

**Moore County Board of Education**

Financial Statements

For the Fiscal Year Ended June 30, 2008

**MOORE COUNTY BOARD OF EDUCATION  
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**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

***INDEPENDENT AUDITORS' REPORT***

To the Moore County Board of Education  
Carthage, 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 the Moore County Board of Education (BOE), as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the BOE'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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the BOE as of June 30, 2008, and the respective changes in financial position and its cash flows, where applicable, thereof and the respective budgetary comparison for the General and State Public School funds 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 December 17, 2008 on our consideration of BOE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the BOE. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Dixon Hughes PLLC*

*December 17, 2008  
Southern Pines, North Carolina*

## **MOORE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the Moore County Board of Education's (the "Board") financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2008. This information should be read in conjunction with the audited financial statements included in this report.

### **Financial Highlights**

- Assets exceeded liabilities by \$69.9 million as of June 30, 2008.
- Our governmental activity revenues were \$106.3 million for the fiscal year ended June 30, 2008.
- In November 2007, Moore County voters approved a \$54 million bond issue for Phase I of the School Master Facilities Plan.
- In May 2008, the Moore County Board of Commissioners approved the sale of \$40 million in bonds to begin Phase I of the Facilities Plan. The Schools have started numerous projects including a new middle school; a new elementary school; improvements to athletic stadiums, fields and gymnasiums; water/sewer projects; and additions to 4 other schools.
- The remaining \$14 million in approved bonds will be sold in either 2010 or 2011.
- The Board continues to seek ways to enhance Moore County Schools' ability to attract and retain highly qualified teachers.

### **Overview of the Financial Statements**

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

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Required supplemental section that presents a budgetary statement for the Board's nonmajor governmental fund and budgetary statements 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, proprietary funds and fiduciary fund. 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 and fiduciary 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 each of the financial resources of each of the Board's major funds.

## **MOORE COUNTY BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **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 are the difference between the Board's assets and liabilities. This 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 a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants fund.

Moore County Board of Education has three types of funds:

*Governmental funds:* Most of the Board's basic services are included in the governmental funds, which generally focus on two things – 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) 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 the reader determine whether there are more or fewer financial resources that can be spent in the coming year 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 fund 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 Fund, the Capital Outlay Fund, and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4, 5 and 6 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. The Moore County Board of Education's has two proprietary funds - both enterprise funds – the School Food Service Fund and the Child Care Fund.

**MOORE COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The proprietary fund statements are shown as Exhibits 7, 8, and 9 of this report.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Moore County Board of Education has one fiduciary fund – an Agency Fund, which is used to account for moneys held for the Sandhills Region Education Consortium (SREC) for which the Board is the fiscal agent.

The fiduciary fund statement is shown as Exhibit 10.

**Financial Analysis of the Board as a Whole**

Net assets are an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$69.93 million as of June 30, 2008. The largest component of net assets is invested in capital assets, net of related debt, of \$67.23 million, which comprises 96.1% of the total net assets. Restricted and unrestricted net assets amounted to \$1.18 million and \$1.52 million, respectively.

Following is a summary of the Statement of Net Assets:

**Table 1  
Condensed Statement of Net Assets  
As of June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/08	6/30/07	6/30/08	6/30/07	6/30/08	6/30/07
Current assets	\$ 10,458,885	\$ 6,794,727	\$ 1,717,934	\$ 1,738,669	\$ 12,176,819	\$ 8,533,396
Capital assets	<u>67,774,047</u>	<u>68,378,746</u>	<u>645,125</u>	<u>755,851</u>	<u>68,419,172</u>	<u>69,134,597</u>
Total assets	<u>78,232,932</u>	<u>75,173,473</u>	<u>2,363,059</u>	<u>2,494,520</u>	<u>80,595,991</u>	<u>77,667,993</u>
Current liabilities	7,092,188	5,869,970	70,067	69,504	7,162,255	5,939,474
Long-term liabilities	<u>3,442,914</u>	<u>2,936,645</u>	<u>60,536</u>	<u>52,867</u>	<u>3,503,450</u>	<u>2,989,512</u>
Total liabilities	<u>10,535,102</u>	<u>8,806,615</u>	<u>130,603</u>	<u>122,371</u>	<u>10,665,705</u>	<u>8,928,986</u>
Invested in capital assets, net of related debt	66,581,007	67,408,308	645,125	755,851	67,226,132	68,164,159
Restricted net assets	1,180,843	1,051,220	-	-	1,180,843	1,051,220
Unrestricted net assets (deficit)	<u>(64,020)</u>	<u>(2,092,670)</u>	<u>1,587,331</u>	<u>1,616,298</u>	<u>1,523,311</u>	<u>(476,372)</u>
Total net assets	<u>\$67,697,830</u>	<u>\$66,366,858</u>	<u>\$ 2,232,456</u>	<u>\$ 2,372,149</u>	<u>\$69,930,286</u>	<u>\$ 68,739,007</u>

The net assets of the Board's governmental activities increased from \$66.37 million at June 30, 2007 to \$67.70 million at June 30, 2008, an increase of \$1.33 million. Capital assets, net of related debt, decreased by \$827,000 during the year due primarily to an increase in installment purchase obligations outstanding for capital additions and the fact that depreciation exceeded additions to capital assets. Restricted and unrestricted net assets increased by a combined total of \$2.16 million.

The net assets of our business-type activities decreased \$140,000 for the year to \$2.23 million at June 30, 2008. This decrease of \$140,000 is the amount of net loss generated by our school food service operations during the 2008 fiscal year.

**MOORE COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Table 2  
Condensed Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Years Ended June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/08	6/30/07	6/30/08	6/30/07	6/30/08	6/30/07
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 3,922,508	\$ 3,926,610	\$ 2,510,173	\$ 2,453,617	\$ 6,432,681	\$ 6,380,227
Operating grants and contributions	73,030,092	67,686,797	2,607,062	2,576,656	75,648,899	70,263,453
Capital grants and contributions	438,097	797,138	-	-	438,097	797,138
<b>General revenues:</b>						
Other revenues	28,861,713	23,517,327	41,135	63,533	28,902,848	23,580,860
<b>Total revenues</b>	<b>106,252,410</b>	<b>95,927,872</b>	<b>5,158,370</b>	<b>5,093,806</b>	<b>111,422,525</b>	<b>101,021,678</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional services	81,838,850	70,749,361	-	-	81,838,850	70,749,361
System-wide supporting services	20,582,014	22,500,766	-	-	20,582,014	22,500,766
Community services	68,498	191,874	-	-	68,498	191,874
Nonprogrammed charges	659,885	482,531	-	-	659,885	482,531
Interest on long-term debt	34,381	19,272	-	-	34,381	19,272
Unallocated depreciation expense	1,889,254	2,218,228	-	-	1,889,254	2,218,228
<b>Business-type activities:</b>						
School food service	-	-	4,850,626	4,635,011	4,862,371	4,635,011
Child care	-	-	295,993	300,618	295,993	300,618
<b>Total expenses</b>	<b>105,072,882</b>	<b>96,162,032</b>	<b>5,146,619</b>	<b>4,935,629</b>	<b>110,231,246</b>	<b>101,097,661</b>
Transfers in (out)	151,444	151,593	(151,444)	(151,593)	-	-
Increase (decrease) in net assets	1,330,972	(82,567)	(139,693)	6,584	1,191,279	(75,983)
Beginning net assets	66,366,858	66,449,425	2,372,149	2,365,565	68,739,007	68,814,990
Ending net assets	\$ 67,697,830	\$ 66,366,858	\$ 2,232,456	\$ 2,372,149	\$ 69,930,286	\$ 68,739,007

During the year ended June 30, 2008, our governmental activities generated revenues of \$106.25 million as well as total expenses of \$105.07 million. Transfers in from business-type activities during the year were \$151,000. These amounts combined result in the aforementioned increase in our net assets for governmental activities of \$1.33 million. Our primary sources of revenue were funding from the State of North Carolina, the County of Moore, and the United States government, which respectively comprised 63.3%, 25.6%, and 5.8% of our revenues. As would be expected, the major component of our expenditures was instructional programs, which accounted for 77.9% of our total expenditures during the most recent fiscal year. Of the remaining 22.1% of our total expenditures, 19.6% was attributable to supporting services.

