

WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2002

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November 1, 2002

To the Members of the Wake County Board of Education and the Citizens of Wake County, North Carolina:

The comprehensive annual financial report of the Wake County Board of Education (Board) for the year ended June 30, 2002, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Board issue annually a report on its financial position and activity and that an independent firm of certified public accountants will audit this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, a list of the Board's principal elected and appointed officials, and copies of the Certificates of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) International. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

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

The financial reporting entity includes all the funds and account groups of the Board. The members of the Board are elected by the public and have decision-making authority. Although Wake County levies all taxes, the Board determines how the school system will spend the funds generated for schools. The County cannot modify the school system's budget nor is the County entitled to share in any surpluses or required to finance any deficits of the school system. For these reasons, the Board is not fiscally dependent on the County and therefore is recognized as a primary government, as defined by the Governmental Accounting Standards Board. The Board also receives funding from state and federal government sources and must comply with the concomitant requirements of those funding entities.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK

The Wake County Public School System is one comprehensive school district serving the entire county; including Raleigh, Cary, Apex, Wendell, Fuquay-Varina, Garner, Knightdale, Rolesville, Wake Forest, Holly Springs, Morrisville, and Zebulon. The system was created through a merger of the former Wake County and Raleigh City public school systems in July 1976. The school system is the 24th largest system in the nation (2001-02) and the second largest in North Carolina. For 2001-02 it is serving over 100,000 students from kindergarten through 12th grade in 79 elementary schools, 25 middle schools, 15 high schools, and 3 special/optional schools.

At the helm of the school system are the Wake County Board of Education and the superintendent. The Board consists of nine members, elected in districts by the public, who serve four-year terms. The superintendent is selected by the Board and serves as chief executive officer of the system. The Board is responsible for setting policy, while the superintendent and his administrative team are charged with managing the operations of the school system.

A principal charged with the responsibility of the total school operations administers each individual school. Appropriate instructional and support personnel based on pupil enrollment staff the schools. The school principal and faculty work cooperatively with instructional specialists and central administrative staff in developing and implementing effective instructional programs.

The school system has over 11,300 full-time and over 5,000 part-time employees and is the third largest employer in the Raleigh-Durham area. The system has nearly 7,200 regular classroom teachers, not including media specialists, counselors, psychologists, etc., and allots regular classroom teachers at a teacher/student ratio of 1:20.5 for kindergarten and grade 1, 1:23 for grade 2, 1:25.5 for grades 3-5, 1:22.5 for grades 6-8, and 1:24 for grades 9-12. Most students are assigned to and attend their "base school" -- the school assigned based on the parent's or guardian's home address. In some instances, the base school may be a magnet school since these schools have base populations in addition to accepting applications. Transportation is provided for students living at least 1 ½ miles from the base school. For the magnet program, the same guidelines apply if the child is accepted into the program.

Forty-four of the school system's 122 schools are magnet schools, which offer unique educational alternatives. All students are eligible to apply, and the network features 14 distinct programs: classical studies, creative arts and science, international studies, gifted and talented, language explorations, global communications, Montessori, year-round school, accelerated studies, leadership, IB Programme, university connection, Centennial Campus, and community model. The magnet network was established 19 years ago to offer a choice in instructional opportunities, to fill inner-city schools, and to help racially balance schools. The program has proven to be highly successful and contributes to Wake County's stature as a leader in education.

The recurring publicity of Wake County as one of the most desired places to live and work in the United States, as evidenced by past surveys in magazines such as Money and Fortune, has continued to turn the spotlight on quality of life enjoyed by Wake County citizens. While quality of life is an intangible asset, there are also many tangible attributes that we can point to in explaining the County's attractiveness.

Chartered in 1771, Wake County covers an area of 864 square miles and is the second most populous county in the state. Twelve municipalities reside in Wake County including Raleigh, the county seat and state capital. A unique mix of urban and rural areas with small towns distinguishes Wake County from other counties in the state and provides something for everyone in choosing a lifestyle. Located in the north central section of the state on the piedmont plateau, Wake County is approximately half way between Washington, D. C., and Atlanta. As well as being a part of that major industrial corridor, Wake County is also convenient to the recreation of the beautiful North Carolina mountains and serene North Carolina beaches. The County's topography is characterized by low rolling hills in the northwest changing gradually to level land in the southeast. The central North Carolina climate is relatively mild with moderate winters and warm summers. The location, geography, and climate make Wake County an enjoyable place to live and work while also contributing significantly to the economic viability of the region.

The economy of the area is stabilized by the presence of state and local government employment markets, the college and university employment markets, and the Research Triangle Park research facilities, all of which offer substantial employment opportunities to the County's population. No major specialized industry dominates the economy of the County.

The Research Triangle Park, straddled on the Wake and Durham County line, was organized in 1959. It encompasses 6,800 acres of land set aside for research and research-oriented manufacturing. With the attractiveness of the Research Triangle Park and its proximity to three major research universities, it is no accident that medical and electronic industries flourish in the region. Glaxo Smithkline leads the medical research with IBM, Northern Telecom, and Microelectronics Center of North Carolina leading the electronics research and production industry, giving both industries major presence in the region. It is expected that these major corporations and centers will continue to thrive and offer employment opportunities to the County's citizens.

The quantity and quality of the instructional programs of the school system are directly dependent on the funding provided and on effective management and efficient use of those funds. We recognize the important trust and responsibility we are given in the management of public resources and continue to be vigilant and trustworthy in fulfilling that responsibility. During the course of 2001-02 we aggressively pursued ways to reduce costs and improve efficiency by eliminating administrative overtime and out-of-system travel, moving purchasing deadlines to earlier dates, and restricting special projects that cross fiscal years. Such efforts have allowed the school system to end the 2001-02 fiscal year in a strong financial position. We believe that continuation of these financial management practices coupled with appropriate planning should result in continued strong financial position and provide appropriate fiscal accountability to the public and continued improvement of programs and outcomes for our students.

MAJOR INITIATIVES

Wake County Public School System Mission and Board Goal

The Wake County Board of Education has adopted a mission for the school system and goals and strategies to achieve the mission. Reaching these high standards involves concentrated effort and determination by all employees of the school system. The following list provides the mission, goal, strategies, and measurements.

Mission: The Wake County Public School System will educate each student to be a responsible and productive citizen who can effectively manage future challenges.

Goal: By 2003, 95% of all students tested will be at or above grade level as measured by NC End-of-Grade testing at grades 3 and 8.

Strategy: Reduce the achievement gap between all students' actual achievement and their potential achievement.

Use the Baldrige system of continuous improvement to insure that decision-making processes are data driven and student focused.

Redefine the magnet program so that it becomes a vehicle to help attain this strategy.

Allocate resources to accelerate the learning of students who are not achieving at their full potential (i.e., Project ACHIEVE, ALP).

Support the use of technology to aid student learning and create additional time for instruction.

Measurement: Percentage of students in under-performing groups at or above grade level will increase.

Strategy: Improve the district's ability to recruit and retain a high quality workforce.

Recruit and retain quality teachers whose vision, potential, and abilities support leaving no child behind.

Strive to provide an adequate compensation package for all employees.

Ensure that the district has an adequate pool of substitute teachers.

Develop a systematic process for getting feedback from staff about job satisfaction, working conditions, and support systems.

Develop strategies to make more time available for teachers to teach and to grow professionally.

Offer training for staff that builds their capacity to improve the achievement of all students (i.e., diversity/poverty training; use of data; assessment training).

Support and expand the recruitment and training of mentors.

Measurement: Decrease in turnover.

Strategy: Improve the internal and external communications within the district.

Develop a systemwide strategic communications plan.

Promote and share progress on closing the system-defined Achievement Gap within the community.

Develop a process for communicating to teachers and other employees about system initiatives.

Measurement: Random survey of district's publics.

Building Program

The school system's building program continues to be a high priority of the Board of Education with over 131,000 students expected by 2010. The public approved Plan 2000, a \$550 million school building program, in November of 2000. This plan was a result of a citizen advisory committee whose charge was to study school needs and recommend an appropriate plan for Wake County Public Schools. The plan will fund 14 new schools (11,600 new seats), 32 major renovations, and systemwide repairs and maintenance for 64 schools. Based on the Wake County Planning Department's enrollment projection and a needs assessment, the County has tentatively agreed on a \$425 million bond referendum for 2004.

SAT Scores

The average Scholastic Assessment Test (SAT) score for Wake County Public School System is 1,067, which is a 13-point increase over the 2001 average. This is a six-point gain from the previous high score of 1061 achieved in 1999-00. The SAT is a national exam designed to measure a student's chance of success at the college level.

Participation of the Wake County Public School System senior class remained at 79 percent. National participation was 46 percent and the state participation rate was 67 percent.

Wake's score is 69 points above the 2002 North Carolina average of 998 and 47 points above the national SAT average of 1,020. Both math and verbal scores were the highest they have ever been for Wake County students. Wake students scored an average of 543 on math and 524 on verbal.

Since 1990, state, national, and local SAT averages have climbed. In North Carolina, the overall score has increased 50 points, while the national average has gained 19 points. For the same time period, Wake County has boosted SAT scores by a total of 68 points.

FINANCIAL INFORMATION

The cost of public education in North Carolina is financed primarily by the state, which establishes minimum programs. Local funds, in varying amounts by district, supplement the basic program and are appropriated by local boards of county commissioners. Local boards of education in North Carolina have no tax levying or borrowing authority and are required to maintain accounting records in a uniform format.

The management of the school system is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school system are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the school system is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the school system's internal auditor.

The North Carolina School Budget and Fiscal Control Act mandates a uniform budget format and the adoption of an annual balanced budget resolution by July 1 each year. Budgets are adopted for all governmental funds and the proprietary fund. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget and in funds provided by the federal, state, and local governments. The final budget, as amended for the fiscal year, is reflected in the financial section.

The school system also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances considered to be continuing contracts are generally re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the school system continues to meet its responsibility for sound financial management.

General Government Functions and General Fund Balance

The following schedule presents a summary of the revenues, using the modified accrual basis, of the general, state, and special revenue funds for the fiscal year ended June 30, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues:

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase (Decrease)</u>
State	\$422,712,999	63.34%	\$10,710,835	2.60%
County appropriation	194,529,610	29.15	15,491,258	8.65
Fines and forfeitures	4,609,809	.69	1,074,384	30.39
Federal	32,779,104	4.91	6,311,839	23.85
Interest	3,040,717	.46	(61,433)	(1.98)
Other	<u>9,708,518</u>	<u>1.45</u>	<u>619,137</u>	6.81
	<u>\$667,380,757</u>	<u>100.00%</u>	<u>\$34,146,020</u>	5.39%

The increases in state funding relates primarily to the enrollment increase of approximately 3,000 students. County revenues increased per the local funding agreement between the school system and the County. Federal funds increased due to additional funds in major grants. Other income increased due to additional collections in indirect cost and rental of school property.

The following schedule presents a summary of the expenditures, using the modified accrual basis, of the general, state, and federal funds for the fiscal year ended June 30, 2002, and the amount and percentage of increases and decreases in relation to prior year's expenditures:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2001</u>	<u>Percent of Increase</u>
Regular				
instructional	\$269,104,400	40.37%	\$ 7,116,057	2.72%
Other				
instructional	199,429,389	29.92	12,812,658	6.87
Pupil support	874,615	.13	314,054	56.02
Instructional support	7,504,768	1.13	739,445	10.93
Administration	47,485,476	7.12	4,932,725	11.59
Business support	87,464,126	13.12	8,992,187	11.46
Central support	20,312,608	3.05	(2,020,325)	(9.05)
Community services	4,255,328	.64	494,440	13.15
Other	<u>30,086,249</u>	<u>4.52</u>	<u>1,596,051</u>	<u>5.60</u>
	<u>\$666,516,959</u>	<u>100.00%</u>	<u>\$34,977,292</u>	<u>5.54%</u>

Primary factors contributing to the total increase in the general, state, and federal funds were salaries and the related benefit costs. Positions were added to accommodate the continued growth in enrollment. Central support decreased due to savings over prior year's upgrade of the financial and student information applications in technology. Other instructional costs increased primarily due to the expansion of the Accelerated Learning Program, and other similar programs, established to assist students in reaching the goals set for the school system.

The total fund equity in the general fund increased by \$3,553,872, and the undesignated fund balance in the general fund increased to \$16,121,162. This level of undesignated fund balance equals 7.5 percent of the general fund budget (\$214,541,802) and 2.2 percent of the total operating budget (state, local funds, federal, and enterprise \$719,761,182). The Board of Education appropriated nearly \$11 million from fund balance to support the 2002-03 budget.

Capital Projects Fund

The following schedule presents a summary of the revenues, using the modified accrual basis, of the capital projects fund for the fiscal year ended June 30, 2002, and the amount and percentages of increases and decreases in relation to prior year revenues:

<u>Revenues</u>	<u>Amount</u>	<u>of Total</u>	<u>Percent</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase (Decrease)</u>
Wake County:					
County appropriation	\$ -		0.00%	\$ (2,102,162)	(100.00)%
Capital improvements	131,388,257	91.75		60,952,026	86.54
State Bond	9,525,356		6.65	(30,119,508)	(75.97)
Interest	176,873		0.12	(336,866)	(65.57)
Other	<u>2,111,720</u>		<u>1.48</u>	<u>1,720,574</u>	439.88
	<u>\$143,202,206</u>		<u>100.00</u>	<u>\$ 30,114,064</u>	26.61%

The following schedule presents a summary of the expenditures, using the modified accrual basis, of the capital projects fund for the fiscal year ended June 30, 2002, and the amount and percentages of increases and decreases in relation to prior year expenditures:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001</u>	<u>Percent of Increase (Decrease)</u>
Land and buildings	\$142,204,626	99.15%	\$32,802,161	29.98%
Equipment	831,271	0.58	(1,092,070)	(56.78)
Vehicles	<u>388,185</u>	<u>0.27</u>	<u>54,059</u>	16.18
	<u>\$143,424,082</u>	<u>100.00%</u>	<u>\$31,764,150</u>	28.45%

The capital improvement revenue and related expenditures increased as Plan 2000 of the long-range building program began. Plan 2000 was presented and passed by the voters on November 7, 2000. The total building package will be \$550 million, of which bonds will fund \$500 million.

Fiduciary Operations

The fiduciary operations of the Board consist of the special funds of individual schools. These funds include, by way of illustration and not limitation, funds realized from gate receipts of interscholastic athletic competition, sale of school annuals and newspapers, and dues of student organizations. The North Carolina statutes authorize the operation of the fiduciary fund for the management of the individual school funds. Each school is authorized to have an impress fund from which expenditures can be made at the school level. All revenues and expenditures are reported and accounted for centrally. Revenues for the fiscal year ended June 30, 2002, were \$12,786,703 and expenditures

were \$12,547,397. All excess revenues roll forward to create the following year's beginning balance for each individual school. These amounts demonstrate that the activities at the individual schools are significant and provide numerous benefits to students.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested primarily in the North Carolina Voluntary Short-Term Investment Fund. In addition, other bank accounts that the school system maintains also earn interest. The average yield on investments in this fund was 5.25 percent during fiscal 2002. Total interest earned during the year was \$3,764,449 for the general, capital projects, debt service, enterprise, and expendable trust funds. Average yields for U. S. Treasury bills and U. S. Treasury notes were 1.67 and 2.90 percent, respectively.

The statutes authorize the Board to invest in obligations of the United States; obligations of any agency of the United States if payment of interest and principal of such obligations is fully guaranteed by the United States; obligations of North Carolina; bonds and notes of any North Carolina local government public authority, subject to certain restrictions; shares of any savings and loan association organized under the laws of this state and shares in any federal savings and loan association organized under the laws of this state, to the extent that the investment is fully insured by the United States or an agency thereof or by any mutual deposit guaranty association authorized by the state; certain other federal agencies; and any form of investment allowed by law to the state treasurer.

Risk Management

Since the Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, the Board maintains a comprehensive risk management plan. The plan consists primarily of coverage from third parties, in addition to loss prevention and loss control programs through a comprehensive safety program.

The Board placed local workers' compensation coverage through Key Risk Insurance Company due to quality of service, the inclusion of part B employers liability, and third-party administration of NC State Board of Education Workers' Compensation Programs. The state provides workers' compensation coverage for employees paid from state funds. The Board also participates in the Public School Insurance Fund (Fund), a voluntary, self-funded risk financing fund administered by the North Carolina Department of Public Instruction. The Fund provides property coverage up to \$30 million per location annually and is reinsured for losses in excess of \$10 million per occurrence and \$20 million aggregate annually.

