information to one of her employees and the timer was corrected."
Recommendation:	We recommend that the Child Nutrition director annually include in his presentation to principals a reminder of the competitive food requirements.
Management Response:	Subsequent to this occurrence, the Child Nutrition director attended the October principal meeting to review program compliance and other program information including competitive food statutes and policies.

CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section IV. State Awards Findings and Questioned Costs:

None

**CALDWELL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

II. Financial Statement Findings:

Finding: 2012-1

Name of contact person: Karla Miller, Finance Director

Corrective Action: Budget amendments will be developed to include school construction capital outlay expenditures incurred by the County.

Proposed Completion Date: July 31, 2012

Finding: 2012-2

Name of contact person: Karla Miller, Finance Director

Corrective Action: The finance officer has provided training to the payroll benefits position as to the requirements related to payroll tax deposits. Reminders have been set on Google calendar which will be set for each check date. In addition a formal checklist of the duties to be performed for this position was developed and is now being utilized. The Supervisor will also sign off on the payment confirmation received via the internet.

Proposed Completion Date: October 31, 2012

III. Financial Awards Findings and Questioned Costs:

Finding: 2012-3

Name of contact person: Guy Garner, Child Nutrition Director

Corrective Action: The Child Nutrition Director attended the October principal meeting to review program compliance and other program information including competitive food statutes and policies.

Proposed Completion Date: October 31, 2012

**CALDWELL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012

<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	\$ 115,865	
Total U.S. Department of Defense		115,865	
<u>U.S. Department of Education</u>			
Cash Assistance			
Passed thru N.C. Department of Public Instruction:			
Even Start	84.213	13,389	
Title I, Part A Cluster:			
Title I - Educationally Deprived	84.010-1	3,109,574	
Title I - Educationally Deprived - ARRA	84.389	42,308	
Total Title I, Part A Cluster		3,151,882	
School Improvement Grants Cluster:			
Title I - School Improvement	84.010-2	43,787	
Title I - School Improvement - ARRA	84.388	29,015	
Total School Improvement Grants Cluster		72,802	
Special Education Cluster:			
IDEA - Handicapped	84.027	2,804,184	
IDEA - Pre-School Grant	84.173	57,558	
IDEA - Capacity and Improvement	84.027	83,689	
IDEA - Special Needs Targeted Assistance	84.027A	33,474	
IDEA - Pre-School - ARRA	84.392	12	
Total Special Education Cluster		2,978,917	
Title IV Part A - Safe and Drug Free Schools and Community Act			
	84.186	7,309	
Career and Technical Education - Basic Grants to States			
	84.048	165,763	
Tech Prep Education Grant	84.243	887	
Improving Teacher Quality	84.367	532,426	
Language Acquisition	84.229	62,476	
Education Technology State Grants Cluster			
Education Technology State Grants	84.318	1,883	
ARRA - Education Technology State Grants	84.386	20,016	
Total Education Technology State Grants Cluster		21,899	
Special Education State Improvement			
ARRA - State Fiscal Stabilization Fund	84.323A	19,272	
ARRA - Race To The Top	84.394	292,559	
ARRA - Race To The Top	84.395	406,130	
ARRA - Education for Homeless Children and Youth	84.387	1,510	
ARRA - Education Jobs Fund	84.41	2,640,442	
Direct Programs			
Elementary & Secondary School Counseling	84.215E	227,847	
Total U.S. Department of Education		10,595,510	
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities)			
Passed-through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	349,769	

**CALDWELL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal - State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
FEDERAL GRANTS (CONT'D):			
<u>U.S. Department of Agriculture - (Cont'd)</u>			
Cash Assistance			
Passed-through the N.C. Department of Public Instruction:			
School Breakfast Program	10.553	993,409	
National School Lunch Program	10.555	3,054,689	
Summer Food Service Program for Children	10.559	68,705	
Total Cash Assistance		4,116,803	
Total Child Nutrition Cluster		4,466,572	
Total U.S. Department of Agriculture		4,466,572	
<u>U.S. Department Health and Human Services</u>			
Passed thru N.C. Department of Public Instruction:			
Abstinence Education	93.235	58,973	
Total Federal Assistance Programs		\$15,236,920	
STATE GRANTS:			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund			\$ 65,009,060
Vocational Education - Months of Employment			3,328,767
Driver Training			217,812
State Technology Fund			178,520
Breakfast Program for Kindergarten			17,957
<u>N.C. Department of Health and Human Resources</u>			
Division of Child Development:			
More at Four Pre-Kindergarten Program			294,528
<u>Office of the Governor</u>			
Passed thru Caldwell County:			
Public School Building Capital Fund			255,987
Non-Cash Assistance			
<u>N.C. Department of Public Instruction:</u>			
School Buses Appropriation			175,246
Textbooks			76,165
Total State Assistance Programs			\$ 69,554,042

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, 2012

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>	
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>
General Fund	\$13,092,582	x	x	\$ 429,744	x	x
Special Revenue Funds:						
State Public School Fund	2,732,241	x	x	2,732,241	x	x
Federal Grants Fund	269,723			269,723		x
Individual Schools	1,427,055		x	0		
Capital Projects Funds:						
Capital Outlay Fund	<u>3,541,811</u>	x	x	<u>159,321</u>		
Total Government Funds	<u>\$21,063,412</u>			<u>\$3,591,029</u>		
10% of Total Governmental Funds	<u>\$ 2,106,341</u>			<u>\$ 359,103</u>		
Enterprise Funds:						
Child Nutrition Fund	\$ 4,129,461	x	x	\$ 561,616	x	x
Child Care	<u>499,766</u>			<u>115,569</u>	x	
Total Enterprise Funds	<u>\$ 4,629,227</u>			<u>\$ 677,185</u>		
10% of Total Enterprise Funds	<u>\$ 462,923</u>			<u>\$ 67,719</u>		
Total Governmental and Enterprise Funds	<u>\$25,692,639</u>			<u>\$4,268,214</u>		
5% of Total Governmental and Enterprise Funds	<u>\$ 1,284,632</u>			<u>\$ 213,411</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	
\$17,071,214	x	x	\$ 14,032,262	x	x	Always major
68,810,324	x	x	68,763,844	x	x	Major
10,426,635	x	x	10,426,635	x	x	Major
3,290,522			3,218,907			Major - Discretion of Auditee
<u>3,973,211</u>			<u>3,905,941</u>			Major
<u>\$103,571,906</u>			<u>\$ 100,347,589</u>			
<u>\$ 10,357,191</u>			<u>\$ 10,034,759</u>			
\$ 7,135,061	x	x	\$7,200,620	x	x	Major
1,253,632	x		1,183,572	x		Major - Discretion of Auditee
<u>\$ 8,388,693</u>			<u>\$ 8,384,192</u>			
<u>\$ 838,869</u>			<u>\$ 838,419</u>			
<u>\$111,960,599</u>			<u>\$ 108,731,781</u>			
<u>\$ 5,598,030</u>			<u>\$ 5,436,589</u>			

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