Our business-type activities generated revenue of \$5.16 million and had expenses of \$5.30 million (including transfers to governmental activities), resulting in an decrease in net assets of \$140,000. This represents a decline of \$147,000 over the prior year increase in net assets of \$7,000. This decline is primarily attributable to an increase of \$149,000 in food purchases.



**MOORE COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The increase in the net assets of our governmental activities during the fiscal year ended June 30, 2008 of \$1.33 million represented an improvement of \$1.41 million in comparison to the \$83,000 decrease experienced during the fiscal year ended June 30, 2007. Our governmental activity revenues increased \$10.32 million when compared to the fiscal year ended June 30, 2007, while expenses increased \$8.91 million over this same period. The increase in revenues was primarily attributable to increases of \$5.25 million and \$5.29 million in revenues from the State of N.C and Moore County, respectively. The increase in expenses was largely attributable to a combined increase of \$5.39 million for instructional and supporting services in the State Public School Fund.

**Financial Analysis of the Board's Funds**

*Governmental Funds:* The focus of Moore 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 reported a combined fund balance of \$6.13 million at June 30, 2008, a \$2.46 million increase when compared to the prior year. Total revenues and other financing sources increased by \$8.49 million, or 8.7%, during the year, primarily due to increases in State and County funding of \$5.25 million and \$5.29 million, respectively. Total expenditures increased \$6.87 million when compared to the prior year with the increase being primarily attributable to increased expenditures in the State Public School and Capital Outlay Funds of \$5.56 million and \$329,000, respectively.

*Proprietary Funds:* The Board's business-type funds reported combined net assets of \$2.23 million at June 30, 2008, a \$140,000 decrease over last year. The School Food Service Fund generated a net loss of \$140,000 during the year ended June 30, 2008 compared to \$7,000 during the prior year, a decline of \$147,000. As previously discussed, this decline is primarily attributable to an increase of \$149,000 in food purchases. The Board's Child Care Fund reported decreases in both revenues and expenses compared to the prior year, resulting in net income before contributions and transfers of \$151,000 in the current year compared to \$152,000 in the prior year. In both years, the net income of the Child Care Fund was transferred to the Individual Schools Fund.

**General Fund Budgetary Highlights**

Over the course of the year, the Board revised the budget several times to account for increases in revenue and expenditure expectations. For the year, the Board finished with expenditures in excess of revenues in the amount of \$1.58 million, net of the change in the reserve for inventories of \$218,000.

**Capital Assets**

Total primary government capital assets decreased by \$605,000 compared to the previous year. The following is a summary of the capital assets, net of depreciation at year-end.

**Table 3  
Summary of Capital Assets  
As of June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/08</u>	<u>6/30/07</u>
Land	\$ 1,096,415	\$ 660,849	\$ -	\$ -	\$ 1,096,415	\$ 660,849
Construction in Progress	1,223,248	-	-	-	1,223,248	-
Buildings and improvements	63,164,717	64,921,953	-	-	63,164,717	64,921,953
Equipment and furniture	304,285	356,295	645,125	755,851	949,410	1,112,146
Vehicles	1,770,936	2,140,526	-	-	1,770,936	2,140,526
Computers	214,446	299,123	-	-	214,446	299,123
<b>Total</b>	<b>\$67,774,047</b>	<b>\$ 68,378,746</b>	<b>\$ 645,125</b>	<b>\$ 755,851</b>	<b>\$68,419,172</b>	<b>\$ 69,134,597</b>

**MOORE COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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***Debt Outstanding***

During the year, the Board's outstanding debt increased by \$223,000. The Board borrowed \$1.24 million during the year under installment purchase contracts to finance the purchase of school buses, activity buses and computers. Repayments of installment purchase obligations totaled \$1.02 million for the year. The Board is limited by North Carolina General Statutes with regards to the types of debt it can issue and for what purpose that debt can be used.

***Economic Factors***

The Board anticipates an increased enrollment over the next several years and will need continued increases in classroom space, teachers, and equipment. County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the schools. Moore County's economy remains strongly rooted in health care, tourism, retirement, manufacturing, and agriculture.

Moore County's standard of living continues to be one of the highest in North Carolina. Our per capita income for 2007 is estimated at \$36,932.

Healthcare continues to abound as the largest industrial sector in Moore County. Tourism is our second largest industrial sector, followed by retail trade.

The services sector continues to provide more new jobs while traditional manufacturing, such as textiles, continue to decline. Our unemployment rate is currently 6.3%.

Overall we maintain a positive outlook regarding Moore County's economic condition for the next year.

***Requests for Information***

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

Tim Lussier, Director of Public Information and Community Services  
Moore County Board of Education  
PO Box 1180  
Carthage, NC 28327

**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,695,411	\$ 1,313,442	\$ 8,008,853
Due from other governments	3,098,586	78,569	3,177,155
Receivables (net)	175,060	54,782	229,842
Internal balances	(30,420)	30,420	-
Inventories	517,115	240,721	757,836
Deposits	3,133	-	3,133
Capital assets:			
Land, improvements, and construction in progress	2,319,663	-	2,319,663
Other capital assets, net of depreciation	65,454,384	645,125	66,099,509
Total capital assets	<u>67,774,047</u>	<u>645,125</u>	<u>68,419,172</u>
Total assets	<u>78,232,932</u>	<u>2,363,059</u>	<u>80,595,991</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,142,381	549	1,142,930
Accrued salaries and wages payable	3,187,103	-	3,187,103
Unearned revenue	-	18,885	18,885
Long-term liabilities:			
Due within one year	2,762,704	50,633	2,813,337
Due in more than one year	<u>3,442,914</u>	<u>60,536</u>	<u>3,503,450</u>
Total liabilities	<u>10,535,102</u>	<u>130,603</u>	<u>10,665,705</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	66,581,007	645,125	67,226,132
Restricted for:			
Individual schools	1,180,843	-	1,180,843
Unrestricted (deficit)	<u>(64,020)</u>	<u>1,587,331</u>	<u>1,523,311</u>
Total net assets	<u>\$ 67,697,830</u>	<u>\$ 2,232,456</u>	<u>\$ 69,930,286</u>