The Board maintains comprehensive general liability of \$1 million per occurrence, errors and omissions insurance coverage of \$1 million per occurrence, and \$1 million vehicle liability and physical damage coverage through commercial insurance carriers. Additional liability coverage is provided by a \$1 million umbrella policy. Boilers, machinery, musical instruments, and personal computers with peripheral equipment are covered under separate commercial policies. The total insurable value of the school system's buildings and contents was \$1,520,655,140 as of June 30, 2002.

We believe that the Board carries adequate commercial coverage for all other known risks of loss. Claims have not exceeded coverage in any of the last seven fiscal years. Taken together, these coverages provide the Board with a comprehensive risk management program which management believes adequately meets the needs of the school system.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm of McGladrey & Pullen, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996, as required by the U. S. Office of Management and Budget's Circular A-133, and the North Carolina Single Audit Implementation Act. Auditing standards generally accepted in the United States of America and the auditors in conducting the engagement used the standards set forth in the General Accounting Office's Government Auditing Standards. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards

The Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) awarded Certificates of Achievement for Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the year ended June 30, 2001. That year was the thirteenth consecutive year that the Board received these prestigious awards. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificates of Achievement are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

In addition, the Board also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for 2001-02. This year was the ninth consecutive year for which the Board received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the Board's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. For the third time, the Board received the Meritorious Budget Award from the Association of School Business Officials.

Other recent recognitions awarded to the school system include the State Treasurer's Governmental Accounting/Financial Management Award and the Advancement Award of the North Carolina Quality Leadership Foundation. In each instance, the Wake County Public School System was the only North Carolina school system to receive the award.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance division. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report and to the Board's independent certified public accountants, McGladrey & Pullen, LLP, for their assistance. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards that we have set for ourselves.

We would also like to express our appreciation to the members of the Board of Education for their interest and support in planning and conducting the financial affairs of the school system in a responsible and dedicated manner.

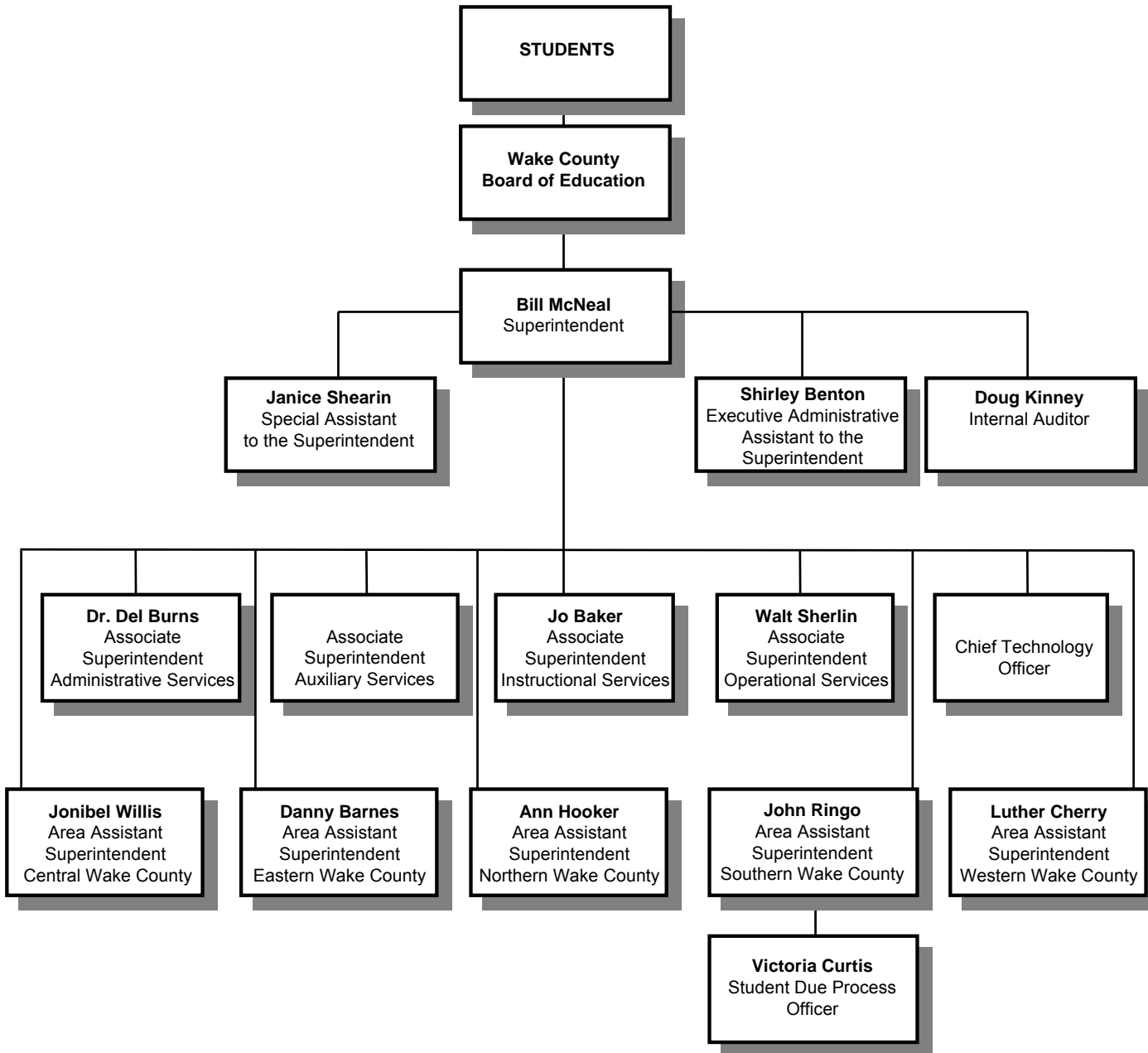
Respectfully submitted,

Bill McNeal
Superintendent

Del Burns
Associate Superintendent –
Administrative Services

Mark Winters
Finance Officer

Superintendent



Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Wake County Board of Education, North Carolina. The individual nonmajor fund financial statements and schedules, as well as the accompanying schedule of expenditures of Federal and State awards as required by the 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 of the Wake County Board of Education, North Carolina. 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.

We did not audit the data included in the introductory or statistical sections of this report and, accordingly, we express no opinion on such data.

Greensboro, North Carolina
September 13, 2002

Management's Discussion and Analysis

This section of the Wake 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, 2002. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board enjoyed an increased enrollment of 4,040 students (or 4%) from the previous year.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$1,176,694,731.
- The government's total net assets increased by \$109,853,665 primarily due to increased net assets in the General Fund.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$51,225,560, an increase of \$637,227 in comparison with the prior year. Approximately 51.2 percent of this total amount, or \$26,233,055, is available for spending at the government's discretion.

Overview of the Financial Statements

The annual report of the Board consists of three components. They are as follows:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Required supplemental section that presents combining statements for non-major governmental and enterprise funds*

The basic financial statements include two types of statements that present different views of the Board's finances. The first are the government-wide (also called district-wide) statements. The district-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 type of statements included in the basic financial statements are the fund financial statements, which are presented for the Board's governmental funds and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the district-wide statements, reconciliation from the governmental fund financial statements to the district-wide statements is required. The district-wide statements provide information about the Board as an

economic unit, while the fund financial statements provide information on the financial resources of the Board's major funds.

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district'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 district-wide statements report the district's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the district's overall health, consider additional non-financial factors such as changes in the district's property tax base and the condition of its school buildings and other physical assets.

The district's activities are divided into two categories in the district-wide statements:

- **Governmental activities:** Most of the district'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 district charges fees to help it cover the costs of certain services it provides. School food service, tuition programs and print shop services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district 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 district 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 Direct Federal Grants Fund.

The Wake County Board of Education has two types of funds:

Governmental funds: Most of the district's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-

term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between them. The district has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Capital Outlay Fund, Direct Federal Grants Fund and the State Administered Federal Grants Fund.

Proprietary funds: Services for which the district charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The Wake County Board of Education has three proprietary funds – all enterprise funds – the School Food Service Fund, the Tuition Programs Fund, and the Print Shop Fund.

Financial Analysis of the District as a Whole

Net assets is an indicator of the fiscal health of the Board. Assets for governmental activities exceeded liabilities by approximately \$1,164,486,000 as of June 30, 2002. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$1,144,448,000. It comprises 98% of the total net assets.

Following is a summary of the Statement of Net Assets (in thousands):

Condensed Statement of Net Assets June 30, 2002

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$ 134,176	\$ 131,844	\$ 10,641	\$ 10,442	\$ 144,817	\$ 142,286
Capital assets	1,145,649	1,037,811	2,902	3,471	1,148,551	1,041,282
Total assets	1,279,825	1,169,655	13,543	13,913	1,293,368	1,183,568
Long-term liabilities outstanding	32,588	33,766	416	355	33,004	34,121
Other liabilities	82,751	81,256	918	1,026	83,669	82,282
Total liabilities	115,339	115,022	1,334	1,381	116,673	116,403
Net assets						
Invested in capital assets, net of related debt	1,144,448	1,037,811	2,902	3,471	1,147,350	1,041,282
Restricted	10,669	16,728	-	-	10,669	16,728
Unrestricted	9,369	94	9,307	9,061	18,676	9,155
Total net assets	\$ 1,164,486	\$ 1,054,633	\$ 12,209	\$ 12,532	\$ 1,176,695	\$ 1,067,165

Note that net assets for governmental activities increased by approximately \$109,853,000 during the year, indicating an improvement in the financial condition of the unit. The increase in net assets was due largely to the increase in capital assets in the governmental activities due to the new school construction. Also note that the Board carries capital assets for which Wake County carries the offsetting debt.

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

Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2002

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 2,671,904	\$ 21,780,687	\$ 24,452,591
Operating grants and contributions	470,791,212	10,307,000	481,098,212
Capital grants and contributions	104,774	-	104,774
General Revenues:			
Other	<u>346,237,232</u>	<u>383,950</u>	<u>346,621,182</u>
Total revenues	<u>819,805,122</u>	<u>32,471,637</u>	<u>852,276,759</u>
Expenses:			
Governmental activities:			
Instruction	480,884,934	-	480,884,934
Pupil and instructional services	9,877,819	-	9,877,819
Administration and business	167,216,388	-	167,216,388
Other	51,972,316	-	51,972,316
Business-type activities:			
Food services	-	27,597,101	27,597,101
Tuition programs	-	4,546,443	4,546,443
Print shop	-	651,909	651,909
Total expenses	<u>709,951,457</u>	<u>32,795,453</u>	<u>742,746,910</u>
Increase (decrease) in net assets	109,853,665	(323,816)	109,529,849
Net assets, July 1, 2001	<u>1,054,632,511</u>	<u>12,532,371</u>	<u>1,067,164,882</u>
Net assets, June 30, 2002	<u>\$ 1,164,486,176</u>	<u>\$ 12,208,555</u>	<u>\$ 1,176,694,731</u>

Total governmental activities generated revenues of \$819.8 million while expenses in this category totaled \$709.9 million. The increase in net assets stands at \$109.8 million. Business-type activities generated revenue of \$32.5 million and had expenses of \$32.8 million. Net assets decreased in the business-type activities by \$323,816.

As this is the first year of implementation under the GASB 34 reporting model, prior year data is not available to provide a more complete analysis. In subsequent years this discussion will include prior year data and a more detailed analysis of the changes in assets, liabilities, and net assets from one year to the next.

Financial Analysis of the District's Funds

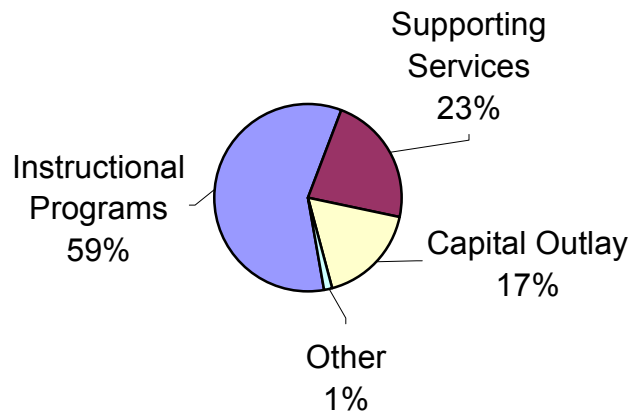
The Board's governmental funds reported a combined fund balance of \$51,225,560, an \$637,277 increase over last year. Two sources of funding increased over the prior year: County funding increased approximately \$74 million and federal funding increased by \$6 million. Expenditures increased as well, and included an increase of over \$20 million in instructional programs.

The Board's business-type funds reflected a total net loss of \$323,816. The School Food Service Fund and the Print Shop Fund reflected decreases in net assets, while the Tuition Programs Fund reflected an increase in net assets over last year. Revenues dropped slightly and salary expenses increased causing most of the decrease in net assets.

Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in revenue expectations. The Board was able to reduce spending and end the year with a surplus.

Categorization of Expenditures for Governmental Funds



Expenditures presented on modified accrual basis of accounting.

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2002, totals \$1,148,550,731 (net of accumulated depreciation). The following is a summary of the capital assets, net of depreciation at year-end.

Summary of Capital Assets As of June 30, 2002

	Governmental Activities	Business-type Activities	Total
Land	\$ 50,674,572	\$ -	\$ 50,674,572
Land Improvements	366,775	-	366,775
Buildings	724,884,379	-	724,884,379
Equipment	3,137,442	2,819,571	5,957,013
Vehicles	2,883,343	82,053	2,965,396
Construction in progress	<u>363,702,596</u>	<u>-</u>	<u>363,702,596</u>
Total	<u>1,145,649,107</u>	<u>2,901,624</u>	<u>1,148,550,731</u>

Debt Outstanding

During the year the Board's outstanding debt decreased by \$1,178,610 due to the expiration of capital leases exceeding the acquisition of new capital leases and the principal paid against the mortgage.

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 school district. The County's unemployment rate increased from 3.4% in June of 2001 to 5.4% in June of 2002. Even with the increase, the County's rate is lower than the state average of 6.7% and the national average of 5.9%. The county has also seen a 3.9% decrease in the total number of building permits and a 3.1% decrease in sales tax revenues over the same period of time.

All of these factors, as well as the state's budget deficit, were considered in preparing the Board's budget for the 2003 fiscal year. The Board's budget was created to maintain status quo by cutting expenditures and reducing or eliminating services, while attempting to protect core instructional programs and the personnel associated with them. The Board took a proactive approach to the negative economic factors in the last quarter of the 2002 fiscal year by freezing certain groups of expenditures, such as travel and overtime. These actions generated an increase of 6.8 million in fund balance.

