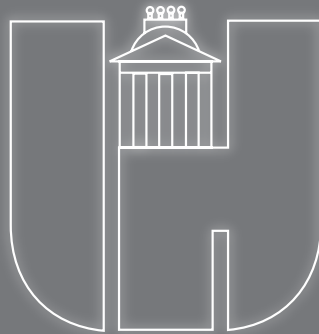


**Wake County  
Board of Education**

**Raleigh, North Carolina**

**Comprehensive  
Annual  
Financial  
Report**



**For the Fiscal Year  
Ended June 30, 2007**

**Prepared by the Finance Department**

**WAKE COUNTY BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2007**

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# INTRODUCTION

# Comprehensive Annual Financial Report



**For the Fiscal Year  
Ended June 30, 2007**

**Prepared by the Finance Department**



**WAKE COUNTY**  
PUBLIC SCHOOL SYSTEM

SUPERINTENDENT'S OFFICE  
**Del Burns, Ed.D.**, *Superintendent*

3600 WAKE FOREST ROAD  
P.O. BOX 28041  
RALEIGH, NORTH CAROLINA 27611-8041  
PHONE: 919.850.1606?  
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November 15, 2007

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, 2007, 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 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 management's discussion and analysis, government-wide financial statements, fund 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 data on financial trends, revenue capacity, and debt capacity, as well as demographic and economic information and operating information. Further discussion of the financial statements and financial standing of the Board can be found in the management's discussion and analysis. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it.

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 of the Board. The members of the Board are elected by the public and corporately 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. The Board does not have any component units, nor is it a component unit of any other entity.

## **GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK**

The Wake County Public School System ("WCPSS") 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. For 2006-07 the school system was the 21st largest system in the nation and the second largest in North Carolina. It served 128,072 students from kindergarten through 12<sup>th</sup> grade in 93 elementary schools, 28 middle schools, 21 high schools, and 5 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 16,800 full-time and part-time employees and is the second largest employer in the Raleigh-Durham area. The system has over 9,000 regular classroom teachers, not including media specialists, counselors, psychologists, etc., and allots regular classroom teachers at a teacher/student ratio of 1:18 for kindergarten and grades 1-3, 1:22 for grades 4-6, 1:21 for grades 7-8, 1:24.5 for grade 9 and 1:26.64 for grades 10-12. 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.

Fifty of the school system's 147 schools are magnet schools, which offer unique educational alternatives. All students are eligible to apply, and the network features 16 distinct programs: creative arts and science; international studies; gifted and talented; gifted and talented/AG basics; Montessori; museum; year-round school; leadership; IB Programme; GT/IB center for humanities, sciences, and the arts; university connection; centennial campus; active learning



and technology; center for Spanish language; center for leadership and technology; and community model. The magnet network was established 25 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 various publications and polls 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.

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 last several years we have aggressively pursued ways to reduce costs and improve efficiency by limiting administrative overtime, restricting special projects that cross fiscal years, and implementing workers' compensation and dental self-insurance. Such efforts have allowed the school system to end the 2006-07 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 Board Goal and Strategies**

In November of 2003, the Wake County Board of Education adopted Goal 2008 to sustain academic growth for Wake County's elementary, middle, and high school students.

Goal 2008 states, "Wake County Public School System is committed to academic excellence. By 2008, 95% of students in grades 3 through 12 will be at or above grade level as measured by NC EOG or EOC tests, and all student groups will demonstrate high growth."

In pursuit of this goal, we will:

- Increase challenging educational opportunities for all students.
- Increase student participation and success in advanced classes at the high school level.
- Increase the percent of 9<sup>th</sup> grade students graduating from high school within four years.
- Recruit, develop, support, and retain a highly qualified workforce to ensure student success.
- Identify and seek resources necessary to support student success.
- Build a consensus of support through community collaboration.

In a spirit of openness, integrity, and accountability, WCPSS is committed to active communication and collaboration with parents and a demanding, caring community.

The Board establishes a strategic plan and goals for the Superintendent based on the system goals. The Superintendent and his executive staff assess system performance annually based on the strategies developed by the Board. The basis for the strategies are the gaps between the current performance and desired future results.