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

**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government
							Total
Primary government:							
Governmental activities:							
Instructional services:							
Regular instructional	\$ 45,987,017	\$ -	\$ 40,874,329	\$ -	\$ (5,092,688)	\$ -	\$ (5,092,688)
Special populations	12,502,753	-	10,764,886	-	(1,737,867)	-	(1,737,867)
Co-curricular	4,887,790	-	-	-	(4,387,790)	-	(4,387,790)
Alternative programs and services	7,876,541	-	6,145,680	-	(1,530,861)	-	(1,530,861)
Student leadership services	5,595,712	-	2,877,887	-	(2,717,825)	-	(2,717,825)
School-based support services:	5,709,037	3,820,534	4,310,129	-	2,421,826	-	2,421,826
system-wide support services:							
Student and development Services	550,917	-	249,230	-	(301,687)	-	(301,687)
Special population support and development	282,035	-	273,865	-	(8,170)	-	(8,170)
Alternative programs and services support	171,539	-	147,123	-	(24,416)	-	(24,416)
Technology support services	1,434,125	-	111,991	-	(1,322,134)	-	(1,322,134)
Operational support services	15,080,761	101,974	5,581,285	438,097	(8,979,405)	-	(8,979,405)
Financial and human resources services	1,011,181	-	315,134	-	(696,047)	-	(696,047)
System-wide pupil support services	112,415	-	12,337	-	(100,078)	-	(100,078)
Policy, leadership and public services	1,939,041	-	1,223,474	-	(715,567)	-	(715,567)
Community services	68,498	-	-	-	(68,498)	-	(68,498)
Nonprogrammed charges	659,885	-	161,270	-	(498,615)	-	(498,615)
Interest on long-term debt	34,381	-	1,472	-	(32,909)	-	(32,909)
Unallocated depreciation expense	1,889,254	-	-	-	(1,889,254)	-	(1,889,254)
Total governmental activities	105,072,882	3,922,508	73,030,092	438,097	(27,682,185)	-	(27,682,185)
Business-type activities:							
School food service	4,850,626	2,062,736	2,607,062	-	-	(180,828)	(180,828)
Child care	295,993	447,437	-	-	-	151,444	151,444
Total business-type activities	5,146,619	2,510,173	2,607,062	-	-	(29,384)	(29,384)
Total primary government	\$ 110,219,501	\$ 6,432,681	\$ 75,637,154	\$ 438,097	(27,682,185)	(29,384)	(27,711,569)
General revenues:							
Unrestricted county appropriations - operating					23,694,245	-	23,694,245
Unrestricted county appropriations - capital					1,880,057	-	1,880,057
Unrestricted county appropriations - contributed capital					1,658,814	-	1,658,814
Investment earnings, unrestricted					250,602	41,135	291,737
Miscellaneous, unrestricted					1,377,995	-	1,377,995
Transfers in (out)					151,444	(151,444)	-
Total general revenues and transfers					29,013,157	(110,309)	28,902,848
Change in net assets					1,330,972	(138,693)	1,191,279
Net assets - beginning					66,366,858	2,372,149	68,739,007
Net assets - ending					\$ 67,697,830	\$ 2,232,456	\$ 69,930,286

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

**MOORE COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008**

**Exhibit 3**

	Major Funds				Non-Major Fund	Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>Assets</b>						
Cash and cash equivalents	\$ 4,907,206	\$ -	\$ 1,166,689	\$ 621,516	\$ -	\$ 6,695,411
Due from other governments	91,495	2,815,681	-	-	191,410	3,098,586
Accounts receivable	44,760	-	-	130,300	-	175,060
Due from other funds	-	-	14,154	-	-	14,154
Inventories	517,115	-	-	-	-	517,115
Deposits	3,133	-	-	-	-	3,133
<b>Total assets</b>	<b>5,563,709</b>	<b>2,815,681</b>	<b>1,180,843</b>	<b>751,816</b>	<b>191,410</b>	<b>10,503,459</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	1,142,381	-	-	-	-	1,142,381
Accrued salaries and wages payable	180,012	2,815,681	-	-	191,410	3,187,103
Due to other funds	44,574	-	-	-	-	44,574
<b>Total liabilities</b>	<b>1,366,967</b>	<b>2,815,681</b>	<b>-</b>	<b>-</b>	<b>191,410</b>	<b>4,374,058</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Inventories	517,115	-	-	-	-	517,115
Prepays	3,133	-	-	-	-	3,133
State statute	136,255	-	14,154	130,300	-	280,709
<b>Unreserved:</b>						
<b>Designated for subsequent year's expenditures:</b>						
Designated for subsequent year's expenditures	522,985	-	-	-	-	522,985
<b>Undesignated, reported in:</b>						
General Fund	3,017,254	-	-	-	-	3,017,254
Special Revenue Funds	-	-	1,166,689	-	-	1,166,689
Capital Projects Fund	-	-	-	621,516	-	621,516
<b>Total fund balances</b>	<b>4,196,742</b>	<b>-</b>	<b>1,180,843</b>	<b>751,816</b>	<b>-</b>	<b>6,129,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,563,709</b>	<b>\$ 2,815,681</b>	<b>\$ 1,180,843</b>	<b>\$ 751,816</b>	<b>\$ 191,410</b>	

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.	67,774,047
Some liabilities, including those for compensated absences and installment purchase obligations, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,205,618)</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>67,697,830</u></b>

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

**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2008**

Exhibit 4

	Major Funds				Non-Major Fund	Total Governmental Funds
	General	State Public School	Individual Schools	Capital Outlay	Federal Grants	
<b>Revenues:</b>						
State of North Carolina	\$ 331,406	\$ 66,440,535	\$ -	\$ 438,097	\$ -	\$ 67,210,038
Moore County	23,694,245	-	-	1,880,057	-	25,574,302
U.S. Government	215,660	-	-	-	5,919,375	6,135,035
Other	2,029,460	-	3,820,534	275,420	-	6,125,414
<b>Total revenues</b>	<b>26,270,771</b>	<b>66,440,535</b>	<b>3,820,534</b>	<b>2,593,574</b>	<b>5,919,375</b>	<b>105,044,789</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instructional services:</b>						
Regular instructional	5,644,279	39,874,859	-	-	165,760	45,684,898
Special populations	1,700,644	8,352,021	-	-	2,412,865	12,465,530
Co-curricular	532,371	-	3,842,355	-	-	4,374,726
Alternative programs and services	1,508,006	4,077,945	-	-	2,067,735	7,653,686
School leadership services	2,701,165	2,877,887	-	-	-	5,579,052
School-based support	1,381,911	3,558,276	-	-	751,853	5,692,040
<b>System-wide support services:</b>						
Support and development services	300,047	248,913	-	-	317	549,277
Special population support and	7,330	113,415	-	-	160,450	281,195
Alternative programs and services	23,905	70,081	-	-	77,042	171,028
Technology support services	1,317,864	91,090	-	-	20,901	1,429,855
Operational support services	7,007,928	5,508,877	-	-	52,408	12,569,213
Financial and human resource services	693,036	284,698	-	-	30,436	1,008,170
System-wide pupil support services	99,743	12,337	-	-	-	112,080
Policy, leadership, and public relations	709,794	1,205,136	-	-	18,338	1,933,268
<b>Ancillary services</b>	<b>68,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,498</b>
<b>Non-programmed charges</b>	<b>659,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,270</b>	<b>821,155</b>
<b>Debt service:</b>						
Principal retirements	309,514	163,528	-	548,953	-	1,022,005
Interest and fees	23,897	1,472	-	9,012	-	34,381
<b>Capital outlay:</b>						
Land, buildings, and site improvements	-	-	-	891,473	-	891,473
Furnishings and equipment	-	-	-	1,564,635	-	1,564,635
Vehicles and other	-	-	-	296,940	-	296,940
<b>Total expenditures</b>	<b>24,689,817</b>	<b>66,440,535</b>	<b>3,842,355</b>	<b>3,311,023</b>	<b>5,919,375</b>	<b>104,203,105</b>
<b>Revenues over (under) expenditures</b>	<b>1,580,954</b>	<b>-</b>	<b>(21,821)</b>	<b>(717,449)</b>	<b>-</b>	<b>841,684</b>
<b>Other financing sources:</b>						
Installment purchase obligations issued	-	-	-	1,244,607	-	1,244,607
Transfers from other funds	-	-	151,444	-	-	151,444
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>151,444</b>	<b>1,244,607</b>	<b>-</b>	<b>1,396,051</b>
<b>Net change in fund balance</b>	<b>1,580,954</b>	<b>-</b>	<b>129,623</b>	<b>527,158</b>	<b>-</b>	<b>2,237,735</b>
<b>Fund balances:</b>						
Beginning of year	2,398,114	-	1,051,220	224,658	-	3,673,992
Increase in reserve for inventory	217,674	-	-	-	-	217,674
<b>End of year</b>	<b>\$ 4,196,742</b>	<b>\$ -</b>	<b>\$ 1,180,843</b>	<b>\$ 751,816</b>	<b>\$ -</b>	<b>\$ 6,129,401</b>