Requests for Information

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

Mark Winters, Finance Officer
Wake County Board of Education
3600 Wake Forest Road
Raleigh, NC 27611

WAKE COUNTY BOARD OF EDUCATION

STATEMENT OF NET ASSETS

JUNE 30, 2002

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 57,700,343	\$ 9,184,637	\$ 66,884,980
Due from other governments	73,001,235	209,973	73,211,208
Receivables	466,050	300,632	766,682
Inventory and prepaid expenses	3,009,256	946,158	3,955,414
Total current assets	<u>134,176,884</u>	<u>10,641,400</u>	<u>144,818,284</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>1,145,649,107</u>	<u>2,901,624</u>	<u>1,148,550,731</u>
 TOTAL ASSETS	 <u>1,279,825,991</u>	 <u>13,543,024</u>	 <u>1,293,369,015</u>
 LIABILITIES			
Current liabilities:			
Bank overdraft	28,124	-	28,124
Salaries and benefits payable	45,642,594	430,540	46,073,134
Accounts payable	36,328,272	487,879	36,816,151
Unearned revenue	752,489	-	752,489
Current portion of long-term obligations	675,528	-	675,528
Total current liabilities	<u>83,427,007</u>	<u>918,419</u>	<u>84,345,426</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	<u>31,912,808</u>	<u>416,050</u>	<u>32,328,858</u>
 TOTAL LIABILITIES	 <u>115,339,815</u>	 <u>1,334,469</u>	 <u>116,674,284</u>
 NET ASSETS			
Invested in capital assets, net of related debt	1,144,447,775	2,901,624	1,147,349,399
Restricted for:			
Encumbrances	926,955	-	926,955
State statute	2,929,564	-	2,929,564
Special projects	6,812,520	-	6,812,520
Unrestricted	<u>9,369,362</u>	<u>9,306,931</u>	<u>18,676,293</u>
 TOTAL NET ASSETS	 <u>\$ 1,164,486,176</u>	 <u>\$ 12,208,555</u>	 <u>\$ 1,176,694,731</u>

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

WAKE COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2002

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Governmental activities:							
Instruction:							
Regular	\$ 323,009,274	\$ 89,440	\$ 263,665,215	\$ -	\$ (59,254,619)		\$ (59,254,619)
Special education	90,173,395	-	68,434,841	-	(21,738,554)		(21,738,554)
Co-curricular	12,700,969	-	12,786,702	-	85,733		85,733
Student services	49,613,098	-	41,638,247	-	(7,974,851)		(7,974,851)
Other	5,388,198	-	1,897,390	-	(3,490,808)		(3,490,808)
Total instruction	<u>480,884,934</u>	<u>89,440</u>	<u>388,422,395</u>	<u>-</u>	<u>(92,373,099)</u>		<u>(92,373,099)</u>
Support services:							
Pupil	1,037,191	-	400,444	-	(636,747)		(636,747)
Instructional staff	8,840,628	-	5,499,362	-	(3,341,266)		(3,341,266)
General administration	8,818,681	646,846	2,505,730	-	(5,666,105)		(5,666,105)
School administration	48,305,070	-	33,798,897	-	(14,506,173)		(14,506,173)
Business	110,092,637	-	37,448,483	-	(72,644,154)		(72,644,154)
Central	21,832,866	-	1,068,040	104,774	(20,660,052)		(20,660,052)
Other support	1,069,714	-	252,569	-	(817,145)		(817,145)
Community	4,272,319	1,935,618	1,395,292	-	(941,409)		(941,409)
Charter school payments	4,482,626	-	-	-	(4,482,626)		(4,482,626)
Interest on long-term debt	243,491	-	-	-	(243,491)		(243,491)
Depreciation - unallocated *	20,071,300	-	-	-	(20,071,300)		(20,071,300)
Total support services	<u>229,066,523</u>	<u>2,582,464</u>	<u>82,368,817</u>	<u>104,774</u>	<u>(144,010,468)</u>		<u>(144,010,468)</u>
Total governmental activities	<u>709,951,457</u>	<u>2,671,904</u>	<u>470,791,212</u>	<u>104,774</u>	<u>(236,383,567)</u>		<u>(236,383,567)</u>
Business-type activities:							
Food services	27,597,101	16,639,412	10,307,000	-		(650,689)	(650,689)
Tuition programs	4,546,443	4,501,694	-	-		(44,749)	(44,749)
Print shop	651,909	639,581	-	-		(12,328)	(12,328)
Total business-type activities	<u>32,795,453</u>	<u>21,780,687</u>	<u>10,307,000</u>	<u>-</u>		<u>(707,766)</u>	<u>(707,766)</u>
Total school district	<u>\$ 742,746,910</u>	<u>\$ 24,452,591</u>	<u>\$ 481,098,212</u>	<u>\$ 104,774</u>	<u>(236,383,567)</u>	<u>(707,766)</u>	<u>(237,091,333)</u>
General Revenues							
Unrestricted county appropriations - operating					194,529,610	-	194,529,610
Unrestricted county appropriations - capital					131,388,257	-	131,388,257
Unrestricted state appropriation - capital					9,525,356	-	9,525,356
Investment earnings, unrestricted					3,236,177	383,950	3,620,127
Miscellaneous, unrestricted					7,557,832	-	7,557,832
Subtotal, general revenues					<u>346,237,232</u>	<u>383,950</u>	<u>346,621,182</u>
Changes in Net Assets					109,853,665	(323,816)	109,529,849
Net assets - beginning					<u>1,054,632,511</u>	<u>12,532,371</u>	<u>1,067,164,882</u>
Net assets - ending					<u>\$ 1,164,486,176</u>	<u>\$ 12,208,555</u>	<u>\$ 1,176,694,731</u>

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

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

WAKE COUNTY BOARD OF EDUCATION

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2002

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Individual Schools Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
ASSETS:						
Cash and cash equivalents	\$ 48,009,985	\$ -	\$ 6,861,177	\$ 2,455,909	\$ 373,272	\$ 57,700,343
Due from other governments	2,553,033	34,930,321	238,082	33,102,540	2,177,259	73,001,235
Accounts receivable	376,530	-	-	89,520	-	466,050
Due from other funds	14,262	18,578	56,407	-	-	89,247
Inventories	2,809,411	-	-	-	-	2,809,411
	<u>\$ 53,763,221</u>	<u>\$ 34,948,899</u>	<u>\$ 7,155,666</u>	<u>\$ 35,647,969</u>	<u>\$ 2,550,531</u>	<u>\$ 134,066,286</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Bank overdraft	-	28,124	-	-	-	28,124
Salaries and benefits payable	9,345,721	34,284,301	-	-	2,012,572	45,642,594
Accounts payable	4,259,249	636,474	208,238	31,057,241	167,070	36,328,272
Due to other funds	74,985	-	-	14,262	-	89,247
Deferred revenues	534,826	-	-	156,000	61,663	752,489
Long-term obligations	-	-	-	-	-	-
	<u>14,214,781</u>	<u>34,948,899</u>	<u>208,238</u>	<u>31,227,503</u>	<u>2,241,305</u>	<u>82,840,726</u>
FUND BALANCES:						
Reserved for:						
Inventories	2,809,411	-	-	-	-	2,809,411
Encumbrances	582,780	-	-	344,175	-	926,955
By state statute	2,929,564	-	-	-	-	2,929,564
Special projects	5,900,694	-	-	911,826	-	6,812,520
Debt service	-	-	-	-	309,226	309,226
Unreserved:						
Designated for flexible benefits plan	231,366	-	-	-	-	231,366
Designated for subsequent year's expenditures	10,973,463	-	-	-	-	10,973,463
Undesignated	16,121,162	-	6,947,428	3,164,465	-	26,233,055
	<u>39,548,440</u>	<u>-</u>	<u>6,947,428</u>	<u>4,420,466</u>	<u>309,226</u>	<u>51,225,560</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,763,221</u>	<u>\$ 34,948,899</u>	<u>\$ 7,155,666</u>	<u>\$ 35,647,969</u>	<u>\$ 2,550,531</u>	

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets is	1,363,450,344
Accumulated depreciation is	<u>217,801,237</u>

1,145,649,107

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds.

199,845

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Capital leases payable	1,201,332
Compensated absences (Vacation)	31,077,778
Mortgage payable	<u>309,226</u>

(32,588,336)

Total net assets - governmental activities

\$ 1,164,486,176

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2002

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
REVENUES:						
County	\$ 194,529,610	\$ -	\$ -	\$ 131,388,257	\$ -	\$ 325,917,867
State	2,444,049	420,268,950	-	9,525,356	-	432,238,355
Federal	1,056,175	-	-	-	31,722,929	32,779,104
Other Local	17,359,044	-	12,786,703	2,288,593	17,840	32,452,180
TOTAL REVENUES	215,388,878	420,268,950	12,786,703	143,202,206	31,740,769	823,387,506
EXPENDITURES:						
Current operations:						
Instructional programs:						
Regular	53,357,729	212,412,963	-	-	3,333,708	269,104,400
Special	20,317,930	44,506,558	-	-	10,876,321	75,700,809
Co-curricular	269,974	-	12,547,397	-	-	12,817,371
Student services	7,706,591	26,164,200	-	-	7,400,306	41,271,097
Other	15,606,116	60,420,255	-	-	6,161,138	82,187,509
	97,258,340	343,503,976	12,547,397	-	27,771,473	481,081,186
Supporting services:						
Pupil	533,215	30,329	-	-	311,071	874,615
Instructional staff	3,016,442	3,357,545	-	-	1,130,781	7,504,768
General administration	5,667,200	1,770,926	-	-	322,816	7,760,942
School administration	11,780,694	27,943,840	-	-	-	39,724,534
Business	56,488,284	30,555,790	-	-	420,052	87,464,126
Central	19,447,080	686,340	-	-	179,188	20,312,608
Other	9,739,408	12,420,204	-	-	332,457	22,492,069
	106,672,323	76,764,974	-	-	2,696,365	186,133,662
Community services	4,255,328	-	-	-	-	4,255,328
Nonprogram charges	4,498,193	-	-	-	1,255,091	5,753,284
Capital outlay:						
Land, buildings, and other	-	-	-	142,204,626	-	142,204,626
Equipment	-	-	-	831,271	-	831,271
Vehicles	-	-	-	388,185	-	388,185
	-	-	-	143,424,082	-	143,424,082

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
(Continued)

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Debt service:						
Principal	\$ 1,633,086	\$ -	\$ -	\$ -	\$ 54,160	\$ 1,687,246
Interest	207,810	-	-	-	17,840	225,650
	<u>1,840,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,000</u>	<u>1,912,896</u>
 TOTAL EXPENDITURES	 <u>214,525,080</u>	 <u>420,268,950</u>	 <u>12,547,397</u>	 <u>143,424,082</u>	 <u>31,794,929</u>	 <u>822,560,438</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>863,798</u>	 <u>-</u>	 <u>239,306</u>	 <u>(221,876)</u>	 <u>(54,160)</u>	 <u>827,068</u>
 OTHER FINANCING SOURCES (USES):						
Operating transfers in	3,042,309	-	-	162,444	-	3,204,753
Operating transfers out	(162,444)	-	-	(3,042,309)	-	(3,204,753)
Capitalized leases	197,082	-	-	-	-	197,082
	<u>3,076,947</u>	<u>-</u>	<u>-</u>	<u>(2,879,865)</u>	<u>-</u>	<u>197,082</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>3,076,947</u>	 <u>-</u>	 <u>-</u>	 <u>(2,879,865)</u>	 <u>-</u>	 <u>197,082</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 <u>3,940,745</u>	 <u>-</u>	 <u>239,306</u>	 <u>(3,101,741)</u>	 <u>(54,160)</u>	 <u>1,024,150</u>
 FUND BALANCE, beginning of year	 35,994,568	 -	 6,708,122	 7,522,207	 363,386	 50,588,283
 INCREASE IN RESERVE FOR INVENTORIES	 <u>(386,873)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(386,873)</u>
 FUND BALANCE, end of year	 <u>\$ 39,548,440</u>	 <u>\$ -</u>	 <u>\$ 6,947,428</u>	 <u>\$ 4,420,466</u>	 <u>\$ 309,226</u>	 <u>\$ 51,225,560</u>

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

WAKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

Total net change in fund balances - governmental funds \$ 1,024,150

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

	Capital outlays	128,321,695	
	Depreciation expense	<u>(20,483,762)</u>	107,837,933

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.

(197,082)

In the statement of activities compensated absences (vacations) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation used was less than the amounts earned by \$311,554.

(311,554)

Principal payments on debt owed are recorded as a use of funds on the fund statements, but affect only the statement of net assets in the government-wide statements.

	Capital lease payments	1,633,086	
	Mortgage payments	<u>54,160</u>	1,687,246

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds.

199,845

Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.

(386,873)

Change in net assets of governmental activities

\$ 109,853,665

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED, JUNE 30, 2002

	General Fund				State Public School Fund			
	Original Budget	Final Budget	Actual	Variance- Positive (Negative)	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:								
County	\$ 183,280,000	\$ 194,529,600	\$ 194,529,610	\$ 10	\$ -	\$ -	\$ -	\$ -
State	5,538,493	4,671,527	2,444,049	(2,227,478)	435,856,379	429,026,572	420,268,950	(8,757,622)
Federal	670,898	986,429	1,056,175	69,746	-	-	-	-
Other local	19,509,350	14,354,246	17,359,044	3,004,798	-	-	-	-
TOTAL REVENUES	208,998,741	214,541,802	215,388,878	847,076	435,856,379	429,026,572	420,268,950	(8,757,622)
EXPENDITURES:								
Current operations:								
Instructional programs:								
Regular	53,608,581	57,577,124	53,357,729	4,219,395	211,140,857	213,924,708	212,412,963	1,511,745
Special	20,760,810	23,657,047	20,317,930	3,339,117	47,067,406	46,983,720	44,506,558	2,477,162
Co-curricular	237,135	282,298	269,974	12,324	-	-	-	-
Student services	7,687,433	8,012,619	7,706,591	306,028	26,866,320	26,735,656	26,164,200	571,456
Other	18,298,624	16,967,542	15,606,116	1,361,426	72,119,665	64,146,346	60,420,255	3,726,091
	100,592,583	106,496,630	97,258,340	9,238,290	357,194,248	351,790,430	343,503,976	8,286,454
Supporting services:								
Pupil	251,456	537,923	533,215	4,708	25,704	30,330	30,329	1
Instructional staff	3,026,803	3,323,450	3,016,442	307,008	3,726,805	3,359,713	3,357,545	2,168
General administration	6,306,854	6,341,319	5,667,200	674,119	1,964,540	1,849,906	1,770,926	78,980
School administration	8,791,810	11,933,488	11,780,694	152,794	27,368,477	28,014,968	27,943,840	71,128
Business	59,881,284	60,450,189	56,488,284	3,961,905	29,249,832	30,677,614	30,555,790	121,824
Central	19,429,668	23,698,333	19,447,080	4,251,253	1,693,468	870,731	686,340	184,391
Other	11,718,597	11,948,031	9,739,408	2,208,623	14,633,003	12,432,880	12,420,204	12,676
	109,406,472	118,232,733	106,672,323	11,560,410	78,661,829	77,236,142	76,764,974	471,168
Community services	4,530,993	4,814,679	4,255,328	559,351	302	-	-	-
Non-program charges	13,031	4,692,549	4,498,193	194,356	-	-	-	-

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED, JUNE 30, 2002

(Continued)

	General Fund				State Public School Fund			
	Original Budget	Final Budget	Actual	Variance- Positive (Negative)	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Debt service:								
Principal	\$ -	\$ 1,633,086	\$ 1,633,086	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	207,810	207,810	-	-	-	-	-
	-	1,840,896	1,840,896	-	-	-	-	-
TOTAL EXPENDITURES	214,543,079	236,077,487	214,525,080	21,552,407	435,856,379	429,026,572	420,268,950	8,757,622
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,544,338)	(21,535,685)	863,798	22,399,483	-	-	-	-
OTHER FINANCING SOURCES (USES):								
Appropriated fund balance	6,881,704	18,188,565	-	(18,188,565)	-	-	-	-
Operating transfers in	3,485,602	3,312,482	3,042,309	(270,173)	-	-	-	-
Operating transfers out	(4,822,968)	(162,444)	(162,444)	-	-	-	-	-
Capitalized leases	-	197,082	197,082	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,544,338	21,535,685	3,076,947	(18,458,738)	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS	\$ -	\$ -	3,940,745	\$ 3,940,745	\$ -	\$ -	-	\$ -
FUND BALANCES, beginning of year			\$ 35,994,568				\$ -	
INCREASE IN RESERVE FOR INVENTORIES			(386,873)				-	
FUND BALANCES, end of year			<u>\$ 39,548,440</u>				<u>\$ -</u>	

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

WAKE COUNTY BOARD OF EDUCATION

STATEMENT OF NET ASSETS

ENTERPRISE FUNDS

JUNE 30, 2002

	<u>Child Nutrition Program</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 6,127,324	\$ 3,057,313	\$ 9,184,637
Accounts receivable	120,689	179,943	300,632
Due from other governments	204,812	5,161	209,973
Prepaid expenses	-	3,569	3,569
Inventory	942,589	-	942,589
Total current assets	<u>7,395,414</u>	<u>3,245,986</u>	<u>10,641,400</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>2,477,004</u>	<u>424,620</u>	<u>2,901,624</u>
TOTAL ASSETS	<u>9,872,418</u>	<u>3,670,606</u>	<u>13,543,024</u>
<u>LIABILITIES</u>			
Current liabilities:			
Salaries and benefits payable	408,271	22,269	430,540
Accounts payable	463,198	24,681	487,879
Total current liabilities	<u>871,469</u>	<u>46,950</u>	<u>918,419</u>
Noncurrent liabilities:			
Long-term obligations	<u>379,593</u>	<u>36,457</u>	<u>416,050</u>
TOTAL LIABILITIES	<u>1,251,062</u>	<u>83,407</u>	<u>1,334,469</u>
<u>NET ASSETS</u>			
Invested in capital assets	2,477,004	424,620	2,901,624
Unrestricted	<u>6,144,352</u>	<u>3,162,579</u>	<u>9,306,931</u>
TOTAL NET ASSETS	<u>\$ 8,621,356</u>	<u>\$ 3,587,199</u>	<u>\$ 12,208,555</u>