### **Building Program**

In November of 2006, the citizens of Wake County voted to approve CIP 2006 to meet space requirements for students of this school system. The school system's building program continues to be a high priority of the Board of Education with over 7,500 new students last year, and an additional 42,000 students expected by the 2010-11 school year. The plan includes 17 new schools, 13 major renovations, land and design start-up costs for another 13 schools, life-cycle replacements (air conditioning systems, roofs, etc.) at more than 100 schools, relocating and adding mobile classrooms, and program management and contingency funds.

### **SAT Scores**

The average Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,562. This is the second set of scores from the new three-section SAT with math, critical reading and writing.

Participation of the Wake County Public School System was 79 percent. National participation was 48 percent and the state participation rate was 71 percent.

Wake's score was 76 points above the North Carolina average of 1,486 and 51 points above the national average of 1,511. Wake students scored an average of 538 on math, 519 on critical reading and 505 on writing.

## **Curriculum Management Audit**

In January 2007, the Superintendent called for a comprehensive independent curriculum management audit. The goal was to have the district's core business, teaching and learning, reviewed by an objective, outside organization with an eye towards improving an already excellent school system.

The independent examination included three data sources: documents, interviews and site visits. These were gathered and corroborated to reveal the extent to which the school district is meeting the five key standards of governance and control (policy), direction and learner expectation, connectivity and consistency (alignment of programs), assessment and feedback (use of data to drive decisions), and productivity and efficiency.

On September 4, 2007, the auditors presented their findings to the Board, including 8 recommendations and 117 action items. The eight recommendation areas are opportunity, consistency, governance, management, evaluation, budgeting, instruction and organization. The 117 action items fall in these eight areas with 47 of the action items for the Board and 70 action items for the staff.

## **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 funds. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget and in funds provided by the federal, state, and local governments. The 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.

### **Cash Management Policies and Practices**

Cash temporarily idle during the year was invested primarily in an account with Wachovia. Investments were also made in the North Carolina Capital Management Trust and 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 the Wachovia account was 5.26 percent during fiscal 2007. Total interest earned during the year was \$4,676,611. The June 30, 2007 yield for U. S. Treasury bills and U. S. Treasury notes were 4.68 and 4.82 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 reduction programs through a comprehensive safety program.

The Board was approved effective August 1, 2002, as a qualified self-insurer for workers' compensation coverage (utilizing Key Risk Management Services as third-party claims administrator) up to statutory limits for employees to the extent they are paid from federal, local, and enterprise funds with a self-insured retention of \$.4 million per person with \$2.0 million aggregate and an employer's liability limit of \$1 million. Key Risk Management Services is the current third-party administrator of the NC State Board of Education Self-insured Workers' Compensation Program. 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 pool 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 and vehicle policy, and with \$500 physical damage deductible coverage through commercial insurance carriers. Boilers, machinery, musical instruments, public employee dishonesty, and public officials dishonesty are covered under separate commercial policies. The total insurable value of the school system's buildings and contents was \$2,352,800,701 as of June 30, 2007.

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 three 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 Cherry, Bekaert & Holland, L.L.P., 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. The auditors conducted the engagement in accordance with auditing standards generally accepted in the United States of America and used the standards set forth in the United States Government Accountability 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, 2006. That year was the eighteenth 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 2006-07. This year was the fourteenth 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.

## **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, Cherry, Bekaert & Holland, L.L.P., 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,