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

**MOORE COUNTY BOARD OF EDUCATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2008**

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Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 2,237,735
Change in fund balance due to change in reserve for inventory	217,674
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 and contributed capital were greater (less) than depreciation in the current period.	(604,701)
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 amounts 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.	(222,602)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	<u>(297,134)</u>
Total changes in net assets of governmental activities	<u>\$ 1,330,972</u>

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

MOORE COUNTY BOARD OF EDUCATION  
 GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2008

	General Fund			State Public School Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
State of North Carolina	\$ 60,000	\$ 331,406	\$ 331,406	\$ 63,455,657	\$ 67,564,487	\$ 66,440,535
Moore County	23,694,245	23,694,245	23,694,245	-	-	-
U.S. Government	-	234,852	215,660	-	-	-
Other	1,835,000	1,495,144	2,029,460	-	-	-
Total revenues	25,589,245	25,755,647	26,270,771	63,455,657	67,564,487	66,440,535
Expenditures:						
Current:						
Instructional services	14,283,406	14,102,535	13,468,376	56,968,271	59,600,631	58,740,988
System-wide support services	10,456,824	10,649,762	10,159,647	6,322,386	7,798,856	7,534,547
Ancillary services	96,184	68,584	68,498	-	-	-
Nonprogrammed charges	820,000	820,000	659,885	-	-	-
Debt service	168,436	349,371	333,411	165,000	165,000	165,000
Total expenditures	25,824,850	25,991,252	24,689,817	63,455,657	67,564,487	66,440,535
Revenues over (under) expenditures	(235,605)	(235,605)	1,580,954	-	-	-
Fund balance appropriated	235,605	235,605	-	-	-	-
Net change in fund balance	\$ -	\$ -	1,580,954	\$ -	\$ -	\$ -
Fund balances:						
Beginning of year			2,398,114			
Increase (decrease) in reserve for inventory			217,674			
End of year			\$ 4,196,742			\$ -
						1,123,952
						(1,123,952)

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



**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**June 30, 2008**

**Exhibit 7**

	Enterprise		
	Major Fund	Non-major Fund	Total
	School Food Service	Child Care	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,313,442	\$ -	\$ 1,313,442
Accounts receivable	54,782	-	54,782
Due from other funds	30,420	-	30,420
Due from other governments	78,569	-	78,569
Inventories	240,721	-	240,721
Total current assets	<u>1,717,934</u>	<u>-</u>	<u>1,717,934</u>
Noncurrent assets:			
Capital assets:			
Equipment, furniture and vehicles, net	<u>645,125</u>	<u>-</u>	<u>645,125</u>
Total assets	<u>2,363,059</u>	<u>-</u>	<u>2,363,059</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued expenses	549	-	549
Unearned revenue	18,885	-	18,885
Compensated absences	<u>50,633</u>	<u>-</u>	<u>50,633</u>
Total current liabilities	<u>70,067</u>	<u>-</u>	<u>70,067</u>
Noncurrent liabilities:			
Compensated absences	<u>60,536</u>	<u>-</u>	<u>60,536</u>
Total liabilities	<u>130,603</u>	<u>-</u>	<u>130,603</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	645,125	-	645,125
Unrestricted	<u>1,587,331</u>	<u>-</u>	<u>1,587,331</u>
Total net assets	<u>\$ 2,232,456</u>	<u>\$ -</u>	<u>\$ 2,232,456</u>

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

**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2008**

*Exhibit 8*

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Operating revenues:			
Food sales	\$ 2,062,736	\$ -	\$ 2,062,736
Child care fees	-	447,437	447,437
Total operating revenues	<u>2,062,736</u>	<u>447,437</u>	<u>2,510,173</u>
Operating expenses:			
Food cost:			
Purchase of food	1,754,449	-	1,754,449
Donated commodities	277,730	-	277,730
Salaries and benefits	2,067,540	295,993	2,363,533
Indirect costs	289,923	-	289,923
Materials and supplies	212,708	-	212,708
Repairs and maintenance	4,187	-	4,187
Contracted services	41,154	-	41,154
Depreciation	122,783	-	122,783
Non-capitalized equipment	11,110	-	11,110
Loss on disposal of capital assets	4,625	-	4,625
Other	64,417	-	64,417
Total operating expenses	<u>4,850,626</u>	<u>295,993</u>	<u>5,146,619</u>
Operating income (loss)	<u>(2,787,890)</u>	<u>151,444</u>	<u>(2,636,446)</u>
Nonoperating revenues:			
Federal reimbursements	2,297,191	-	2,297,191
Federal commodities	277,730	-	277,730
State reimbursements	32,141	-	32,141
Interest earned	41,135	-	41,135
Total nonoperating revenues	<u>2,648,197</u>	<u>-</u>	<u>2,648,197</u>
Income before transfers	(139,693)	151,444	11,751
Transfers to other funds	<u>-</u>	<u>(151,444)</u>	<u>(151,444)</u>
Change in net assets	(139,693)	-	(139,693)
Net assets, beginning of year	<u>2,372,149</u>	<u>-</u>	<u>2,372,149</u>
Net assets, end of year	<u>\$ 2,232,456</u>	<u>\$ -</u>	<u>\$ 2,232,456</u>

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

**MOORE COUNTY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
For the Fiscal Year Ended June 30, 2008**

**Exhibit 9**

	Enterprise		Total
	Major Fund School Food Service	Non-major Fund Child Care	
Cash flows from operating activities:			
Cash received from customers	\$ 2,066,325	\$ 447,437	\$ 2,513,762
Cash paid for goods and services	(2,475,972)	-	(2,475,972)
Cash paid to employees for services	(2,058,898)	(295,993)	(2,354,891)
Net cash provided (used) by operating activities	<u>(2,468,545)</u>	<u>151,444</u>	<u>(2,317,101)</u>
Cash flows from noncapital financing activities:			
Due to other funds	(65,461)	-	(65,461)
Transfers to other funds	-	(151,444)	(151,444)
Federal and state reimbursements	2,344,588	-	2,344,588
Net cash provided (used) by noncapital activities	<u>2,279,127</u>	<u>(151,444)</u>	<u>2,127,683</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(15,886)</u>	<u>-</u>	<u>(15,886)</u>
Cash flows from investing activities:			
Interest earned on investments	<u>41,135</u>	<u>-</u>	<u>41,135</u>
Net increase in cash and cash equivalents	(164,169)	-	(164,169)
Cash and cash equivalents, beginning of year	<u>1,477,611</u>	<u>-</u>	<u>1,477,611</u>
Cash and cash equivalents, end of year	<u>\$ 1,313,442</u>	<u>\$ -</u>	<u>\$ 1,313,442</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (2,787,890)</u>	<u>\$ 151,444</u>	<u>\$ (2,636,446)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	122,783	-	122,783
Donated commodities	277,730	-	277,730
Loss on disposal of capital assets	4,625	-	4,625
Changes in assets and liabilities:			
Increase in accounts receivable	(54,782)	-	(54,782)
Increase in inventories	(38,447)	-	(38,447)
Decrease in accounts payable and accrued expenses	(4,795)	-	(4,795)
Increase in unearned revenue	3,589	-	3,589
Increase in compensated absences payable	8,642	-	8,642
Total adjustments	<u>319,345</u>	<u>-</u>	<u>319,345</u>
Net cash provided (used) by operating activities	<u>\$ (2,468,545)</u>	<u>\$ 151,444</u>	<u>\$ (2,317,101)</u>

**NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:**

The School Food Service Fund received donated commodities with a value of \$277,730 during the fiscal year. The receipt of these commodities is reflected as a nonoperating revenue on Exhibit 8.

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

**MOORE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**June 30, 2008**

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**Exhibit 10**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ <u>263,872</u>
<b>Liabilities</b>	
Due to Sandhills Region Education Consortium (SREC)	<u>263,872</u>
<b>Net Assets</b>	<u>\$ -</u>

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

**MOORE COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Moore 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 Moore 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 Moore 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 all nonfiduciary funds of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. 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, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Board reports the following major governmental funds:

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

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

**MOORE COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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*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 Moore County appropriations, restricted sales tax moneys, proceeds of county debt issued for public school construction, as well as certain State assistance.

The Board reports the following major enterprise fund:

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

The Board reports the following fiduciary fund:

*Agency Fund.* The Agency Fund is used to account for moneys held for the Sandhills Region Education Consortium for which the Board is the fiscal agent.

**C. Measurement Focus and Basis of Accounting**

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary 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.

*Governmental 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.

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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 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 superintendent is authorized by the governing board to transfer appropriations within a fund without limitation and without a report being made. The superintendent is not authorized to transfer contingency appropriations within a fund, nor may he transfer amounts between funds. During the year, several amendments to the original budget were necessary. 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. 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.

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.

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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, 1990 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.

For capital assets utilized in governmental activities having an estimated useful life of two or more years, it is the policy of the Board to capitalize infrastructure costing more than \$100,000, buildings costing more than \$20,000 and all other capital assets costing more than \$5,000. For capital assets utilized in business-type activities, the Board's policy is to capitalize those assets costing more than \$1,000 with an estimated useful life of two or more years. The cost of normal repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 - 50
Equipment and furniture	5 - 12
Vehicles	6
Computer equipment	3

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. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2008 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

7. Net Assets/Fund Balances

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.



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

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

The governmental fund types classify fund balances as follows:

**Reserved:**

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

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

**Unreserved:**

*Designated for subsequent year's expenditures* - portion of total fund balance available for appropriation which has been designated for the adopted 2008-2009 budget ordinance.

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

**8. Reconciliation of Government-wide and Fund Financial Statements**

**a. 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 \$61,568,429 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)	\$107,937,966
Less accumulated depreciation	<u>(40,163,919)</u>
Net capital assets	67,774,047
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:	
Installment purchases	(1,193,040)
Compensated absences	<u>(5,012,578)</u>
Total adjustment	<u>\$ 61,568,429</u>

**b. 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 (\$906,763) as follows:

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<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 188,569
Contributed capital not recorded in the fund statements but capitalized as assets- it affects only the government-wide statement of net assets	1,658,814
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	(2,452,084)
New installment financing obtained during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(1,244,607)
Principal payments on installment financing are recorded as a use of funds on the fund statements but affect only the statement of net assets in the government-wide statements	1,022,005
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	(297,134)
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>217,674</u>
Total adjustment	<u>\$ (906,763)</u>

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Fund Balance Appropriated

During the fiscal year ended June 30, 2008, the Board reported fund balance appropriated of \$26,500 within the Capital Outlay Fund which violates State law [G.S. 115C-425(a)] because it exceeded the amount legally available for appropriation by \$7,368. Management will monitor budget resolutions and amendments in the future to ensure that fund balance appropriated does not exceed the amount legally available for appropriation.

**NOTE 3 - 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

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under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2008, the Board had deposits with banks and savings and loans with a carrying amount of \$4,271,856 and with the State Treasurer of \$0. The bank balances with the financial institutions and the State Treasurer were \$5,350,858 and \$506,316, respectively. Of these balances, \$363,185 was covered by federal depository insurance and \$5,493,969 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

**2. Investments**

At June 30, 2008, the Board's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Department of State Treasurer Short Term Investment Fund (STIF)	\$ 3,621,684	2.9 years	Unrated
North Carolina Capital Management Trust (NCCMT)	379,185	N/A	AAAm

*Interest Rate Risk.* The Board of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The STIF is authorized under North Carolina General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments. The Board has no policy on credit risk.

*Concentration of Credit Risk.* The Board places no limit on the amount the Board may invest in any one issuer.

**3. Accounts Receivable**

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

	<u>Due to (from) other funds (Internal Balances)</u>	<u>Due from other governments</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ (44,574)	\$ 91,495	\$ 44,760	\$ 91,681
Other governmental activities	<u>14,154</u>	<u>3,007,091</u>	<u>130,300</u>	<u>3,151,545</u>
<b>Total</b>	<u>\$ (30,420)</u>	<u>\$ 3,098,586</u>	<u>\$ 175,060</u>	<u>\$ 3,243,226</u>
Business-type activities:				
School Food Service	<u>\$ 30,420</u>	<u>\$ 78,569</u>	<u>\$ 54,782</u>	<u>\$ 163,771</u>

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Due from other governments consists of the following:

Governmental activities:			
General Fund	\$ 75,872	Amounts due from County	
General Fund	15,623	Federal grant funds	
State Public School Fund	2,815,681	Operating funds from DPI	
Federal Grants Fund	<u>191,410</u>	Federal grant funds	
Total	<u>\$ 3,098,586</u>		
Business-type activities:			
School Food Service	<u>\$ 78,569</u>	USDA reimbursements	

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 660,849	\$ 435,566	\$ -	\$ 1,096,415
Construction in progress	-	<u>1,223,248</u>	-	<u>1,223,248</u>
Total capital assets not being depreciated	<u>660,849</u>	<u>1,658,814</u>	-	<u>2,319,663</u>
Capital assets being depreciated:				
Buildings and improvements	95,866,793	-	-	95,866,793
Equipment and furniture	1,728,739	32,343	-	1,761,082
Vehicles	7,639,553	106,792	368,849	7,377,496
Computers	<u>563,498</u>	<u>49,434</u>	-	<u>612,932</u>
Total capital assets being depreciated	<u>105,798,583</u>	<u>188,569</u>	<u>368,849</u>	<u>105,618,303</u>
Less accumulated depreciation for:				
Buildings and improvements	30,944,840	1,757,236	-	32,702,076
Equipment and furniture	1,372,443	84,354	-	1,456,797
Vehicles	5,499,026	476,383	368,849	5,606,560
Computers	<u>264,375</u>	<u>134,111</u>	-	<u>398,486</u>
Total accumulated depreciation	<u>38,080,684</u>	<u>2,452,084</u>	<u>368,849</u>	<u>40,163,919</u>
Total capital assets being depreciated, net	<u>67,717,899</u>			<u>65,454,384</u>
Governmental activity capital assets, net	<u>\$ 68,378,748</u>			<u>\$ 67,774,047</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Equipment, furniture and vehicles	\$ 2,107,663	\$ 15,886	\$ 16,091	\$ 2,107,458
Less accumulated depreciation for:				
Equipment, furniture and vehicles	<u>1,351,016</u>	<u>122,783</u>	<u>11,466</u>	<u>1,462,333</u>
School Food Service capital assets, net	<u>\$ 756,647</u>			<u>\$ 645,125</u>