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Child Nutrition Program</u>	<u>Non-Major Funds</u>	<u>Total</u>
OPERATING REVENUES			
Food sales	\$ 16,644,230	\$ -	\$ 16,644,230
Participant fees	-	4,501,694	4,501,694
Printing fees	-	639,581	639,581
TOTAL OPERATING REVENUES	<u>16,644,230</u>	<u>5,141,275</u>	<u>\$ 21,785,505</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	9,564,267	2,858,241	12,422,508
Food	9,322,349	-	9,322,349
Supplies	1,314,125	819,089	2,133,214
Purchased services	883,805	439,545	1,323,350
	<u>21,084,546</u>	<u>4,116,875</u>	<u>25,201,421</u>
Other supporting services:			
Employee benefits	2,807,047	380,975	3,188,022
Donated commodities	1,388,357	-	1,388,357
Indirect costs	1,745,324	584,241	2,329,565
Depreciation	571,827	116,261	688,088
	<u>6,512,555</u>	<u>1,081,477</u>	<u>7,594,032</u>
TOTAL OPERATING EXPENSES	<u>27,597,101</u>	<u>5,198,352</u>	<u>32,795,453</u>
OPERATING LOSS	<u>(10,952,871)</u>	<u>(57,077)</u>	<u>(11,009,948)</u>
NON-OPERATING REVENUES(EXPENSES):			
Federal regular USDA grants	8,432,761	-	8,432,761
Federal commodities	1,827,158	-	1,827,158
NCDPI Kindergarten Breakfast	47,081	-	47,081
Interest	286,209	97,741	383,950
Miscellaneous	-	-	-
Loss on disposal of equipment	(4,818)	-	(4,818)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>10,588,391</u>	<u>97,741</u>	<u>10,686,132</u>
NET INCOME (LOSS)	\$ (364,480)	\$ 40,664	\$ (323,816)
NET ASSETS, beginning of year	<u>8,985,836</u>	<u>3,546,535</u>	<u>12,532,371</u>
NET ASSETS, end of year	<u>\$ 8,621,356</u>	<u>\$ 3,587,199</u>	<u>\$ 12,208,555</u>

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

WAKE COUNTY BOARD OF EDUCATION

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2002

	<u>Child Nutrition Program</u>	<u>Non-Major Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 16,769,374	\$ 5,150,974	\$ 21,920,348
Payments to employees for services	(12,312,256)	(3,290,508)	(15,602,764)
Payments to suppliers for goods and services	(11,217,609)	(1,237,522)	(12,455,131)
Payments for other operating expenses	(1,950,136)	(566,359)	(2,516,495)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(8,710,627)</u>	<u>56,585</u>	<u>(8,654,042)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	8,432,761	-	8,432,761
NCDPI Kindergarten Breakfast	47,081	-	47,081
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>8,479,842</u>	<u>-</u>	<u>8,479,842</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(123,313)	-	(123,313)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	286,209	97,741	383,950
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(67,889)	154,326	86,437
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,195,213	2,902,987	9,098,200
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,127,324</u>	<u>\$ 3,057,313</u>	<u>\$ 9,184,637</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ (10,952,871)	\$ (57,077)	\$ (11,009,948)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	571,827	116,261	688,088
(Increase) decrease in accounts receivable and due from other governments	(79,668)	27,848	(51,820)
Increase in inventories	(57,108)	-	(57,108)
Increase in prepaid expenses	-	(3,569)	(3,569)
Increase (decrease) in accounts payable and salaries and benefits payable	346,719	(15,485)	331,234
Increase (decrease) in accrued vacation	72,117	(11,393)	60,724
Decrease in deferred revenue	(438,801)	-	(438,801)
Donated commodities	1,827,158	-	1,827,158
TOTAL ADJUSTMENTS	<u>2,242,244</u>	<u>113,662</u>	<u>2,355,906</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (8,710,627)</u>	<u>\$ 56,585</u>	<u>\$ (8,654,042)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:			
Loss on disposal of equipment	\$ (4,818)	\$ -	\$ (4,818)
Donated commodities	<u>\$ 1,388,357</u>	<u>\$ -</u>	<u>\$ 1,388,357</u>

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

Wake County Board of Education, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2002

I. Summary of Significant Accounting Policies

The accounting policies of The Wake County Board of Education conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Wake 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 Wake County, North Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange 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.

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 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 Projects Fund. The Capital Projects 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 Wake County appropriations, proceeds of Wake County bonds issued for public school construction, as well as certain State assistance.

The Board reports the following major enterprise fund:

Child Nutrition Fund. The Child Nutrition Fund is used to account for the food service program within the school system.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, includes 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.

The Board has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds, as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. Budgets are adopted on a basis consistent with GAAP, except for revenues and expenditures of the debt service fund being included in the budget of the capital projects fund and the enterprise fund, which is budgeted on the modified accrual basis.

Legal provisions conflict with GAAP in that there is no authorization for the Board to maintain a debt service fund even though the statutes allow continuing contracts for capital outlay purchases. In accordance with governmental accounting and financial reporting standards, the Board maintains its accounts and prepares its budgetary reports on the legally prescribed budgetary (non-GAAP) basis and maintains sufficient supplemental records to permit presentation of these financial statements in conformity with GAAP. Under the legally prescribed budgetary (non-GAAP) basis, all amounts otherwise shown in the debt service fund are included in the capital projects fund.

A reconciliation for the capital projects fund from the budgetary (non-GAAP) basis to GAAP follows:

Deficiency of revenues and other financing sources over expenditures and other financing uses- budgetary (non-GAAP) basis	<u>\$(3,155,901)</u>
Interest income included in debt service fund	(17,840)
Debt service expenditures included in debt service fund	<u>72,000</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses - GAAP	<u><u>\$ (3,101,741)</u></u>

The appropriations in the various funds are formally budgeted and controlled at the functional level. Expenditures may not legally exceed appropriations at the functional level for all of the Board's funds. Subject to the provisions of the statutes, the Board may amend the budget resolution at any time after its adoption. State law also requires that transfers to or from the capital outlay fund be approved by the Board and the Board of County Commissioners. By resolution of the Board, the superintendent may transfer monies from one appropriation to another within the same fund, subject to certain limitations described below. If such transfers require the Board's approval, they must be reported at the next subsequent meeting.

The superintendent is authorized by the Board to transfer appropriations under the following conditions:

1. He may not transfer any amounts between funds nor from any contingency appropriation within a fund without Board approval.
2. He may transfer amounts between purpose codes and between functions within a purpose code. A summary of all such transfers must be reported to the Board within 60 days.
3. He may transfer any amounts in state and federal projects upon prior approval of the appropriate funding agency. If such transfers require the Board's approval under other provisions, they must be reported within 60 days.

The superintendent is authorized by the Board to accept appropriations into the budget under the following conditions:

1. He may accept all state appropriations. A summary of such appropriations must be reported to the Board within 60 days.
2. He may accept federal appropriations if the application for funding has been approved by the Board. A summary of such appropriations must be reported to the Board within 60 days.
3. He may accept categorical program appropriations if the program has been approved by the Board. A summary of such appropriations must be reported to the Board within 60 days.
4. He may accept other appropriations upon prior approval of the Board.

During the fiscal year there were budget amendments totaling \$548,015,387 approved by the Board as follows:

General fund	\$ 28,827,813
State public school fund	(8,651,574)
Federal grants funds	12,468,847
Capital projects funds	511,629,113
Enterprise fund	3,741,188
	<u>\$ 548,015,387</u>

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 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported.

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 and Prepaid Expenses

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide statements.

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, 1989 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Buildings	50
Kitchen and Landscape Equipment	15
Furniture	20
All Other Equipment	10
Vehicles	8
Computer equipment	5

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, 2002 are 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.

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 for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

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

Reserved for special projects - portion of fund balance not available for appropriation because it represents the excess of revenues over expenditures of certain special projects. This excess is reserved for expenditure only for these projects.

Reserved for debt service – portion of fund balance reserved for future debt service appropriations.

UNRESERVED

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2002-2003 budget ordinance.

Designated for flexible benefits plan – portion of total fund balance available for appropriation which has been designated for future loss contingencies of the flexible benefits plan.

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

II. 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 \$1,113,260,616 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)	\$ 1,363,450,344
Less accumulated depreciation	<u>(217,801,237)</u>
Net capital assets	1,145,649,107
 Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds	 199,845
 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:	
Leases	(1,201,332)
Compensated absences	(31,077,778)
Mortgage payable	<u>(309,226)</u>
 Total adjustment	 <u><u>\$ 1,113,260,616</u></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 \$108,829,515 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 128,321,695
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.	(20,483,762)
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.	(197,082)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	1,687,246
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(311,554)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.	(386,873)
Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds. However, they are reflected as assets in the statement of net assets.	<u>199,845</u>
Total adjustments	<u>\$ 108,829,515</u>

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2002, the Board's deposits (overdrafts) with banks had a carrying amount of (\$294,117) and with the State Treasurer of \$31,493. The bank balances with the financial institutions and the State Treasurer were \$4,324,782 and \$5,939,835 respectively. Of these balances, \$1,505,075 was covered by federal depository insurance and \$8,759,542 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

The Board's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the Board or its agent in the Board's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Board's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Board's name. The Board's investments in the North Carolina Capital Management Trust and the State Treasurer's Short Term Investment Fund are exempt from risk categorization because the Board does not own any identifiable securities in these mutual funds.

At June 30, 2002, the Board's investment balances were as follows:

	<u>Categories</u>			<u>Reported</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>Value</u>	<u>Fair Value</u>
Commercial Paper	<u>\$ 9,761,927</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 9,761,927	\$ 9,761,927
North Carolina Capital Management Trust				4,338	4,338
State Treasurer's Short Term Investment Fund				<u>57,353,215</u>	<u>57,353,215</u>
Total Investments				<u>\$ 67,119,480</u>	<u>\$ 67,119,480</u>

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2002, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 14,262	\$ 2,553,033	\$ 376,530
Other governmental activities	74,985	70,448,202	89,520
Total	<u>\$ 89,247</u>	<u>\$ 73,001,235</u>	<u>\$ 466,050</u>
Business-type activities:			
School Food Service	\$ -	\$ 204,812	\$ 120,689
Other business-type activities	-	5,161	179,943
Total	<u>\$ -</u>	<u>\$ 209,973</u>	<u>\$ 300,632</u>

Due from other governments consists of the following:

Governmental activities			
General Fund	\$ 1,772,310	Sales tax refund from state	
	747,392	Miscellaneous revenue from state	
	<u>33,331</u>	Miscellaneous revenue from county	
	2,553,033		
State Public School Fund	34,930,321	Operating funds from DPI	
Individual Schools Fund	238,082	Sales tax refund from state	
Capital Outlay Fund	2,109,817	Sales tax refund from state	
	28,886,470	County funds from county appropriations	
	<u>2,106,253</u>	State funds from state appropriations	
	33,102,540		
Direct Federal Grants Fund	266,767	Federal grant funds	
State Administered Federal Grants Fund	<u>1,910,492</u>	Federal grant funds	
Total	<u>\$ 73,001,235</u>		
Business-type activities			
School Food Service	\$ 76,281	Miscellaneous revenue from state	
	<u>128,531</u>	Sales tax refund from state	
	204,812		
Tuition Programs	2,871	Sales tax refund from state	
Print Shop	<u>2,290</u>	Sales tax refund from state	
Total	<u>\$ 209,973</u>		

4. Capital Assets

Capital asset activity for the year ended June 30, 2002, was as follows:

Governmental Activities:	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 48,772,279	\$ 2,051,630	\$ -	\$ 149,337	\$ 50,674,572
Construction in Progress	251,415,080	124,890,982	(12,603,466)	-	363,702,596
Total capital assets not being depreciated:	<u>300,187,359</u>	<u>126,942,612</u>	<u>(12,603,466)</u>	<u>149,337</u>	<u>414,377,168</u>
Capital assets being depreciated:					
Land Improvements	4,809,575	-	-	-	4,809,575
Buildings	898,284,688	124,693	12,603,466	-	911,012,847
Equipment	12,979,655	483,676	-	3,305,383	10,157,948
Vehicles and motor equipment	22,417,560	770,714	-	95,468	23,092,806
Total capital assets being depreciated	<u>938,491,478</u>	<u>1,379,083</u>	<u>12,603,466</u>	<u>3,400,851</u>	<u>949,073,176</u>
Less accumulated depreciation for:					
Land Improvements	4,388,765	54,035	-	-	4,442,800
Buildings	168,413,277	17,715,191	-	-	186,128,468
Equipment	8,609,539	1,865,687	-	3,454,720	7,020,506
Vehicles and motor equipment	19,456,082	848,849	-	95,468	20,209,463
Total accumulated depreciation	<u>200,867,663</u>	<u>20,483,762</u>	<u>-</u>	<u>3,550,188</u>	<u>217,801,237</u>
Total capital assets being depreciated, net	<u>737,623,815</u>				<u>731,271,939</u>
Governmental activity capital assets, net	<u>\$ 1,037,811,174</u>				<u>\$ 1,145,649,107</u>

Business-type Activities:

	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 12,219,539	\$ 123,313	\$ 43,908	\$ 12,298,944
Vehicles	527,602	-	-	527,602
Total capital assets being depreciated	<u>12,747,141</u>	<u>123,313</u>	<u>43,908</u>	<u>12,826,546</u>
Less accumulated depreciation for:				
Equipment	9,412,215	530,868	39,090	9,903,993
Vehicles	404,590	40,959	-	445,549
Total accumulated depreciation	<u>9,816,805</u>	<u>571,827</u>	<u>39,090</u>	<u>10,349,542</u>
School food service capital assets, net	<u>2,930,336</u>			<u>2,477,004</u>
Other Business-type activities				
Capital assets being depreciated:				
Equipment	<u>795,738</u>	-	-	<u>795,738</u>
Less accumulated depreciation for:				
Equipment	<u>254,857</u>	<u>116,261</u>	-	<u>371,118</u>
Other enterprise funds capital assets, net	<u>540,881</u>			<u>424,620</u>
Business-type activities capital assets, net	<u>\$ 3,471,217</u>			<u>\$ 2,901,624</u>

The Board increased its capitalization threshold to \$5,000 in conjunction with the implementation of GASB Statement Number 34 in the current year. As a result of this change in capitalization policy, \$73,093,002 of equipment in the governmental activities, which had been included in the former General Fixed Asset Account Group as of June 30, 2001, no longer exceeded the Board's revised capitalization threshold. As such it was not included in the beginning balance for equipment in the above table in accordance with the guidelines established by GASB Statement Number 34.

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 20,071,300
Business support services	<u>412,462</u>
Total	<u>\$ 20,483,762</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2002. At year-end, the Board's commitments with contractors for school construction totaled approximately \$135,757,000. These commitments will be funded by future revenues from Wake County.

B. Liabilities

1. Pension Plan Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Wake 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 5% of annual covered payroll. The contribution requirements of plan members and Wake 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, 2002, 2001, and 2000 were \$22,723,891, \$30,193,469, and \$33,825,251, respectively, equal to the required contributions for each year.

b. Supplemental Retirement Income Plan

All permanent, full-time employees of the Board may participate in a supplemental retirement income plan 401(K), a defined contribution plan. Covered payroll for the year ended June 30, 2002, was \$127,063,609, total payroll was \$454,399,895. Participation is optional, and all contributions to the plan are made by the employees. All participants are immediately vested in their contributions.

The voluntary contributions by employees amounted to \$5,569,187 (4.38% of covered payroll) for the year ended June 30, 2002.

c. Post-employment Benefits

In addition to providing pension benefits, the Board provides disability benefits and post-employment health care benefits and death benefits, in accordance with State statutes, to certain employees. These 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 available to retirees of the Teachers' and State Employees' Retirement System (System) who have at least five years of contributing membership in the System. If a retiree was hired prior to October 1, 1995, and retires with at least 5 years of service, the System pays the full cost of coverage for all retirees enrolled in the State's self-funded Teachers' and State Employees' Comprehensive Major Medical Plan and makes similar contributions for retirees enrolled in an eligible State health maintenance organization (HMO) plans, when available. 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. If a retiree was hired on or after October 1, 1995, and retires with at least 5 years of service, health care coverage is available to the retiree if he or she pays the full premium for coverage. If the retiree has at least 10 years of service but less than 20, coverage is available if the retiree contributes 50% of the premium cost. If the retiree has 20 or more years of service, coverage is provided at no cost if the retiree chooses the State Employees' Comprehensive Major Medical Plan. The health benefit plans are funded by the State on a pay-as-you-go basis.

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. The Death Benefit will be at least \$25,000 and no more than \$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. An employee is eligible to receive long-term disability benefits if the following requirements are met: 1) the employee has five years of contributing membership service in the System earned within 96 months prior to the end of the short-term disability period; 2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later; and 3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her occupation; 4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; and 5) the employee must not be eligible to receive an unreduced retirement benefits from the System. In addition, recipients of the long-term disability benefits are eligible to receive State-paid health insurance coverage. The monthly long-term disability benefit is equal to 65 percent of one-twelfth of an employee's annual base rate of compensation reduced by any social security or workers' compensation to which the recipient may be entitled up to a maximum of \$3,900 per month, plus additional minor adjustments. When an employee qualifies for an unreduced service retirement allowance from the System, the benefits payable from the Disability Income Plan will

cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System.

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. 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, 2002, the Board made contributions to the State for post-employment health care benefits of \$10,678,398, death benefits of \$36,352, and disability benefits of \$2,362,879; these contributions represented 2.35%, .16%, and .52% of covered payroll, respectively. The contributions for post-employment health care benefits and disability benefits cannot be separated between the post-employment benefit amounts and the other employee benefit amounts. Because the benefit payments are made by the various State-administered plans and not by the Board, the Board does not determine the number of eligible participants.