---

Del Burns, Ed.D.  
Superintendent

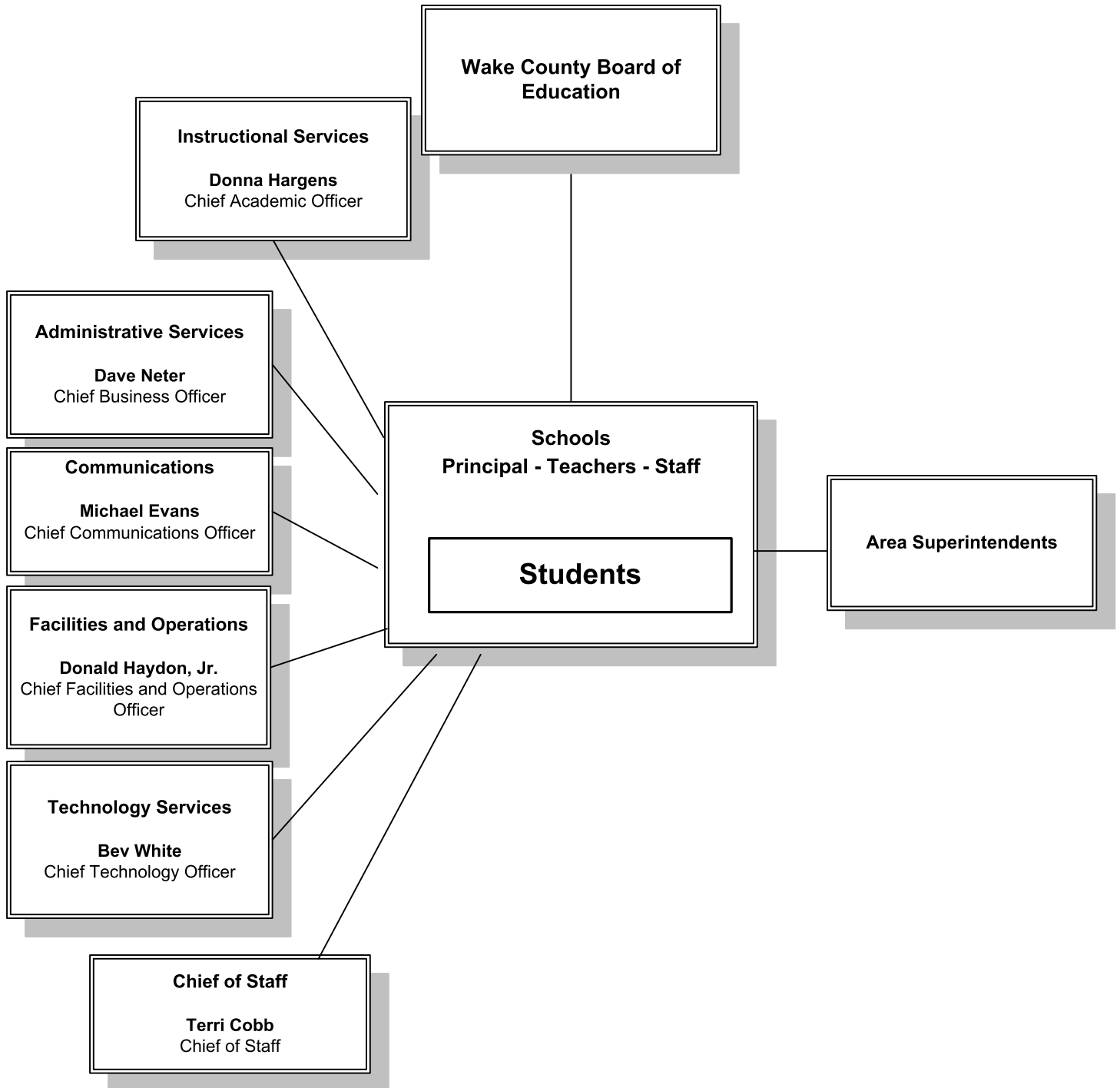
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David Neter  
Chief Business Officer

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Mark Winters  
Finance Officer

# Organizational Chart



# Board of Education and Leadership Team



**Rosa Gill (District 4)**  
*Chair*



**Beverley Clark (District 6)**  
*Vice Chair*



**Lori Millberg (District 1)**



**Horace Tart (District 2)**



**Carol Parker (District 3)**



**Susan Parry (District 5)**



**Patti Head (District 7)**



**Ron Margiotta (District 8)**



**Eleanor Goettee (District 9)**



**Dr. Del Burns**  
*Superintendent*

## Leadership Team

**Dr. Del Burns, Ed. D., Superintendent**

### Chief Officers

David Neter, Chief Business Officer  
Terri Cobb, Chief of Staff  
Donna Hargens, Chief - Student Support Services  
Michael Evans, Chief - Communications  
Donald Haydon, Jr., Chief - Facilities and Operations  
Beverly White, Chief - Technology Services