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Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 1,889,254
Regular instructional programs	145,698
Business support services	<u>417,132</u>
Total	<u>\$ 2,452,084</u>

**B. Liabilities**

**1. Pension Plan Obligations**

**a. Teachers' and State Employees' Retirement System**

*Plan Description.* Moore 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 7.14% of annual covered payroll. The contribution requirements of plan members and Moore County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2008, 2007, and 2006 were \$5,035,003, \$4,356,742, and \$3,884,508, respectively, equal to the required contributions for each year.

**b. Other Post-Employment Benefits**

The post-employment healthcare benefits are provided through multiple-employer cost-sharing plans administered by the State. The Board makes monthly contributions to the State for these benefits. Health care benefits are provided to retirees (at no charge to the retirees) of the Teachers' and State Employees' Retirement System (System) who have at least five years of contributing membership in the System. These benefits are provided through the State's Comprehensive Major Medical Plan. Once retirees become eligible for Medicare coverage, they must elect to participate in Part A and Part B coverage to maintain the level of coverage provided prior to retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the State sets monthly contribution rates for post-employment health care benefits, death benefits, and disability benefits, which are the same for all boards of education across the State. For the fiscal year ended June 30, 2008, the Board made contributions to the State for post-employment health care benefits of \$2,636,464, these contributions represented 4.10% of covered payroll.

**MOORE COUNTY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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2. Other Employee Benefits

In addition to providing pension and post employment healthcare benefits, the Board provides disability benefits and death benefits, in accordance with State statutes, to certain employees. Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's highest 12 months salary in a row during the 24 months prior to his/her death, with a minimum benefit of \$25,000 and a maximum of \$50,000.

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

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period.

3. Accounts Payable

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

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 1,142,381	\$ 180,012	\$ 1,322,393
Other governmental	-	3,007,091	3,007,091
Total governmental activities	<u>\$ 1,142,381</u>	<u>\$ 3,187,103</u>	<u>\$ 4,329,484</u>
Business-type activities:			
School Food Service	<u>\$ 549</u>	<u>-</u>	<u>\$ 549</u>

4. Unearned Revenues

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

	<u>Unearned revenue</u>
Business-type activities:	
Prepayments of meals (School Food Service Fund)	<u>\$ 18,885</u>

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5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from Federal and local funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,000,000, and \$1,400,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$100,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for workers' compensation coverage. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing program administered by the North Carolina Department of Public Instruction. The fund provides all risk insurance coverage of buildings and contents property of the Board. Excess insurance is purchased by the fund through commercial insurers, who participate in property losses in excess of the Fund's self-insured retention of \$10 million. Flood insurance coverage is included under the property coverage provided by the Fund, subject to a limit of \$5 million aggregate.

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 are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$175,000.

There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

6. Long-Term Obligations

a. Installment Purchases

The Board is authorized by State law [G.S. 115C-528] to enter into installment purchase contracts to finance the purchase or improvement of personal property and to secure its obligations under such contracts by security interest in all or a portion of the property purchased or improved. During the fiscal years ended June 30, 2006, 2007 and 2008, the Board entered into three such contracts for the purchase of computers with each requiring three equal annual payments with interest rates ranging from 5.37% to 7.00%.

During the fiscal year ended June 30, 2006, the Board entered into an installment purchase contract under G.S. 115C-528 for the purchase of mobile units requiring four equal annual payments of \$30,443 with an interest rate of 4.50%.

During the fiscal year ended June 30, 2007, the Board entered into an installment purchase contract under G.S. 115C-528(a) for the purchase of activity buses. The contract requires three equal annual payments of \$87,745 with an interest rate of 4.00%.

During the fiscal year ended June 30, 2008, the Board entered into an installment purchase contract under G.S. 115C-528 for the purchase of software requiring 3 annual payments of \$165,000, \$114,244 and \$114,244 respectively with an interest rate of 4.75%.

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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 buses through special third party financing arrangements by Navistar Financial Company and SunTrust Leasing Corporation. During the fiscal periods ending June 30, 2007 and June 30, 2008, the Board entered into installment purchase contracts to finance the purchase of school buses. The financing contract requires only principal payments at the beginning of each contract year.

The future minimum payments of the installment purchases as of June 30, 2008 are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2009	\$ 678,869	\$ 49,943
2010	343,785	29,497
2011	170,386	9,830
Principal payments	<u>\$ 1,193,040</u>	
Total interest payments		<u>\$ 89,270</u>

b. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2008:

	July 1, 2006	Increases	Decreases	June 30, 2008	Current Portion
Governmental activities:					
Compensated absences	\$ 4,715,442	\$ 3,863,644	\$3,566,508	\$5,012,578	\$2,083,835
Installment purchases	970,438	1,244,607	1,022,005	1,193,040	678,869
	<u>\$ 5,685,880</u>	<u>\$ 5,108,251</u>	<u>\$4,588,513</u>	<u>\$6,205,618</u>	<u>\$2,762,704</u>
Business-type activities:					
Compensated absences	\$ 102,527	\$ 101,626	\$ 92,984	\$ 111,169	\$ 50,633

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

c. Interfund Balances and Activity

1. Transfers to/from other Funds

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

From the Child Care Fund to the Individual Schools Fund for co-curricular costs \$ 151,444

2. The composition of interfund balances as of June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Individual Schools Fund	General Fund	\$ 14,154
School Food Service Fund	General Fund	30,420
		<u>\$ 44,574</u>



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The above amounts represent \$14,154 of STIF deposits held by the General Fund for the Individual Schools Fund and \$30,420 of indirect cost overpaid by the School Food Service Fund to the General Fund as of June 30, 2008. The indirect cost is expected to be returned prior to June 30, 2009.