2. Accounts Payable

Accounts payable at the district-wide level at June 30, 2002, were as follows:

	Vendors	Salaries and benefits	Due from other funds (Internal balances)
Governmental Activities			
General	\$ 4,259,249	\$ 9,345,721	\$ 74,985
Other Governmental	32,069,023	36,296,873	14,262
Total Governmental activities	<u>36,328,272</u>	<u>45,642,594</u>	<u>89,247</u>
Business-type Activities			
School Food Service	\$ 463,198	\$ 408,271	\$ -
Other Business-type	24,681	22,269	-
Total Business-type activities	<u>\$ 487,879</u>	<u>\$ 430,540</u>	<u>\$ -</u>

3. Unearned Revenues

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

	<u>Unearned Revenue</u>
Grants not yet earned (General Fund)	\$ 534,826
Grants not yet earned (Special Revenue Funds)	61,663
Grants not yet earned (Capital Outlay Fund)	<u>156,000</u>
Total	<u>\$ 752,489</u>

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina Public Risk & Insurance Management Association, a membership of public sectors risk management programs. Through the private insurance industry, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Board has an annual aggregate limit for general liability of \$2,000,000 and \$1,000,000 for errors and omissions. In addition, the Board carries commercial umbrella for another \$1,000,000 of liability coverage. The Board was approved effective August 1, 2002 as a qualified self-insured for workers' compensation coverage up to statutory limits for employees to the extent they are paid from federal, local, and enterprise funds. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State public school funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insurance risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annual. Excess reinsurance is purchased through commercial insurers, who participate in the property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake.

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. In addition, employees had the option of receiving health care benefits through one of the health maintenance organizations (HMOs) offering coverage to teachers and State employees. Effective October 1, 2001, HMOs were no longer offered to Board employees. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

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

5. Contingent Liabilities

At June 30, 2002, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

6. Leases

a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. Total costs for such leases were \$1,120,565 for the year ended June 30, 2002. The future minimum lease payments for these leases are as follows:

Year ending June 30	Amount
2003	\$ 1,430,165
2004	655,625
2005	495,919
2006	16,800
2007	16,800
2008 and after	<u>1,545,600</u>
Total	<u>\$ 4,160,909</u>

b. Capital Leases

As authorized in State law [G.S. 115C-528(a)], the Board entered into various lease agreements to lease computers, copiers, cars and vans. The lease agreements qualify as capital leases for accounting purposes; therefore, the obligations have been recorded at the present value of the future minimum lease payments as of the date of their inception.

At June 30, 2002, assets recorded under the capital lease were as follows:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Computers/computer equipment	\$ 1,776,992	\$ 1,540,994	\$ 235,998
Copiers	563,027	358,424	204,603
Cars/vans	275,606	149,287	126,319
Total	<u>\$ 2,615,625</u>	<u>\$ 2,048,705</u>	<u>\$ 566,920</u>

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2002:

Year Ending June 30	Governmental Activities
2003	\$ 715,070
2004	361,010
2005	281,241
2006	<u>17,110</u>
Total minimum lease payments	1,374,431
Less: amount representing interest	<u>173,099</u>
Present value of the minimum lease payments	<u>\$ 1,201,332</u>

7. Long-Term Obligations

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2002:

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002
Governmental activities:				
Compensated absences	\$ 30,766,224	\$ 311,554	\$ -	\$ 31,077,778
Capital leases	2,637,336	197,082	1,633,086	1,201,332
Mortgage payable	363,386	-	54,160	309,226
Total	<u>\$ 33,766,946</u>	<u>\$ 508,636</u>	<u>\$ 1,687,246</u>	<u>\$ 32,588,336</u>
Business-type activities:				
Compensated absences	<u>\$ 355,326</u>	<u>\$ 60,724</u>	<u>\$ -</u>	<u>\$ 416,050</u>

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

The mortgage is payable in monthly installments of \$6,000, including accrued interest. The Board received related revenues from Wake County and deposited these funds in the STIF maintained by the treasurer of the State of North Carolina. The interest paid to the seller is at the interest rate earned on the STIF account. The average interest rate earned on the STIF account for the year ended June 30, 2002, was 5.2498%.

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2002, is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
State Public School Fund	\$ 18,578	\$ -
General Fund	14,262	74,985
Capital Projects Fund	-	14,262
Individual School Fund	56,407	-
	<u>\$ 89,247</u>	<u>\$ 89,247</u>

The following is a summary of operating transfers for the year ended June 30, 2002:

<u>Transfers From:</u>	<u>Transfers To:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Capital Projects Fund	\$ 3,042,309	\$ -	\$ 3,042,309
General Fund	-	162,444	162,444
	<u>\$ 3,042,309</u>	<u>\$ 162,444</u>	<u>\$ 3,204,753</u>

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Fines, Forfeitures and Supplemental School Tax

The State Appeals Court has issued a ruling indicating that charter schools should receive a pro rata share of the fines and forfeitures received by the Wake County Board of Education. The case has been petitioned for appeal to the NC Supreme Court. At this time it is unclear if the State Supreme Court will agree to hear the appeal nor is it clear what the outcome of such an appeal might be. Because of this uncertainty, no liability has been accrued by the Wake County Board of Education. The amount, if any, of any liability cannot be reasonably estimated at this time.

WAKE COUNTY BOARD OF EDUCATION

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2002

	<u>Direct Federal Grants</u>	<u>State Administered Federal Grants</u>	<u>Debt Service</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 18,293	\$ 45,753	\$ 309,226	\$ 373,272
Due from other governments	266,767	1,910,492	-	2,177,259
TOTAL ASSETS	<u>\$ 285,060</u>	<u>\$ 1,956,245</u>	<u>\$ 309,226</u>	<u>\$ 2,550,531</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Salaries and benefits payable	\$ 102,080	\$ 1,910,492	\$ -	\$ 2,012,572
Accounts payable	167,070	-	-	\$ 167,070
Deferred revenues	15,910	45,753	-	61,663
TOTAL LIABILITIES	285,060	1,956,245	-	2,241,305
Fund balances	-	-	309,226	309,226
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 285,060</u>	<u>\$ 1,956,245</u>	<u>\$ 309,226</u>	<u>\$ 2,550,531</u>

WAKE COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2002

	<u>Direct Federal Grants</u>	<u>State Administered Federal Grants</u>	<u>Debt Service</u>	<u>Total</u>
REVENUES:				
Federal	\$ 7,770,872	\$ 23,952,057	\$ -	\$ 31,722,929
Other	-	-	17,840	17,840
TOTAL REVENUES	<u>7,770,872</u>	<u>23,952,057</u>	<u>17,840</u>	<u>31,740,769</u>
EXPENDITURES:				
Instructional programs:				
Regular	1,381,047	1,952,661	-	3,333,708
Special	513,456	10,362,865	-	10,876,321
Student services	3,483,296	3,917,010	-	7,400,306
Other	622,155	5,538,983	-	6,161,138
	<u>5,999,954</u>	<u>21,771,519</u>	<u>-</u>	<u>27,771,473</u>
Supporting services:				
Pupil	273,369	37,702	-	311,071
Instructional staff	913,600	217,181	-	1,130,781
General administration	70,674	252,142	-	322,816
Business	399	419,653	-	420,052
Central	35,306	143,882	-	179,188
Other	174,419	158,038	-	332,457
	<u>1,467,767</u>	<u>1,228,598</u>	<u>-</u>	<u>2,696,365</u>
Non-program charges	<u>303,151</u>	<u>951,940</u>	<u>-</u>	<u>1,255,091</u>
Debt Service:				
Principal	-	-	54,160	54,160
Interest	-	-	17,840	17,840
	<u>-</u>	<u>-</u>	<u>72,000</u>	<u>72,000</u>
TOTAL EXPENDITURES	<u>7,770,872</u>	<u>23,952,057</u>	<u>72,000</u>	<u>31,794,929</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,160)</u>	<u>\$ (54,160)</u>
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>363,386</u>	<u>363,386</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,226</u>	<u>\$ 309,226</u>

WAKE COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF NET ASSETS

NON-MAJOR ENTERPRISE FUNDS

JUNE 30, 2002

	<u>Tuition Programs</u>	<u>Print Shop</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 3,028,156	\$ 29,157	\$ 3,057,313
Accounts receivable	175,320	4,623	179,943
Due from other governments	2,871	2,290	5,161
Prepaid expenses	3,569	-	3,569
Total current assets	<u>3,209,916</u>	<u>36,070</u>	<u>3,245,986</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>415,260</u>	<u>9,360</u>	<u>424,620</u>
TOTAL ASSETS	<u>3,625,176</u>	<u>45,430</u>	<u>3,670,606</u>
<u>LIABILITIES</u>			
Current liabilities:			
Salaries and benefits payable	20,363	1,906	22,269
Accounts payable	17,380	7,301	24,681
Total current liabilities	<u>37,743</u>	<u>9,207</u>	<u>46,950</u>
Noncurrent liabilities:			
Long-term obligations	<u>18,377</u>	<u>18,080</u>	<u>36,457</u>
TOTAL LIABILITIES	<u>56,120</u>	<u>27,287</u>	<u>83,407</u>
<u>NET ASSETS</u>			
Invested in capital assets	415,620	9,360	424,980
Unrestricted	<u>3,153,436</u>	<u>8,783</u>	<u>3,162,219</u>
TOTAL NET ASSETS	<u>\$ 3,569,056</u>	<u>\$ 18,143</u>	<u>\$ 3,587,199</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	Tuition Programs	Print Shop	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 4,502,357	\$ 648,617	\$ 5,150,974
Payments to employees for services	(3,047,329)	(243,179)	(3,290,508)
Payments to suppliers for goods and services	(924,514)	(313,008)	(1,237,522)
Payments for other operating expenses	(491,870)	(74,489)	(566,359)
NET CASH PROVIDED BY OPERATING ACTIVITIES	38,644	17,941	56,585
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	96,879	862	97,741
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,523	18,803	154,326
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,892,633	10,354	2,902,987
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,028,156	\$ 29,157	\$ 3,057,313
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating loss	\$ (44,749)	\$ (12,328)	\$ (57,077)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	111,498	4,763	116,261
Decrease in accounts receivable and due from other governments	21,102	6,746	27,848
Increase in prepaid expenses	(3,569)	-	(3,569)
Increase (decrease) in accounts payable and salaries and benefits payable	(24,692)	9,207	(15,485)
Increase (decrease) in accrued vacation	(20,946)	9,553	(11,393)
TOTAL ADJUSTMENTS	83,393	30,269	113,662
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 38,644	\$ 17,941	\$ 56,585

WAKE COUNTY BOARD OF EDUCATION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual
REVENUES:				
Wake County:				
County appropriation	\$ 194,529,600	\$ 194,529,610	\$ 10	\$ 179,038,352
State of North Carolina:				
Textbooks	4,127,187	2,097,246	(2,029,941)	-
Other	544,340	346,803	(197,537)	185,560
	<u>4,671,527</u>	<u>2,444,049</u>	<u>(2,227,478)</u>	<u>185,560</u>
Federal:				
FEMA	-	-	-	725
ROTC	150,056	118,785	(31,271)	112,570
Emergency Immigrant Education	461,299	461,297	(2)	363,278
Medicaid	355,074	458,333	103,259	314,643
Other	20,000	17,760	(2,240)	467
	<u>986,429</u>	<u>1,056,175</u>	<u>69,746</u>	<u>791,683</u>
Other:				
Fines and forfeitures	3,000,000	4,609,809	1,609,809	3,535,425
Interest	3,000,000	3,040,717	40,717	3,102,150
Rental of school property	1,668,875	1,936,158	267,283	1,464,866
Tuition	639,000	736,445	97,445	674,066
Indirect cost	2,700,000	3,599,684	899,684	3,271,548
Other local	3,346,371	3,436,231	89,860	3,678,901
	<u>14,354,246</u>	<u>17,359,044</u>	<u>3,004,798</u>	<u>15,726,956</u>
TOTAL REVENUES	<u>214,541,802</u>	<u>215,388,878</u>	<u>847,076</u>	<u>195,742,551</u>
EXPENDITURES:				
Instructional programs:				
Regular:				
Salaries	\$ 46,834,780	\$ 46,808,528	\$ 26,252	\$ 40,254,543
Other costs	10,742,344	6,549,201	4,193,143	9,041,385
	<u>57,577,124</u>	<u>53,357,729</u>	<u>4,219,395</u>	<u>49,295,928</u>
Special:				
Salaries	21,016,462	18,097,169	2,919,293	15,920,592
Other costs	2,640,585	2,220,761	419,824	1,852,874
	<u>23,657,047</u>	<u>20,317,930</u>	<u>3,339,117</u>	<u>17,773,466</u>
Co-curricular:				
Salaries	13,600	6,767	6,833	7,058
Other costs	268,698	263,207	5,491	210,767
	<u>282,298</u>	<u>269,974</u>	<u>12,324</u>	<u>217,825</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual
EXPENDITURES (Continued):				
Instructional programs (continued):				
Student services:				
Salaries	\$ 7,422,474	\$ 7,177,377	\$ 245,097	\$ 6,455,991
Other costs	590,145	529,214	60,931	561,858
	<u>8,012,619</u>	<u>7,706,591</u>	<u>306,028</u>	<u>7,017,849</u>
Other:				
Salaries	2,120,124	2,010,572	109,552	1,612,388
Employee benefits & other costs	14,847,418	13,595,544	1,251,874	12,615,876
	<u>16,967,542</u>	<u>15,606,116</u>	<u>1,361,426</u>	<u>14,228,264</u>
Total Instructional programs	<u>106,496,630</u>	<u>97,258,340</u>	<u>9,238,290</u>	<u>88,533,332</u>
Supporting services:				
Pupil:				
Salaries	470,543	470,281	262	186,308
Other costs	67,380	62,934	4,446	77,442
	<u>537,923</u>	<u>533,215</u>	<u>4,708</u>	<u>263,750</u>
Instructional staff:				
Salaries	2,036,827	2,013,114	23,713	1,405,658
Other costs	1,286,623	1,003,328	283,295	1,073,603
	<u>3,323,450</u>	<u>3,016,442</u>	<u>307,008</u>	<u>2,479,261</u>
General administration:				
Salaries	3,084,547	3,039,247	45,300	2,446,759
Other costs	3,256,772	2,627,953	628,819	2,778,631
	<u>6,341,319</u>	<u>5,667,200</u>	<u>674,119</u>	<u>5,225,390</u>
School administration:				
Salaries	11,006,105	10,873,523	132,582	7,636,921
Other costs	927,383	907,171	20,212	878,441
	<u>11,933,488</u>	<u>11,780,694</u>	<u>152,794</u>	<u>8,515,362</u>
Business:				
Salaries	20,026,832	18,312,208	1,714,624	16,249,988
Other costs	40,423,357	38,176,076	2,247,281	32,278,034
	<u>60,450,189</u>	<u>56,488,284</u>	<u>3,961,905</u>	<u>48,528,022</u>
Central:				
Salaries	7,749,397	7,618,558	130,839	6,685,680
Other costs	15,948,936	11,828,522	4,120,414	14,791,977
	<u>23,698,333</u>	<u>19,447,080</u>	<u>4,251,253</u>	<u>21,477,657</u>