### Finance

Mark Winters, Finance Officer

### Area Superintendents

Danny Barnes - Eastern Wake County  
Lloyd Gardner - Southern Wake County  
Ann Hooker - Northern Wake County  
Juley Mizelle - South Central Wake County  
Jonibel Willis - Central Wake County  
Kathy Chontos - Western Wake County

### Assistant Superintendents

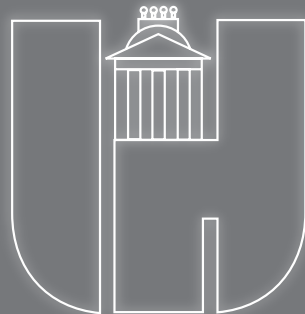
Maurice Boswell - Human Resources  
Mike Burriss - Facilities and Construction  
Chuck Dulaney - Growth and Planning  
Marvin Connelly - Student Support Services  
David Holzkorn - Evaluation and Research



**FINANCIAL**

**FINANCIAL SECTION**

**Comprehensive  
Annual  
Financial  
Report**



**For the Fiscal Year  
Ended June 30, 2007**

**Prepared by the Finance Department**



## Independent Auditors' Report

Wake County Board of Education  
Raleigh, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education (the "Board") as of and for the year ended June 30, 2007, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the State Public School Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2007 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Board. The combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007 and the summarized comparative information derived from the Board's 2006 combining and individual fund financial statements, as well as the accompanying schedule of expenditures of federal and State awards for the year ended June 30, 2007 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures in our audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cheney, Ricketts & Nadeau, LLP*

Raleigh, North Carolina  
November 15, 2007

## 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, 2007. 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 7,568 students (or 6.3%) from the previous year.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$1,930,816,165.
- The government's total net assets increased by \$190,734,194 primarily due to increased capital assets in the Governmental Activities.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$51,732,669, a decrease of \$9,728,182 in comparison with the prior year. Approximately 46.1 percent of this total amount, or \$23,850,849, is available for spending at the government's discretion.

### Overview of the Financial Statements

The audited financial statements of the Board consists of four components. They are as follows:

- *Independent Auditors' Report*
- *Management's Discussion and Analysis (required supplementary information)*
- *Basic Financial Statements*
- *Supplemental information that presents combining and budgetary 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 statements. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net assets and the statement of activities. The statement of net assets includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The statement of activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second 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 government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit, while the fund financial statements provide information on the financial resources of the Board's major funds.

## **Government-wide Statements**

The government-wide statements report information about the Board as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Board's net assets and how they have changed. Net assets – the difference between the Board's assets and liabilities – is one way to measure the Board's financial health or position.

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

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

- **Governmental activities:** Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding and state and federal aid finance most of these activities.
- **Business-type activities:** The Board charges fees to help it cover the costs of certain services it provides. Child nutrition and tuition programs are included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds – not the Board as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund
- The Board 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 Board's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements, in the form of a reconciliation, explains the relationship (or differences) between them. The Board has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the

Capital Projects Fund, Direct Federal Grants Fund and the State Administered Federal Grants Fund. The governmental fund statements are shown on pages thirteen through sixteen of this report.

*Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The Wake County Board of Education has two proprietary funds – all enterprise funds – the Child Nutrition Fund, and the Tuition Programs 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 \$1,906,139,000 as of June 30, 2007. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$1,906,572,000.

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

### Condensed Statements of Net Assets June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 125,353	\$ 143,673	\$ 21,102	\$ 18,798	\$ 146,455	\$ 162,471
Capital assets	1,908,234	1,707,462	6,602	2,287	1,914,836	1,709,749
Total assets	2,033,587	1,851,135	27,704	21,085	2,061,291	1,872,220
Long-term liabilities outstanding	12,936	17,126	728	732	13,664	17,858
Other liabilities	114,512	112,839	2,299	1,441	116,811	114,280
Total liabilities	127,448	129,965	3,027	2,173	130,475	132,138
Net assets						
Invested in capital assets, net of related debt	1,906,572	1,707,106	6,601	2,287	1,913,173	1,709,393
Restricted	8,203	8,185	-	-	8,203	8,185
Unrestricted	(8,636)	5,879	18,076	16,625	9,440	22,504
Total net assets	\$ 1,906,139	\$ 1,721,170	\$ 24,677	\$ 18,912	\$ 1,930,816	\$ 1,740,082