**NOTE 3 - 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.

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
State of North Carolina:			
Smart Start	\$ 20,000	\$ 20,000	\$ -
More at Four Grant	311,406	311,406	-
Total State of North Carolina	<u>331,406</u>	<u>331,406</u>	<u>-</u>
Moore County appropriation	<u>23,694,245</u>	<u>23,694,245</u>	<u>-</u>
<b>U.S. Government:</b>			
JROTC	100,000	118,276	18,276
Workforce Investment Act	96,345	58,837	(37,508)
Impact Aid Funding	36,000	36,040	40
COPS Grant	<u>2,507</u>	<u>2,507</u>	<u>-</u>
Total U.S. Government	<u>234,852</u>	<u>215,660</u>	<u>(19,192)</u>
<b>Other:</b>			
Reimbursements and refunds	110,100	168,047	57,947
Tuition and fees	90,000	84,694	(5,306)
Fines and forfeitures	630,000	950,831	320,831
Interest earned on investment	115,000	240,773	125,773
Rental of school property	10,044	17,280	7,236
Indirect costs allocated	420,000	451,193	31,193
Miscellaneous	<u>120,000</u>	<u>116,642</u>	<u>(3,358)</u>
Total other	<u>1,495,144</u>	<u>2,029,460</u>	<u>534,316</u>
Total revenues	<u>25,755,647</u>	<u>26,270,771</u>	<u>515,124</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instructional services:</b>			
Regular instructional	-	5,644,279	-
Special populations	-	1,700,644	-
Co-Curricular	-	532,371	-
Alternative programs and services	-	1,508,006	-
School leadership services	-	2,701,165	-
School-based Support	-	1,381,911	-
Total instructional programs	<u>14,102,535</u>	<u>13,468,376</u>	<u>634,159</u>
<b>System-wide support services</b>			
Support and development Services	-	300,047	-
Special population support and development	-	7,330	-
Alternative programs and services support	-	23,905	-
Technology support services	-	1,317,864	-
Operational support services	-	7,007,928	-
Financial and human resource services	-	693,036	-
System-wide pupil support services	-	99,743	-
Policy, leadership and public relations services	-	709,794	-
Total system-wide supporting services	<u>10,649,762</u>	<u>10,159,647</u>	<u>490,115</u>

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (Continued)			
Current:			
Ancillary services:			
Community services	\$ -	\$ 68,498	\$ -
Total ancillary services	<u>69,584</u>	<u>68,498</u>	<u>1,086</u>
Nonprogrammed charges:	<u>820,000</u>	<u>659,885</u>	<u>160,115</u>
Debt service:			
Principal retirements	-	309,514	-
Interest and fees	-	23,897	-
Total debt service	<u>349,371</u>	<u>333,411</u>	<u>15,960</u>
Total expenditures	<u>25,991,252</u>	<u>24,689,817</u>	<u>1,301,435</u>
Revenues over (under) expenditures	(235,605)	1,580,954	1,816,559
Fund balance appropriated	<u>235,605</u>	-	<u>(235,605)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,580,954</u>	<u>\$ 1,580,954</u>
Fund balance:			
Beginning of year		2,398,114	
Increase in reserve for inventory		<u>217,674</u>	
End of year		<u>\$ 4,196,742</u>	

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FEDERAL GRANTS FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
U.S. Government	\$ 6,492,406	\$ 5,919,375	\$ (573,031)
Expenditures:			
Current:			
Instructional services:			
Regular instructional	201,561	165,760	(35,801)
Special populations	2,400,697	2,412,865	12,168
Alternative programs and services	2,272,039	2,067,735	(204,304)
School-based support services	925,085	751,853	(173,232)
Total instructional programs	<u>5,799,382</u>	<u>5,398,213</u>	<u>401,169</u>
System-wide support services			
Support and development Services	-	317	317
Special population support and development	229,640	160,450	(69,190)
Alternative programs and services support	78,701	77,042	(1,659)
Technology support services	20,901	20,901	-
Operational support services	49,420	52,408	2,988
Financial and human resource services	33,000	30,436	(2,564)
Policy, leadership and public relations	18,482	18,338	(144)
Total system-wide supporting services	<u>430,144</u>	<u>359,892</u>	<u>70,252</u>
Nonprogrammed charges:			
Payments to other governmental units	174,715	161,270	(13,445)
Other nonprogrammed charges	88,165	-	(88,165)
Total nonprogrammed charges	<u>262,880</u>	<u>161,270</u>	<u>(101,610)</u>
Total expenditures	<u>6,492,406</u>	<u>5,919,375</u>	<u>573,031</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Beginning of year		-	
End of year		<u>\$ -</u>	

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CAPITAL OUTLAY FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
State of North Carolina:			
State appropriations - buses	\$ 438,097	\$ 438,097	\$ -
Moore County:			
Restricted portion of sales tax	-	397,494	397,494
General county revenues	1,481,580	1,482,563	983
Total Moore County	<u>1,481,580</u>	<u>1,880,057</u>	<u>398,477</u>
Other:			
Interest earned on investments	14,000	9,829	(4,171)
Miscellaneous	190,200	265,591	75,391
Total other	<u>204,200</u>	<u>275,420</u>	<u>71,220</u>
Total revenues	<u>2,123,877</u>	<u>2,593,574</u>	<u>469,697</u>
Expenditures:			
Debt service:			
Principal retirements	-	548,963	-
Interest and fees	-	9,012	-
Total debt service	<u>618,230</u>	<u>557,975</u>	<u>60,255</u>
Capital outlay:			
Land, buildings, and site improvements	896,684	891,473	5,211
Furnishings and equipment	1,582,130	1,564,635	17,495
Vehicles and other	94,444	296,940	(202,496)
Total capital outlay	<u>2,573,258</u>	<u>2,753,048</u>	<u>(179,790)</u>
Total expenditures	<u>3,191,488</u>	<u>3,311,023</u>	<u>(119,535)</u>
Revenues over (under) expenditures	<u>(1,067,611)</u>	<u>(717,449)</u>	<u>350,162</u>
Other financing sources:			
Installment purchase obligations issued	1,041,111	1,244,607	203,496
Fund balance appropriated	<u>26,500</u>	<u>-</u>	<u>(26,500)</u>
Excess of revenues and fund balance			
Net change in fund balance	<u>\$ -</u>	<u>527,158</u>	<u>\$ 527,158</u>
Fund balance:			
Beginning of year		<u>224,658</u>	
End of year		<u>\$ 751,816</u>	

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**SCHOOL FOOD SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues - food sales	\$ 2,010,104	\$ 2,062,736	\$ 52,632
Operating expenditures:			
Business support services:			
Purchase of food	-	1,792,896	-
Donated commodities	-	277,730	-
Salaries and benefits	-	2,076,182	-
Indirect costs	-	289,923	-
Materials and supplies	-	212,708	-
Repairs and maintenance	-	4,187	-
Contracted services	-	41,154	-
Non-capitalized equipment	-	11,110	-
Other	-	64,417	-
Capital Outlay	-	15,886	-
Total operating expenditures	<u>4,854,234</u>	<u>4,786,193</u>	<u>68,041</u>
Operating (loss)	<u>(2,844,130)</u>	<u>(2,723,457)</u>	<u>120,673</u>
Nonoperating revenues:			
Federal reimbursements	-	2,297,191	-
Federal commodities	-	277,730	-
State reimbursements	-	32,141	-
Interest earned	-	41,135	-
Total nonoperating revenues	<u>2,844,130</u>	<u>2,648,197</u>	<u>(195,933)</u>
Excess of revenues under expenditures	<u>\$ -</u>	<u>(75,260)</u>	<u>\$ (75,260)</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Depreciation		(122,783)	
Equipment purchases		15,886	
Loss on disposal of capital assets		(4,625)	
Increase in compensated absences payable		8,642	
Increase in inventory		<u>38,447</u>	
Change in net assets (full accrual)		<u>\$ (139,693)</u>	

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**CHILD CARE FUND**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	Variance positive (negative)
Operating revenues:			
Child care fees	\$ 400,000	\$ 447,437	\$ 47,437
Operating expenditures:			
Business support services:			
Salaries and benefits	<u>248,556</u>	<u>295,993</u>	<u>(47,437)</u>
Excess of revenues over expenditures before other financing uses	151,444	151,444	-
Other financing uses:			
Transfers to other funds	<u>(151,444)</u>	<u>(151,444)</u>	<u>-</u>
Revenues over (under) expenditures and other uses	<u>\$ -</u>	-	<u>\$ -</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items		<u>-</u>	
Change in net assets (full accrual)		<u>\$ -</u>	

**MOORE COUNTY BOARD OF EDUCATION  
 SANDHILLS REGION EDUCATION CONSORTIUM (SREC) AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 For the Fiscal Year Ended June 30, 2008**

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	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 222,320	\$161,352	\$119,800	\$263,872
<b>Liabilities</b>				
Due to Sandhills Region Education Consortium (SREC)	\$ 222,320	\$161,352	\$119,800	\$263,872





**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

***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  
Moore County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moore County Board of Education, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the Moore County Board of Education, North Carolina's basic financial statements and have issued our report thereon dated December 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Moore 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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Moore County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Moore County Board of Education, in a separate letter dated December 17, 2008.