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual
EXPENDITURES (Continued):				
Supporting services (continued):				
Other:				
Salaries	\$ 787,132	\$ 787,132	\$ -	\$ 721,891
Employee benefits & other costs	11,160,899	8,952,276	2,208,623	7,767,543
	<u>11,948,031</u>	<u>9,739,408</u>	<u>2,208,623</u>	<u>8,489,434</u>
Total Supporting services	<u>118,232,733</u>	<u>106,672,323</u>	<u>11,560,410</u>	<u>94,978,876</u>
Community services:				
Regular:				
Salaries	2,863,916	2,592,856	271,060	2,484,395
Other costs	1,260,321	1,109,110	151,211	716,104
	<u>4,124,237</u>	<u>3,701,966</u>	<u>422,271</u>	<u>3,200,499</u>
Other:				
Salaries	56,852	56,852	-	46,497
Other costs	633,590	496,510	137,080	513,892
	<u>690,442</u>	<u>553,362</u>	<u>137,080</u>	<u>560,389</u>
Total Community services	<u>4,814,679</u>	<u>4,255,328</u>	<u>559,351</u>	<u>3,760,888</u>
Debt service:				
Principal	1,633,086	1,633,086	-	3,185,138
Interest	207,810	207,810	-	316,016
	<u>1,840,896</u>	<u>1,840,896</u>	<u>-</u>	<u>3,501,154</u>
Non-program charges:				
Indirect Cost	23,334	15,567	7,767	172
Transfer to charter schools	4,669,215	4,482,626	186,589	3,273,059
	<u>4,692,549</u>	<u>4,498,193</u>	<u>194,356</u>	<u>3,273,231</u>
TOTAL EXPENDITURES	<u>236,077,487</u>	<u>214,525,080</u>	<u>21,552,407</u>	<u>194,047,481</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(21,535,685)</u>	<u>863,798</u>	<u>22,399,483</u>	<u>1,695,070</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	<u>2002</u>		<u>Variance-</u>	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
			<u>(Negative)</u>	
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	18,188,565	-	(18,188,565)	-
Operating transfers in	3,312,482	3,042,309	(270,173)	2,252,418
Operating transfers out	(162,444)	(162,444)	-	(911,091)
Capitalized leases	197,082	197,082	-	2,456,150
 TOTAL OTHER FINANCING SOURCES (USES)	<u>21,535,685</u>	<u>3,076,947</u>	<u>(18,458,738)</u>	<u>3,797,477</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	3,940,745	<u>\$ 3,940,745</u>	5,492,547
 FUND BALANCES, beginning of year		\$ 35,994,568		\$ 30,473,134
 INCREASE (DECREASE) IN RESERVE FOR INVENTORIES		<u>(386,873)</u>		<u>28,887</u>
 FUND BALANCES, end of year		<u>\$ 39,548,440</u>		<u>\$ 35,994,568</u>

WAKE COUNTY BOARD OF EDUCATION

STATE PUBLIC SCHOOL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Actual</u>
REVENUES:				
State of North Carolina	\$ 429,026,572	\$ 420,268,950	\$ (8,757,622)	\$ 407,985,331
Textbooks	-	-	-	3,467,995
TOTAL REVENUES	<u>429,026,572</u>	<u>420,268,950</u>	<u>(8,757,622)</u>	<u>411,453,326</u>
EXPENDITURES:				
Instructional programs:				
Regular:				
Salaries	202,520,911	201,009,547	1,511,364	193,872,587
Other costs	11,403,797	11,403,416	381	15,380,687
	<u>213,924,708</u>	<u>212,412,963</u>	<u>1,511,745</u>	<u>209,253,274</u>
Special:				
Salaries	40,231,746	39,965,593	266,153	38,318,759
Other costs	6,751,974	4,540,965	2,211,009	4,389,414
	<u>46,983,720</u>	<u>44,506,558</u>	<u>2,477,162</u>	<u>42,708,173</u>
Student services:				
Salaries	26,445,217	25,921,245	523,972	24,915,512
Other costs	290,439	242,955	47,484	297,662
	<u>26,735,656</u>	<u>26,164,200</u>	<u>571,456</u>	<u>25,213,174</u>
Other:				
Salaries	7,387,185	7,348,706	38,479	6,752,863
Employee benefits & other costs	56,759,161	53,071,549	3,687,612	52,952,700
	<u>64,146,346</u>	<u>60,420,255</u>	<u>3,726,091</u>	<u>59,705,563</u>
Total Instructional programs	<u>351,790,430</u>	<u>343,503,976</u>	<u>8,286,454</u>	<u>336,880,184</u>
Supporting services:				
Pupil:				
Salaries	30,330	30,329	1	47,032
Other costs	-	-	-	-
	<u>30,330</u>	<u>30,329</u>	<u>1</u>	<u>47,032</u>
Instructional staff:				
Salaries	3,357,713	3,357,545	168	3,473,395
Other costs	2,000	-	2,000	3,640
	<u>3,359,713</u>	<u>3,357,545</u>	<u>2,168</u>	<u>3,477,035</u>

WAKE COUNTY BOARD OF EDUCATION

STATE PUBLIC SCHOOL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	<u>2002</u>		<u>Variance-</u>	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
			<u>(Negative)</u>	
EXPENDITURES (Continued):				
Supporting services (continued):				
General administration:				
Salaries	\$ 1,837,290	\$ 1,784,554	\$ 52,736	\$ 1,840,963
Other costs	12,616	(13,628)	26,244	12,000
	<u>1,849,906</u>	<u>1,770,926</u>	<u>78,980</u>	<u>1,852,963</u>
School administration:				
Salaries	27,378,472	27,317,900	60,572	25,905,321
Other costs	636,496	625,940	10,556	737,968
	<u>28,014,968</u>	<u>27,943,840</u>	<u>71,128</u>	<u>26,643,289</u>
Business:				
Salaries	20,123,496	20,123,471	25	19,481,011
Other costs	10,554,118	10,432,319	121,799	10,390,906
	<u>30,677,614</u>	<u>30,555,790</u>	<u>121,824</u>	<u>29,871,917</u>
Central:				
Other costs	870,731	686,340	184,391	709,798
	<u>870,731</u>	<u>686,340</u>	<u>184,391</u>	<u>709,798</u>
Other:				
Salaries	1,604,247	1,604,247	-	1,406,514
Employee benefits & other costs	10,828,633	10,815,957	12,676	10,564,594
	<u>12,432,880</u>	<u>12,420,204</u>	<u>12,676</u>	<u>11,971,108</u>
Total Supporting services	<u>77,236,142</u>	<u>76,764,974</u>	<u>471,168</u>	<u>74,573,142</u>
TOTAL EXPENDITURES	<u>429,026,572</u>	<u>420,268,950</u>	<u>8,757,622</u>	<u>411,453,326</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION

FEDERAL GRANTS FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

	Direct				State Administered			
	2002		Variance- Positive (Negative)	2001	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual	Budget	Actual		Actual
REVENUES:								
IDEA	\$ -	\$ -	\$ -	\$ -	\$ 12,774,514	\$ 11,592,088	\$ (1,182,426)	\$ 9,359,853
IASA	-	-	-	-	9,051,773	7,782,267	(1,269,506)	5,771,844
ESEA	-	-	-	-	616,549	585,431	(31,118)	586,808
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,442,836</u>	<u>19,959,786</u>	<u>(2,483,050)</u>	<u>15,718,505</u>
Educational grants and								
Self supporting projects:								
Abstinence Education	-	-	-	-	127,015	95,317	(31,698)	13,440
Capacity Building & Improvement	-	-	-	-	677,752	508,714	(169,038)	442,266
Class Size Reduction	-	-	-	-	1,987,347	1,707,099	(280,248)	1,125,642
Homeless Children	-	-	-	-	47,301	36,385	(10,916)	34,748
Job Ready-School to Work Transition	-	-	-	-	-	-	-	56,724
Learn & Serve American	-	-	-	-	18,971	14,566	(4,405)	6,348
Math & Science Education Act	-	-	-	-	473,657	461,224	(12,433)	323,241
N.C. School Improvement	-	-	-	-	18,551	18,094	(457)	242,597
Program Improvement	-	-	-	-	848,432	748,417	(100,015)	768,077
Safe & Drug Free Schools	-	-	-	-	427,544	358,997	(68,547)	371,917
Technology Literacy	-	-	-	-	50,000	43,458	(6,542)	94,536
21st Century Community Learning	1,464,233	961,536	(502,697)	643,402	-	-	-	-
After School Learning	682,363	329,258	(353,105)	-	-	-	-	-
Alternative Strategies	897,368	478,796	(418,572)	412,819	-	-	-	-
Even-Start Immigrant	-	-	-	(646)	-	-	-	-
Higher Education	24,997	20,445	(4,552)	-	-	-	-	-
Indian Education	42,528	23,890	(18,638)	22,026	-	-	-	-
Magnet School Assistance	3,039,803	2,540,049	(499,754)	2,860,979	-	-	-	-
Safe Schools Healthy Student	4,160,573	2,994,435	(1,166,138)	2,797,875	-	-	-	-
Smaller Learning	809,328	422,463	(386,865)	104,364	-	-	-	-
	<u>11,121,193</u>	<u>7,770,872</u>	<u>(3,350,321)</u>	<u>6,840,819</u>	<u>4,676,570</u>	<u>3,992,271</u>	<u>(684,299)</u>	<u>3,479,536</u>
TOTAL REVENUES	<u>11,121,193</u>	<u>7,770,872</u>	<u>(3,350,321)</u>	<u>6,840,819</u>	<u>27,119,406</u>	<u>23,952,057</u>	<u>(3,167,349)</u>	<u>19,198,041</u>

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION

FEDERAL GRANTS FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	Direct				State Administered			
	2002		Variance- Positive (Negative)	2001	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual	Budget	Actual		Actual
EXPENDITURES:								
Instructional programs:								
Regular:								
Salaries	\$ 461,485	\$ 188,907	\$ 272,578	\$ 725,187	\$ 1,267,401	\$ 1,219,666	\$ 47,735	\$ 814,617
Other	1,360,024	1,192,140	167,884	1,119,412	829,356	732,995	96,361	779,925
	<u>1,821,509</u>	<u>1,381,047</u>	<u>440,462</u>	<u>1,844,599</u>	<u>2,096,757</u>	<u>1,952,661</u>	<u>144,096</u>	<u>1,594,542</u>
Special:								
Salaries	480,994	378,920	102,074	155,418	9,122,576	8,235,881	886,695	6,366,980
Other costs	273,238	134,536	138,702	35,340	2,661,350	2,126,984	534,366	1,490,619
	<u>754,232</u>	<u>513,456</u>	<u>240,776</u>	<u>190,758</u>	<u>11,783,926</u>	<u>10,362,865</u>	<u>1,421,061</u>	<u>7,857,599</u>
Student Services:								
Salaries	2,081,269	1,538,255	543,014	1,191,530	3,931,079	3,874,090	56,989	3,480,219
Other costs	2,555,034	1,945,041	609,993	1,782,154	82,105	42,920	39,185	202,682
	<u>4,636,303</u>	<u>3,483,296</u>	<u>1,153,007</u>	<u>2,973,684</u>	<u>4,013,184</u>	<u>3,917,010</u>	<u>96,174</u>	<u>3,682,901</u>
Other:								
Salaries	435,969	88,942	347,027	116,359	2,164,260	2,129,765	34,495	1,626,214
Employee benefits and other costs	772,134	533,213	238,921	601,892	3,820,283	3,409,218	411,065	2,703,010
	<u>1,208,103</u>	<u>622,155</u>	<u>585,948</u>	<u>718,251</u>	<u>5,984,543</u>	<u>5,538,983</u>	<u>445,560</u>	<u>4,329,224</u>
Total Instructional programs	<u>8,420,147</u>	<u>5,999,954</u>	<u>2,420,193</u>	<u>5,727,292</u>	<u>23,878,410</u>	<u>21,771,519</u>	<u>2,106,891</u>	<u>17,464,266</u>
Supporting services:								
Pupil:								
Salaries	306,874	192,080	114,794	144,700	38,736	37,702	1,034	12,454
Other costs	381,623	81,289	300,334	92,625	-	-	-	-
	<u>688,497</u>	<u>273,369</u>	<u>415,128</u>	<u>237,325</u>	<u>38,736</u>	<u>37,702</u>	<u>1,034</u>	<u>12,454</u>
Instructional staff:								
Salaries	415,215	413,076	2,139	311,688	237,258	199,603	37,655	247,531
Other costs	676,903	500,524	176,379	168,992	28,624	17,578	11,046	80,816
	<u>1,092,118</u>	<u>913,600</u>	<u>178,518</u>	<u>480,680</u>	<u>265,882</u>	<u>217,181</u>	<u>48,701</u>	<u>328,347</u>

WAKE COUNTY BOARD OF EDUCATION

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ -	\$ -	\$ -	\$ 2,102,162
Capital improvements fund	<u>484,750,928</u>	<u>131,388,257</u>	<u>(353,362,671)</u>	<u>70,436,231</u>
	<u>484,750,928</u>	<u>131,388,257</u>	<u>(353,362,671)</u>	<u>72,538,393</u>
State Bond	<u>22,238,558</u>	<u>9,525,356</u>	<u>(12,713,202)</u>	<u>39,644,864</u>
Other:				
Sale of school property	-	104,774	104,774	100,151
Insurance proceeds on property damage and loss	-	6,849	6,849	5,784
Interest	250,000	176,873	(73,127)	513,739
Other local	<u>2,005,788</u>	<u>2,017,937</u>	<u>12,149</u>	<u>308,240</u>
	<u>2,255,788</u>	<u>2,306,433</u>	<u>50,645</u>	<u>927,914</u>
TOTAL REVENUES	<u>509,245,274</u>	<u>143,220,046</u>	<u>(366,025,228)</u>	<u>113,111,171</u>
EXPENDITURES:				
Land and buildings:				
Land:				
Purchase of new sites	<u>15,816,741</u>	<u>2,051,630</u>	<u>13,765,111</u>	<u>2,720,192</u>
Buildings:				
General contracts	335,205,606	99,251,204	235,954,402	55,302,790
Heating contracts	15,491,931	5,228,974	10,262,957	9,033,951
Plumbing contracts	5,159,180	1,486,789	3,672,391	2,256,262
Electrical contracts	11,433,669	2,412,588	9,021,081	12,927,649
Architect fees	42,958,278	11,889,639	31,068,639	7,797,762
Equipment contracts	19,146,349	9,950,690	9,195,659	9,225,853
Miscellaneous contracts	<u>63,567,853</u>	<u>9,573,974</u>	<u>53,993,879</u>	<u>8,812,673</u>
	<u>492,962,866</u>	<u>139,793,858</u>	<u>353,169,008</u>	<u>105,356,940</u>
Other:				
Improvements to sites	138,149	60,996	77,153	73,601
Library books	<u>1,154,163</u>	<u>298,142</u>	<u>856,021</u>	<u>1,251,732</u>
	<u>1,292,312</u>	<u>359,138</u>	<u>933,174</u>	<u>1,325,333</u>
	<u>510,071,919</u>	<u>142,204,626</u>	<u>367,867,293</u>	<u>109,402,465</u>

WAKE COUNTY BOARD OF EDUCATION

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

(Continued)

	2002			2001
	Budget	Actual	Variance- Positive (Negative)	Actual
EXPENDITURES (Continued):				
Equipment:				
Instructional	\$ 393,320	\$ 352,161	\$ 41,159	\$ 939,478
Administrative	688,014	479,110	208,904	983,863
	1,081,334	831,271	250,063	1,923,341
Vehicles:				
Administrative	155,276	132,887	22,389	27,000
Maintenance	283,500	255,298	28,202	186,588
School buses	344,175	-	344,175	120,538
	782,951	388,185	394,766	334,126
Debt service:				
Principal	54,160	54,160	-	48,971
Interest	17,840	17,840	-	23,029
	72,000	72,000	-	72,000
 TOTAL EXPENDITURES	512,008,204	143,496,082	368,512,122	111,731,932
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(2,762,930)	(276,036)	2,486,894	1,379,239
 OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	5,912,968	-	(5,912,968)	-
Operating transfer in	162,444	162,444	-	911,091
Operating transfer out	(3,312,482)	(3,042,309)	270,173	(2,252,418)
TOTAL OTHER FINANCING USES	2,762,930	(2,879,865)	(5,642,795)	(1,341,327)
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES - BUDGETARY (NON-GAAP) BASIS	\$ -	(3,155,901)	\$ (3,155,901)	37,912
Reconciling items (Note I.D)		54,160		48,971
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES - GAAP		\$ (3,101,741)		\$ 86,883

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUNDS

SCHEDULES OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001)