Note that net assets for governmental activities increased by approximately \$184,970,000 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 and previous fiscal year (in thousands):

**Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
For the Years Ended June 30, 2007 and 2006**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 910	\$ 1,095	\$ 30,827	\$ 28,879	\$ 31,737	\$ 29,974
Operating grants and contributions	688,176	616,013	17,396	16,066	705,572	632,079
Capital grants and contributions	3,441	10,503	-	-	3,441	10,503
General Revenues:						
Unrestricted county appropriations - operating	274,229	251,248	-	-	274,229	251,248
Unrestricted county appropriations - capital	227,836	227,358	-	-	227,836	227,358
Other	9,887	13,359	883	560	10,770	13,919
Total revenues	<u>1,204,479</u>	<u>1,119,576</u>	<u>49,106</u>	<u>45,505</u>	<u>1,253,585</u>	<u>1,165,081</u>
Expenses:						
Governmental activities:						
Instruction	709,747	626,497	-	-	709,747	626,497
Pupil and instructional services	15,061	13,627	-	-	15,061	13,627
Administration and business	225,043	217,199	-	-	225,043	217,199
Other	65,093	62,661	-	-	65,093	62,661
Business-type activities:						
Food services	-	-	40,130	36,208	40,130	36,208
Tuition programs	-	-	7,777	8,583	7,777	8,583
Total expenses	<u>1,014,944</u>	<u>919,984</u>	<u>47,907</u>	<u>44,791</u>	<u>1,062,851</u>	<u>964,775</u>
Increase in net assets before transfers	189,535	199,592	1,199	714	190,734	200,306
Transfers	(4,566)	(76)	4,566	76	-	-
Increase in net assets after transfers	184,969	199,516	5,765	790	190,734	200,306
Net assets, July 1, as previously reported	1,721,170	1,519,750	18,912	18,122	1,740,082	1,537,872
Prior period adjustment	-	1,904	-	-	-	1,904
Net assets, July 1, as restated	-	1,521,654	-	18,122	-	1,539,776
Net assets, June 30	<u>\$ 1,906,139</u>	<u>\$ 1,721,170</u>	<u>\$ 24,677</u>	<u>\$ 18,912</u>	<u>\$ 1,930,816</u>	<u>\$ 1,740,082</u>

Total governmental activities generated revenues of \$1.2 billion while expenses in this category totaled \$1 billion. The increase in net assets stands at \$184.9 million. Business-type activities generated revenue of \$49.1 million and had expenses of \$47.9 million. Net assets increased in the business-type activities by \$5.8 million.

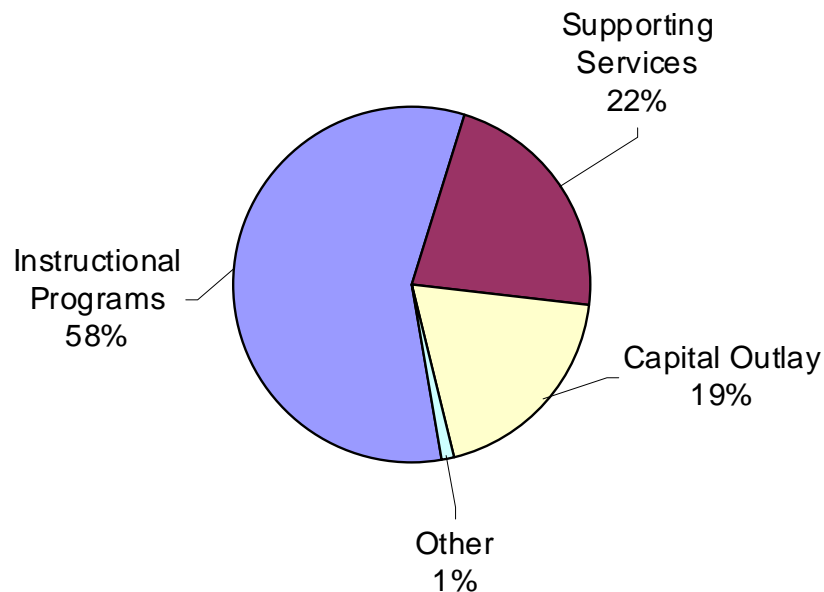
The increase in governmental activities revenues was due to increase in state funding and county appropriation and capital funding based on the increased enrollment that the Board is experiencing. Business-type revenues increased due to the increase in USDA grants and contribution of assets from other funds.