This report is intended solely for the information and use of management, others within the organization, members of the Board, 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.

*Dixon Hughes PLLC*

December 17, 2008  
Southern Pines, North Carolina



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

***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 Moore County Board of Education  
Carthage, North Carolina

***Compliance***

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

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

### ***Internal Control Over Compliance***

The management of the Moore County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Moore 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Moore County Board of Education's internal control over compliance.

A *control deficiency* in a Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Board's internal control.

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

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

This report is intended solely for the information and use of management, others within the organization, members of the Board, 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.

*Dixon Hughes PLLC*

December 17, 2008  
Southern Pines, North Carolina



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

***Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act***

To the Moore County Board of Education  
Carthage, North Carolina

***Compliance***

We have audited the compliance of the Moore County Board of Education, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The Moore County Board of Education's major State programs are identified in the summary of auditors' 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 Moore County Board of Education's management. Our responsibility is to express an opinion on the Moore 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; 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 Moore 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 Moore County Board of Education's compliance with those requirements.

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

***Internal Control Over Compliance***

The management of the Moore 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 Moore County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal

A *control deficiency* in a Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the Board's internal control.

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

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

This report is intended solely for the information and use of management, others within the organization, members of the Board, 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.

*Dixon Hughes PLLC*

December 17, 2008  
Southern Pines, North Carolina

**MOORE COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2008**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weakness(es) identified	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Noncompliance material to financial statements noted	<i>No</i>

**Federal Awards**

Internal control over major federal programs:	
• Material weakness(es) identified	<i>No</i>
• Significant deficiency(ies) identified that are not considered to be material weaknesses	<i>None Reported</i>
Noncompliance material to federal awards	<i>No</i>
Type of auditors' report issued on compliance for major federal programs	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<i>No</i>

Identification of major federal programs:

<b>CFDA Numbers</b>	<b>Names of Federal Program or Cluster</b>
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<i>Yes</i>

**MOORE COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2008**

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**Section I - Summary of Auditors' Results (Continued)**

**State Awards**

Internal control over major state programs:

- Material weakness(es) identified No
- Significant deficiency(ies) identified that are not considered to be material weaknesses None Reported

Noncompliance material to state awards No

Type of auditors' 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 No

Identification of major state programs:

Program Name

- State Public School Fund
- Vocational Education – State Months of Employment
- School Technology Fund
- More at Four Program

**Section II - Financial Statement Findings**

No findings were noted that are required to be reported under Government Auditing Standards.

**Section III - Federal Award Findings and Questioned Costs**

No findings and questioned costs related to the audit of Federal awards aggregating \$10,000 or more were noted.

**Section IV - State Award Findings and Questioned Costs**

No findings and questioned costs related to the audit of State awards aggregating \$10,000 or more were noted.



**MOORE COUNTY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2008**

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There were no findings or questioned costs related to our audit of Federal and state awards for the fiscal year ended June 30, 2007.

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2008**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
<b>Federal Grants:</b>		
<b>Cash Assistance:</b>		
<u>U.S. Department of Agriculture</u>		
Food and Nutrition Service		
Passed-through the N.C. Department of Public Instruction:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 562,615
National School Lunch Program	10.555	<u>1,734,576</u>
Total Child Nutrition Cluster		<u>2,297,191</u>
Total U.S. Department of Agriculture		<u>2,297,191</u>
<u>U.S. Department of Labor</u>		
Passed-through Regional Consolidated Services		
Workforce Investment Act	17.255	<u>58,837</u>
<u>U.S. Department of Education</u>		
Office of Elementary and Secondary Education		
Direct Programs:		
Impact Aid (School Assistance in federally affected areas)	84.041	36,040
Passed-through the N.C. Department of Public Instruction:		
Education Consolidation and Improvement Act of 1981		
Improving America School Act of 1994 (IASA)		
Title I, Grants to Local Educational Agencies		
Educationally Deprived Children	84.010	2,206,071
Migrant Education	84.011	47,969
School Improvement	84.010A	134,368
Title IV, Part A, Safe and Drug Free Schools and Communities	84.186	59,853
Title VI, Federal, State, and Local Partnership for		
Innovative Programs	84.298	19,488
Twenty-First Century Community Learning Centers	84.287	179,614
Improving Teacher Quality	84.367A	470,034
Education Technology Formula	84.318X	21,518
Language Acquisition - LEP	84.365A	49,899
Emergency Impact Aid	94.938C	-

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2008**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
Office of Special Education and Rehabilitative Services Passed-through the N.C. Department of Public Instruction:		
Special Education - State Personnel Development Special Education Cluster:	84.323	10,000
Individuals with Disabilities Education Act		
Special Education - Grants to States	84.027	2,346,079
Special Education - Capacity Building / Improvement	84.027A	55,435
Special Education - Preschool Grants	84.173	<u>144,037</u>
Total Special Education Cluster		<u>2,545,551</u>
 Passed-through the N.C. Department of Public Instruction:		
Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 Basic Grants to States Program Development	84.048	<u>\$ 167,398</u>
 Total U.S. Department of Education		<u>5,947,803</u>
<b>Other Federal Assistance:</b>		
<u>U.S. Department of Health and Human Services</u>		
Health Resources and Services Administration Passed-through the N.C. Department of Public Instruction:		
Abstinence Education	93.235	7,612
 <u>U.S. Department of Justice</u>		
Direct Programs:		
COPS Grant	NONE	<u>2,507</u>
 <u>U.S. Department of Defense</u>		
Direct Programs:		
ROTC	NONE	<u>118,276</u>
 Total Federal Cash Assistance		<u>8,432,226</u>
 <u>U.S. Department of Agriculture</u>		
Passed-through the N.C. Department of Agriculture:		
Food Distribution Program	10.550	<u>277,730</u>
 Total Federal Assistance		<u>8,709,956</u>

**MOORE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2008**

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
<b>State Grants:</b>		
<b>Cash Assistance:</b>		
<u>N.C. Department of Public Instruction</u>		
State Public School Fund		\$ 61,194,971
Vocational Education		
State Months of Employment		3,200,171
Program Support Funds		376,992
Driver Training		291,831
School Technology Fund		622,963
State appropriations - buses		438,097
Textbooks		<u>753,607</u>
Total N.C. Department of Public Instruction		<u>66,878,632</u>
<u>N.C Department of Health and Human Services</u>		
Division of Child Development		
Smart Start		20,000
More at Four Grant		<u>311,406</u>
Total N.C Department of Health and Human Services		<u>331,406</u>
<u>N.C. Department of Agriculture:</u>		
State Kindergarten Breakfast Funds		<u>32,141</u>
<b>Total State Assistance</b>		<b><u>67,242,179</u></b>
<b>Total Federal and State Assistance</b>		<b><u>\$ 75,952,135</u></b>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Moore 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 the 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.