	Child Nutrition Program				Tuition Programs				Print Shop			
	2002		Variance- Positive (Negative)	2001	2002		Variance- Positive (Negative)	2001	2002		Variance- Positive (Negative)	2001
	Budget	Actual		Actual	Budget	Actual		Actual	Budget	Actual		Actual
REVENUES:												
Federal:												
Regular USDA Grants	\$ 7,699,635	\$ 8,432,761	\$ 733,126	\$ 7,518,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:												
Food sales	19,015,191	16,644,230	(2,370,961)	16,548,073	-	-	-	-	-	-	-	-
Participant Fees	-	-	-	-	7,862,057	4,501,694	(3,360,363)	5,298,301	-	-	-	-
Printing Fees	-	-	-	-	-	-	-	-	641,630	639,581	(2,049)	757,519
Interest	477,908	286,209	(191,699)	500,002	-	96,879	96,879	27,869	-	862	862	84
NCDPI kindergarten breakfast	-	47,081	47,081	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	23,712	-	-	-	-
	<u>19,493,099</u>	<u>16,977,520</u>	<u>(2,515,579)</u>	<u>17,048,075</u>	<u>7,862,057</u>	<u>4,598,573</u>	<u>(3,263,484)</u>	<u>5,349,882</u>	<u>641,630</u>	<u>640,443</u>	<u>(1,187)</u>	<u>757,603</u>
TOTAL REVENUES	<u>27,192,734</u>	<u>25,410,281</u>	<u>(1,782,453)</u>	<u>24,566,134</u>	<u>7,862,057</u>	<u>4,598,573</u>	<u>(3,263,484)</u>	<u>5,349,882</u>	<u>641,630</u>	<u>640,443</u>	<u>(1,187)</u>	<u>757,603</u>
EXPENDITURES:												
Business supporting services:												
Salaries	10,009,341	9,564,269	445,072	8,906,478	3,052,414	2,645,230	407,184	2,752,827	202,401	213,011	(10,610)	159,740
Food	9,322,350	9,322,349	1	9,107,230	-	-	-	-	-	-	-	-
Supplies	1,350,000	1,314,125	35,875	1,435,305	2,965,281	815,940	2,149,341	656,270	3,149	3,149	-	3,455
Purchased services	1,113,600	883,805	229,795	1,160,992	332,447	122,385	210,062	217,575	321,581	317,160	4,421	456,092
Indirect costs paid	1,897,238	1,745,324	151,914	1,735,718	893,504	512,042	381,462	520,744	73,720	72,199	1,521	84,401
Equipment purchases	207,650	123,313	84,337	114,294	193,525	-	193,525	279,400	-	-	-	-
	<u>23,900,179</u>	<u>22,953,185</u>	<u>946,994</u>	<u>22,460,017</u>	<u>7,437,171</u>	<u>4,095,597</u>	<u>3,341,574</u>	<u>4,426,816</u>	<u>600,851</u>	<u>605,519</u>	<u>(4,668)</u>	<u>703,688</u>
Other supporting services:												
Employee benefits	3,292,555	2,807,047	485,508	2,472,415	424,886	339,348	85,538	423,323	40,779	41,627	(848)	38,429
	<u>27,192,734</u>	<u>25,760,232</u>	<u>1,432,502</u>	<u>24,932,432</u>	<u>7,862,057</u>	<u>4,434,945</u>	<u>3,427,112</u>	<u>4,850,139</u>	<u>641,630</u>	<u>647,146</u>	<u>(5,516)</u>	<u>742,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - BUDGETARY (NON-GAAP) BASIS	<u>\$ -</u>	<u>\$ (349,951)</u>	<u>\$ (349,951)</u>	<u>\$ (366,298)</u>	<u>\$ -</u>	<u>\$ 163,628</u>	<u>\$ 163,628</u>	<u>\$ 499,743</u>	<u>\$ -</u>	<u>\$ (6,703)</u>	<u>\$ (6,703)</u>	<u>\$ 15,486</u>
Reconciliation from budgetary (Non-GAAP) basis to GAAP:												
Excess(deficiency) of revenues and other financing sources over expenditures		\$ (349,951)		\$ (366,298)		\$ 163,628		\$ 499,743		\$ (6,703)		\$ 15,486
Equipment purchases, net of contributions		123,313		114,294		-		279,400		-		-
Depreciation		(571,827)		(567,876)		(111,498)		(128,901)		(4,763)		(4,868)
Gain on disposal of equipment		(4,818)		(518)		-		-		-		-
Net Income (Loss) (GAAP)		<u>\$ (803,283)</u>		<u>\$ (820,398)</u>		<u>\$ 52,130</u>		<u>\$ 650,242</u>		<u>\$ (11,466)</u>		<u>\$ 10,618</u>

Note: Revenues and expenditures related to donated services and commodities are excluded from the above revenues and expenditures compared to budget.

WAKE COUNTY BOARD OF EDUCATION

INDIVIDUAL SCHOOL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

	<u>Fund Balance July 1, 2001</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance June 30, 2002</u>
HIGH SCHOOLS:				
Apex	\$ 407,214	\$ 441,245	\$ 497,556	\$ 350,903
Athens	244,839	496,814	489,204	252,449
Broughton	199,083	350,954	326,729	223,308
Cary	227,190	466,292	429,946	263,536
East Wake	181,790	387,523	372,573	196,740
Enloe	297,302	564,085	514,963	346,424
Fuquay-Varina	213,339	281,071	256,715	237,695
Garner	361,937	317,274	431,178	248,033
Green Hope	245,125	490,665	509,647	226,143
Leesville Road	368,886	448,843	450,327	367,402
Millbrook	179,439	367,605	381,842	165,202
Sanderson	238,214	291,615	281,749	248,080
Southeast Raleigh	132,968	404,458	417,760	119,666
Wake Forest-Rolesville	141,894	246,555	228,800	159,649
Wakefield	89,545	340,453	272,276	157,722
	<u>\$ 3,528,765</u>	<u>\$ 5,895,452</u>	<u>\$ 5,861,265</u>	<u>\$ 3,562,952</u>
MIDDLE SCHOOLS:				
Apex	\$ 71,573	\$ 145,329	\$ 128,589	\$ 88,313
Carnage	20,044	96,910	81,369	35,585
Carroll	74,121	109,952	111,457	72,616
Centennial	10,088	43,313	51,530	1,871
Daniels	45,786	112,314	123,773	34,327
Davis Drive	89,600	301,800	336,702	54,698
Dillard Drive	39,108	124,736	114,748	49,096
Durant Road	84,866	252,476	249,863	87,479
East Cary	50,427	194,244	173,329	71,342
East Garner	43,943	58,767	60,572	42,138
East Millbrook	78,515	139,946	138,529	79,932
East Wake	47,967	60,185	55,221	52,931
Fuquay-Varina	51,949	163,918	156,484	59,383
Leesville Road	25,649	158,356	158,401	25,604
Ligon	29,263	157,103	133,259	53,107
Lufkin Road	39,219	196,468	177,947	57,740
Martin	74,584	148,824	163,547	59,861
North Garner	15,987	55,719	53,781	17,925
Wake Forest-Rolesville	96,638	89,975	71,972	114,641
Wakefield	20,375	55,703	53,904	22,174
West Cary	82,056	104,050	122,763	63,343
West Lake	69,819	216,791	216,622	69,988
West Millbrook	63,329	102,979	103,530	62,778
Zebulon	56,878	93,583	82,573	67,888
	<u>\$ 1,281,784</u>	<u>\$ 3,183,441</u>	<u>\$ 3,120,465</u>	<u>\$ 1,344,760</u>

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WAKE COUNTY BOARD OF EDUCATION

INDIVIDUAL SCHOOL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

ELEMENTARY SCHOOLS:	Fund Balance July 1, 2001	Revenues	Expenditures	Fund Balance June 30, 2002
Adams	\$ 33,228	\$ 91,853	\$ 97,586	\$ 27,495
Apex	46,964	78,192	64,111	61,045
Aversboro	22,389	40,254	40,723	21,920
Baileywick	22,079	25,972	21,292	26,759
Baucom	37,779	65,450	61,370	41,859
Brassfield	7,038	43,724	41,525	9,237
Brentwood	20,863	27,028	31,981	15,910
Briarcliff	11,631	65,228	72,619	4,240
Brooks	4,471	11,047	9,590	5,928
Bugg	17,195	52,108	62,275	7,028
Carver	7,174	31,395	28,503	10,066
Cary	29,207	73,333	76,412	26,128
Combs	30,124	86,555	62,020	54,659
Conn	7,193	22,817	22,445	7,565
Creech Road	25,817	22,049	27,806	20,060
Davis Drive	37,045	129,596	140,869	25,772
Dillard Drive	62,731	71,629	48,787	85,573
Douglas	27,507	26,489	25,860	28,136
Douglas Discretionary Funds	1,796	1,279	-	3,075
Durant Road	44,884	89,181	71,892	62,173
Farmington Woods	41,373	56,429	62,207	35,595
Fox Road	5,705	4,314	6,557	3,462
Fuller	12,280	29,504	30,272	11,512
Fuquay-Varina	22,481	30,079	30,812	21,748
Green	20,638	30,713	26,773	24,578
Green Hope	13,137	94,320	78,354	29,103
Hilburn	10,308	47,530	41,721	16,117
Hodge Road	6,923	40,188	39,381	7,730
Holly Springs	41,541	65,132	67,921	38,752
Hunter	8,157	20,489	19,843	8,803
Jeffreys Grove	14,931	23,872	20,470	18,333
Jones Dairy	15,743	41,267	34,669	22,341
Joyner	11,801	19,837	22,007	9,631
Kingswood	31,565	35,336	33,344	33,557
Knightdale	12,447	17,666	18,757	11,356
Lacy	9,730	54,021	51,089	12,662
Lead Mine	33,820	33,372	35,933	31,259
Leesville Road	17,712	44,537	50,293	11,956
Lincoln Heights	28,888	72,611	67,436	34,063
Lockhart	30,445	23,823	26,830	27,438
Lynn Road	37,174	26,414	40,908	22,680
Middle Creek	4,035	23,203	21,083	6,155

WAKE COUNTY BOARD OF EDUCATION

INDIVIDUAL SCHOOL FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2002

	Fund Balance July 1, 2001	Revenues	Expenditures	Fund Balance June 30, 2002
Millbrook	\$ 18,255	\$ 25,270	\$ 22,856	\$ 20,669
Morrisville	127,454	174,743	216,594	85,603
North Ridge	14,231	55,408	49,847	19,792
Northwoods	34,978	73,893	58,332	50,539
Oak Grove	29,135	85,899	67,032	48,002
Olds	8,603	23,732	22,513	9,822
Olive Chapel	44,170	81,236	81,621	43,785
Partnership Primary	1,572	27,854	21,873	7,553
Penny Road	21,274	49,344	41,796	28,822
Pleasant Union	37,829	39,778	41,182	36,425
Poe	12,073	14,955	15,713	11,315
Powell	2,600	32,134	30,274	4,460
Rand Road	38,230	50,002	32,900	55,332
Reedy Creek	25,744	74,916	58,281	42,379
Rolesville	46,184	61,959	68,611	39,532
Root	12,652	12,990	14,101	11,541
Salem	3,164	72,811	46,758	29,217
Smith	14,942	20,078	20,064	14,956
Stough	35,458	25,092	17,635	42,915
Swift Creek	17,428	56,449	55,203	18,674
Timber Drive	53,503	85,711	80,557	58,657
Underwood	28,713	23,718	32,850	19,581
Vance	24,154	25,690	37,177	12,667
Vandora Springs	33,810	39,347	29,724	43,433
Wake Forest	24,528	39,142	34,728	28,942
Wakefield	10,963	59,685	55,861	14,787
Washington	13,665	33,867	32,085	15,447
Weatherstone	53,037	68,657	63,375	58,319
Wendell	22,417	33,292	44,407	11,302
West Lake	25,154	45,771	40,949	29,976
Wilburn	4,199	60,126	54,875	9,450
Wildwood Forest	18,406	40,609	44,293	14,722
Wiley	23,012	17,769	27,928	12,853
Willow Springs	19,219	19,300	21,410	17,109
Yates Mill	2,457	25,654	19,516	8,595
York	27,502	45,762	51,233	22,031
Zebulon	21,183	44,393	51,007	14,569
	<u>1,879,847</u>	<u>3,656,872</u>	<u>3,539,487</u>	<u>1,997,232</u>
Other:				
Longview School	8,387	39,074	17,350	30,111
Mt. Vernon	-	4,832	4,709	123
Phillips High School	9,339	7,032	4,121	12,250
	<u>17,726</u>	<u>50,938</u>	<u>26,180</u>	<u>42,484</u>
TOTAL	<u>\$ 6,708,122</u>	<u>\$ 12,786,703</u>	<u>\$ 12,547,397</u>	<u>\$ 6,947,428</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>State</u>	<u>County Appropriation</u>	<u>County Capital Improvements</u>	<u>Fine and Forfeitures</u>	<u>Federal</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
2002	\$ 432,238,355	\$ 194,529,610	\$ 131,388,257	\$ 4,609,809	\$ 32,779,104	\$ 3,236,177	\$24,606,194	\$ 823,387,506
2001	451,647,028	181,140,514	70,436,231	3,535,425	26,467,265	3,615,889	9,503,556	746,345,908
2000	426,076,231	148,440,272	107,370,237	2,489,408	21,226,667	3,542,454	12,184,611	721,329,880
1999	370,421,837	133,584,000	146,726,034	2,655,573	16,426,140	3,401,115	12,091,010	685,305,709
1998	314,650,084	117,937,000	135,508,237	2,465,216	15,091,514	3,174,032	9,907,595	598,733,678
1997	279,219,715	108,496,997	111,229,243	3,162,975	12,485,715	2,868,535	10,478,574	527,941,754
1996	254,326,264	102,841,130	83,186,887	2,063,498	11,383,874	2,408,327	6,287,710	462,497,690
1995	236,500,784	98,519,404	69,670,416	2,145,912	10,520,354	1,517,925	6,293,910	425,168,705
1994	214,757,608	91,728,319	36,834,384	1,807,284	12,048,967	1,058,575	4,746,027	362,981,164
1993	197,028,387	86,594,300	23,086,721	2,228,392	9,914,018	1,333,933	3,954,913	324,140,664

Note: (1) Includes general, special revenue, debt service, and capital projects funds.

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

PER PUPIL AND IN TOTAL

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Average Daily Membership</u>	<u>Regular Instructional</u>	<u>Other Instructional</u>	<u>Pupil Support</u>	<u>Instructional Support</u>	<u>Administration</u>	<u>Business Support</u>	<u>Central Support</u>	<u>Community Services</u>	<u>Debt Service</u>	<u>Other</u>	<u>Total</u>
2002	101,397	\$ 2,654 269,104,400	\$ 2,091 211,976,786	\$ 9 874,615	\$ 74 7,504,768	\$ 468 47,485,476	\$ 863 87,464,126	\$ 200 20,312,608	\$ 42 4,255,328	\$ 19 1,912,896	\$ 279 28,245,353	\$ 6,699 679,136,356
2001	97,583	2,685 261,988,343	1,912 186,616,731	6 560,561	69 6,765,323	436 42,552,751	804 78,471,939	229 22,332,933	39 3,760,888	37 3,573,154	256 24,989,044	6,473 631,611,667
2000	94,353	2,581 243,496,496	1,750 165,147,755	4 374,639	66 6,178,457	406 38,326,020	740 69,852,766	139 13,120,678	38 3,604,158	33 3,073,589	253 23,866,400	6,010 567,040,958
1999	91,580	2,413 220,951,825	1,584 145,106,294	3 245,193	61 5,541,568	372 34,086,630	691 63,257,793	168 15,413,556	83 7,617,465	22 2,016,575	211 19,370,729	5,608 513,607,628
1998	89,548	2,184 195,577,750	1,448 129,697,919	3 239,720	77 6,943,148	330 29,598,343	656 58,699,103	113 10,153,730	82 7,304,448	16 1,390,655	189 16,923,634	5,098 456,528,450
1997	84,575	2,069 174,959,846	1,027 86,872,954	204 17,267,448	146 12,308,901	318 26,859,403	618 52,270,235	66 5,561,991	75 6,375,242	10 862,794	255 21,593,648	4,788 404,932,462
1996	80,203	1,990 159,563,275	1,002 80,355,904	190 15,254,171	140 11,245,852	284 22,756,364	600 48,154,539	65 5,245,612	62 4,953,698	13 1,032,940	243 19,517,727	4,589 368,080,082
1995	76,032	1,921 146,029,043	999 75,930,917	193 14,646,675	157 11,906,141	277 21,122,073	589 44,764,468	61 4,656,796	60 4,594,021	11 832,032	252 19,166,567	4,520 343,648,733
1994	72,272	1,877 135,623,299	1,014 73,318,435	171 12,376,096	158 11,393,092	276 19,921,527	589 42,541,360	61 4,405,931	61 4,391,672	12 849,927	251 18,171,799	4,470 322,993,138
1993	69,189	1,839 127,239,835	974 67,369,593	162 11,185,567	146 10,136,264	267 18,454,051	598 41,348,538	74 5,141,403	56 3,882,458	12 825,149	236 16,342,175	4,364 301,925,033

Note: (1) Includes general, special revenue, and debt service funds.

WAKE COUNTY BOARD OF EDUCATION
CAPITAL PROJECTS FUND EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Sites and Building Improvements</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Totals</u>
2002	\$ 142,204,626	\$ 831,271	\$ 388,185	\$ 143,424,082
2001	109,402,465	1,923,341	334,126	111,659,932
2000	151,449,794	1,382,969	604,459	153,437,222
1999	171,023,653	1,195,936	923,740	173,143,329
1998	138,176,218	1,122,800	1,315,071	140,614,089
1997	111,582,670	6,420,313	1,666,114	119,669,097
1996	84,048,814	2,102,725	677,681	86,829,220
1995	69,783,726	2,005,099	746,897	72,535,722
1994	38,638,676	1,738,914	495,115	40,872,705
1993	25,368,252	1,898,475	558,007	27,824,734

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Employee Salaries</u>	<u>Benefits</u>	<u>Food</u>	<u>Donated Commodities</u>	<u>Indirect Costs</u>	<u>Other</u>	<u>Total</u>
2002	\$ 12,422,508	\$ 3,188,022	\$ 9,322,349	\$ 1,388,357	\$ 2,329,565	\$ 4,144,652	\$ 32,795,453
2001	11,819,135	2,934,167	9,107,230	1,176,275	2,340,863	4,631,334	32,009,004
2000	10,974,128	2,892,360	8,800,178	1,022,762	1,973,022	3,471,357	29,133,807
1999	7,246,219	2,120,885	8,257,202	1,004,370	1,308,195	2,204,053	\$22,140,924
1998	6,993,374	2,101,921	7,783,369	989,006	1,304,784	2,253,371	21,425,825
1997	6,510,805	2,054,268	7,417,367	762,935	1,259,284	2,122,921	20,127,580
1996	6,253,892	2,018,294	6,524,251	946,957	1,174,403	1,943,210	18,861,007
1995	6,208,771	2,234,311	5,970,042	1,074,920	1,361,409	1,769,716	18,619,169
1994	6,006,907	2,062,876	5,729,861	879,431	1,307,117	1,577,508	17,563,700
1993	5,648,526	1,928,335	5,293,422	798,257	1,094,769	1,289,409	16,052,718

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND REVENUES AND OPERATING TRANSFERS IN BY SOURCE

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Food Sales		Participant Fees		USDA Reimbursement		Donated Commodities		Donated Services		Transfers		Other		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2002	\$ 16,644,230	51.26%	\$ 4,501,694	13.86%	\$ 8,432,761	25.97%	\$ 1,827,158	5.63%	\$ -	- %	\$ -	- %	\$ 1,065,794	3.28%	\$ 32,471,637	100%
2001	16,548,073	51.96	5,298,301	16.63	7,518,059	23.60	1,176,275	3.70	-	-	-	-	1,308,668	4.11	31,849,376	100
2000	15,240,881	52.22	5,348,346	18.32	7,132,514	24.44	1,022,762	3.50	-	-	-	-	442,886	1.52	29,187,389	100
1999	14,166,860	63.42	-	-	6,817,101	30.52	1,004,370	4.49	-	-	-	-	352,523	1.57	22,340,854	100
1998	13,313,103	62.74	-	-	6,567,173	30.95	989,006	4.66	-	-	-	-	350,238	1.65	21,219,520	100
1997	12,445,674	63.26	-	-	5,912,835	30.05	762,935	3.88	-	-	-	-	552,858	2.81	19,674,302	100
1996	11,039,003	57.64	-	-	5,787,095	30.22	946,957	4.94	249,403	1.30	823,680	4.30	307,087	1.60	19,153,225	100
1995	10,159,061	54.45	-	-	5,790,376	31.03	1,074,920	5.76	436,409	2.34	903,030	4.84	294,293	1.58	18,658,089	100
1994	9,540,716	55.16	-	-	5,440,093	31.45	879,431	5.09	382,117	2.21	766,454	4.43	286,361	1.66	17,295,172	100
1993	8,819,150	53.75	-	-	5,106,348	31.13	798,257	4.87	694,769	4.23	737,148	4.49	250,566	1.53	16,406,238	100

WAKE COUNTY BOARD OF EDUCATION

PROPERTY TAX LEVIES AND COLLECTIONS FOR WAKE COUNTY

LAST TEN FISCAL YEARS

(Amounts Expressed in Thousands)

<u>Fiscal Year Ended June 30,</u>	<u>Tax Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Year Levy Collections and Rebates</u>	<u>Percent of Levy Collected</u>	<u>Prior Years' Levy Collections and Rebates</u>	<u>Total Tax Collections and Rebates</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2002	2001	\$ 367,136	\$ 360,581	98.21%	\$ 5,864	\$ 366,445	99.81%	\$ 15,841	4.31%
2001	2000	345,798	340,646	98.51	4,953	345,599	99.94	13,631	3.94
2000	1999	307,701	302,815	98.41	4,491	307,306	99.87	12,925	4.20
1999	1998	252,121	247,636	98.22	4,509	252,145	100.01	12,021	4.77
1998	1997	237,057	233,441	98.47	5,116	238,557	100.63	10,483	4.42
1997	1996	223,627	218,784	97.83	3,557	222,341	99.42	10,832	4.84
1996	1995	208,651	205,322	98.40	3,826	209,148	100.24	12,755	6.11
1995	1994	228,625	225,847	98.78	3,218	229,065	100.19	10,775	4.71
1994	1993	227,379	223,533	98.31	2,272	225,805	99.31	11,733	5.16
1993	1992	188,304	185,149	98.32	2,842	187,991	100.02	10,609	5.63

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION
ASSESSED VALUE OF TAXABLE PROPERTY FOR WAKE COUNTY
LAST TEN FISCAL YEARS

(Amounts Expressed in Millions)

<u>Fiscal Year Ended June 30,</u>	<u>Tax Year Ended December 31,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Assessed Value (1)</u>
2002	2001	\$ 49,087	\$ 10,392	\$ 3,889	\$ 63,368
2001	2000	46,042	9,778	3,705	59,525
2000	1999	29,471	9,153	2,835	41,459
1999	1998	27,626	8,515	2,810	38,951
1998	1997	25,972	7,765	2,978	36,715
1997	1996	24,493	6,839	2,997	34,329
1996	1995	23,054	5,903	3,096	32,053
1995	1994	21,761	5,327	3,117	30,205
1994	1993	20,843	5,131	3,315	29,289
1993	1992 (2)	20,198	4,111	3,262	27,571

Notes: (1)

in the County. Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of actual value for personal property. Public service company property is certified by the State of North Carolina at 100% of actual value with no distinction between real and personal property values.

(2) A revaluation of real property is required by North Carolina General Statutes at least every eight years. The last revaluation was completed for the tax year 2000.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS FOR WAKE COUNTY

(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied by Wake County (1)			Direct and Overlapping Taxes Levied by Municipalities (3)											Typical Combined Tax Rates			
	County- Wide Rate	Various Special Tax Districts	Average County Rate	Town of Apex	Town of Cary	Town of Fuquay- Varina	Town of Garner	Town of Holly Springs	Town of Knightdale	Town of Morrisville	City of Raleigh	Town of Rolesville	Town of Wake Forest	Town of Wendell	Town of Zebulon	Town of Apex (4)	City of Raleigh (5)	Unincorporated Areas of Wake County (6)
2002	\$.564	\$.090	\$.654	\$.40	\$.42	\$.52	\$.52	\$.53	\$.46	\$.47	\$.385	\$.485	\$.52	\$.54	\$.46	\$.964	\$.949	\$.654
2001	.564	.070	.634	.42	.43	.49	.52	.53	.44	.47	.385	.485	.50	.54	.46	.984	.949	.634
2000	.73	.085	.815	.52	.54	.59	.64	.62	.53	.60	.525	.62	.60	.59	.525	1.250	1.255	.815
1999	.63	.06-.10	.719	.52	.54	.59	.64	.62	.52	.60	.525	.55	.56	.59	.525	1.15	1.1550	.695
1998	.63	.0211-.10	.712	.52	.54	.59	.64	.62	.52	.60	.5375	.55	.56	.59	.525	1.15	1.1675	.695
1997	.63	.02-.10	.71	.52	.54	.59	.64	.62	.51	.60	.538	.55	.56	.59	.525	1.15	1.168	.695
1996	.63	.04-.10	.72	.52	.54	.59	.64	.62	.51	.60	.544	.55	.56	.59	.525	1.15	1.174	.695
1995	.76	.055-.10	.83	.52	.54	.59	.64	.62	.51	.60	.5725	.55	.56	.59	.525	1.28	1.3325	.82
1994	.76	.045-.10	.83	.52	.54	.59	.64	.62	.51	.60	.6175	.55	.56	.59	.465	1.28	1.3775	.81
1993 (2)	.66	.04-.095	.73	.52	.54	.59	.64	.57	.51	.60	.6175	.55	.53	.60	.465	1.18	1.2775	.70

- Notes: (1) All tangible property is subject to the county-wide tax. Most property in unincorporated areas is also subject to one of twenty-two special district taxes.
(2) A revaluation of real property is required by North Carolina General Statutes at least every eight years. Revaluation was completed for fiscal year 2001.
(3) Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties and Wake County Hospital system, as these bonds are paid from these units using airport/hospital revenues.
(4) Includes county-wide and Town of Apex tax rates.
(5) Includes county-wide and City of Raleigh tax rates.
(6) Includes county-wide and Swift Creek Fire District tax rates, which is considered to be representative of unincorporated areas.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30,2002.

WAKE COUNTY BOARD OF EDUCATION

TEN PRINCIPAL TAXPAYERS FOR WAKE COUNTY

YEAR ENDED JUNE 30, 2002

<u>Firm</u>	<u>Type of Enterprise</u>	<u>2001 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>*Tax Levy</u>
Carolina Power and Light Company	Utility	\$1,954,555,733	3.28 %	\$11,023,694
Southern Bell Telephone & Telegraph Company	Utility	385,137,193	.65	2,172,174
N. C. Eastern Municipal Power Agency	Utility	377,734,679	.63	2,130,424
Weeks Realty	Real Estate	266,522,446	.45	1,503,187
Midway Airlines **	Transportation	242,873,696	.41	1,373,714
SAS Institute	Software	211,907,119	.36	1,195,156
CVM Associates	Real Estate	170,805,503	.29	963,343
Highwoods Realty, LTD	Transportation	143,765,261	.24	810,838
Public Service Company	Utilities	142,689,436	.24	804,768
MCI World Com Network Services **	Utilities	<u>134,489,635</u>	<u>.23</u>	<u>758,521</u>
		<u>\$4,030,480,701</u>	<u>6.78 %</u>	<u>\$22,735,819</u>

*Includes county property tax and late list penalty only; it does not include fire and special districts.

** Midway Airlines and MCI World Com have filed for bankruptcy and bankruptcy protection.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

COMPUTATION OF LEGAL DEBT MARGIN FOR WAKE COUNTY

JUNE 30, 2002

TOTAL ASSESSED VALUE	\$63,367,929,910
CURRENT YEAR ABATEMENTS	<u>938,896,631</u>
ASSESSED VALUE OF TAXABLE PROPERTY	<u><u>\$62,429,033,279</u></u>
DEBT LIMIT - EIGHT PERCENT OF ASSESSED VALUE	\$ 4,994,322,662
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:	
TOTAL BONDED DEBT	<u>783,406,140</u>
LEGAL DEBT MARGIN	<u><u>\$ 4,210,916,522</u></u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA FOR WAKE COUNTY

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Population Estimate (1)</u>	<u>Total Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2002	678,651	\$63,367,829,910	\$783,406,140	\$21,797,140	\$761,609,000	1.20 %	\$ 1,122
2001	653,058	59,525,494,337	639,245,790	-	639,245,790	1.07	979
2000	627,846	41,458,793,931	519,309,152	-	519,309,152	1.25	827
1999	592,218	38,950,857,860	532,617,834	-	532,617,834	1.37	899
1998	574,828	36,715,051,446	565,690,000	-	565,690,000	1.54	984
1997	556,853	34,337,422,702	435,045,000	-	435,045,000	1.27	781
1996	538,131	32,053,919,127	358,445,000	-	358,445,000	1.12	666
1995	512,944	30,205,217,044	270,595,000	-	270,595,000	0.90	528
1994	486,158	29,288,817,583	289,885,000	-	289,885,000	0.99	596
1993	459,544	27,571,053,521	185,455,000	-	185,455,000	0.67	404

Note: (1) Estimates of Wake County Planning Department. 2000 figure is from the April 1, 2000 Census.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR

GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES FOR WAKE COUNTY

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
2002	\$ 43,822,447	\$ 29,813,817	\$ 73,636,264	\$ 766,431,783	9.61%
2001	37,943,483	24,046,603	61,990,086	690,033,760	8.98
2000	37,070,620	24,412,642	61,483,262	657,421,517	9.35
1999	37,213,542	26,244,281	63,457,823	650,028,962	9.76
1998	20,099,017	29,156,561	49,255,578	564,735,179	8.72
1997	24,514,180	16,372,628	40,886,808	504,606,592	8.10
1996	20,480,532	12,569,443	33,049,975	447,929,765	7.38
1995	20,693,566	13,463,690	34,157,256	426,962,410	8.00
1994	15,221,912	9,685,665	24,907,577	358,411,696	6.95
1993	6,025,000	8,224,500	14,249,500	321,030,992	4.44

Note: (1) Excludes bond issuance and other charges.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

COMPUTATION OF DIRECT AND OVERLAPPING DEBT FOR WAKE COUNTY

JUNE 30, 2002

	<u>Net Bonded Debt</u>	<u>Percentage Applicable to Wake County</u>	<u>Amount Applicable to Wake County</u>
DIRECT DEBT -			
Wake County	\$783,406,140	100	\$783,406,140
OVERLAPPING DEBT (1)			
Apex	5,350,000	100	5,350,000
Cary	26,773,246	100	26,773,246
Garner	1,605,242	100	1,605,242
Holly Springs	2,000,000	100	2,000,000
Raleigh	112,340,000	100	112,340,000
Knightdale	2,510,469	100	2,510,469
Morrisville	2,035,000	100	2,035,000
Wake Forrest	3,240,875	100	<u>3,240,875</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$939,260,972</u>

Note: (1) Overlapping debt does not include debt of the Special Airport District of Durham and Wake Counties, as these bonds are payable by the Airport Authority out of airport revenues.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS FOR WAKE COUNTY

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Population Estimate (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income (1)</u>	<u>Retail Sales (1) (in billions)</u>
2002	678,651	101,397	4.5%	*	*
2001	653,058	97,583	1.9	*	\$12.546
2000	627,846	94,353	1.4	\$36,581	11.614
1999	592,218	92,865	1.5	35,759	11.536
1998	575,696	90,098	1.6	33,780	11.500
1997	556,853	84,757	2.0	29,384	10.178
1996	538,131	80,646	2.2	28,858	8.441
1995	512,944	76,032	2.6	26,764	7.649
1994	486,158	72,272	2.8	24,841	6.663
1993	459,544	69,189	3.7	23,959	5.448

*Amounts not available.

Source: (1) Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS FOR WAKE COUNTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Property Value	Non-Residential Construction		Residential Construction		Additions, Alterations		Total Construction		Bank Deposits on June 30,
			Number of Units	Value	Number of Units	Value	Number of Units	Value	Number of Units	Value	
2002	2001	\$ 63,367,929,910	581	\$ 540,810,935	9,467	\$1,311,046,317	4,726	\$ 196,878,710	14,774	\$ 2,048,735,962	\$ 7,829,170,000
2001	2000	59,525,494,337	890	798,286,992	8,380	1,168,792,550	4,509	182,037,332	13,779	2,149,116,874	6,832,513,000
2000	1999	41,458,793,931	852	637,440,163	9,182	1,236,600,861	3,948	186,459,859	13,982	2,060,500,883	6,588,668,000
1999	1998	38,766,963,257	704	593,497,558	9,318	1,174,371,137	4,087	167,795,624	14,109	1,935,664,319	6,055,773,000
1998	1997	36,715,051,446	625	514,560,689	8,271	994,740,760	4,153	110,120,081	13,049	1,619,421,530	5,611,398,000
1997	1996	34,337,422,702	555	390,966,600	7,279	881,942,328	3,418	94,789,754	11,252	1,367,698,682	5,262,232,000
1996	1995	32,053,919,127	684	368,216,700	6,607	825,305,239	3,012	69,198,103	10,303	1,262,270,132	5,122,700,000
1995	1994	30,205,217,044	1,043	191,321,844	9,200	698,915,180	3,383	156,946,541	13,626	1,245,183,585	4,655,164,000
1994	1993	29,288,817,583	716	170,981,069	8,583	875,621,093	3,315	127,566,796	12,616	1,174,168,958	4,751,988,457
1993	1992	27,571,053,521	506	79,417,911	6,435	627,254,973	3,070	102,878,485	10,011	809,551,369	3,714,528,500

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2002.

WAKE COUNTY BOARD OF EDUCATION

MISCELLANEOUS STATISTICS

YEAR ENDED JUNE 30, 2002

Area - Wake County	864 Square Miles (1)
Population - Wake County	
2001 Estimate	678,651 (1)
Median Age - 1990 Census	32.9 (1)
Enrollment	101,397
Schools:	
Elementary	79
Middle	25
High	15
Special	3
Racial Composition:	
White	62%
Black	26%
Other Minority	12%
Employees (Approximate)	13,505
Graduating Class	5,406
Transportation	714 School Buses

(1) Source: Wake County, North Carolina, Comprehensive Annual
Financial Report for the year ended June 30, 2002.