## Financial Analysis of the District's Funds

The Board's governmental funds reported a combined fund balance of \$51,732,669, a \$9,728,182 decrease over last year. Two sources of funding increased over the prior year: State funding increased approximately \$70.1 million and County funding increased by \$23.6 million. Both increases were due mainly to the growth of the system. Federal funding decreased by \$1.3 million. Expenditures increased as well, and included an increase of approximately \$42.2 million in instructional programs.

The total fund balance in the general fund decreased by \$2,320,797, partly due to the Board's decision to appropriate fund balance to balance the 2006-07 budget. The undesignated fund balance in the general fund decreased to \$15,333,685. This level of undesignated fund balance equals 4.7 percent of the general fund budget (\$322,857,053) and 1.4 percent of the total operating budget (state, local funds, federal, and enterprise (\$1,062,941,724). The Board appropriated \$12.9 million from fund balance to support the 2007-08 budget. The total fund balance in the capital projects fund decreased by \$7,377,485, and the undesignated fund balance decreased to \$313,721. These decreases were due to the appropriation of fund balance during the year for one time expenditures. The fund balance of the individual schools fund increased by \$17,956.

### Categorization of Expenditures for Governmental Funds (Presented on the Modified Accrual Basis of Accounting)



The Board's business-type funds reflected a total net income of \$5,764,889. The Child Nutrition Program reflected an increase in net assets over the last year of \$5,201,717 while Tuition Programs reflected an increase in net assets over last year of \$563,172.



## Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases and decreases in appropriations that become necessary to maintain services. Total amendments to the general fund increased revenues by approximately \$11,000,000. Estimated textbook allotments for the next year are recorded in the spring to allow ordering of books early enough to be received before the first day of school. This practice accounts for an approximate \$8,800,000 change in local budget as well as the variance between budget and actual. Although we order the books in the spring, they are not received and expended until early in the next fiscal year. The capital projects funds budget increased by approximately \$560 million. This was due to increases in the building program and contributions from municipalities for joint use agreements. The state public school fund budget increased by over \$11 million due to allotment adjustments from the state.

## Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2007, totals \$1,914,835,350 (net of accumulated depreciation). The following is a summary of the capital assets, net of depreciation at year-end (in thousands).

Summary of Capital Assets  
June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 82,162	\$ 64,066	\$ -	\$ -	\$ 82,162	\$ 64,066
Land Improvements	1,339	994	-	-	1,339	994
Buildings	1,105,839	1,019,733	-	-	1,105,839	1,019,733
Equipment	6,691	6,592	6,390	2,017	13,081	8,609
Vehicles	16,735	13,269	211	270	16,946	13,539
Construction in progress	695,468	602,808	-	-	695,468	602,808
Total	<u>\$ 1,908,234</u>	<u>\$ 1,707,462</u>	<u>\$ 6,601</u>	<u>\$ 2,287</u>	<u>\$ 1,914,835</u>	<u>\$ 1,709,749</u>

More detailed information on the Board's capital assets is contained on pages 34 through 35 in the notes to the financial statements.

## Debt Outstanding

During the year the Board's outstanding debt increased by \$6,082,795 primarily due to the increase in compensated absences and additional installment purchases for buses. More detailed information on the Board's outstanding debt is contained on page 40 in the notes to the financial statements.

## **Economic Factors**

The Board continues to anticipate 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 was 3.9 percent at June 30, 2007, compared with the seasonally adjusted regional State rates of 4.9 percent.
- The total assessed value of property in the County increased to \$29.4 million for the fiscal year ended June 30, 2007, a 4.9 percent increase over the prior fiscal year.

## **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, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 65,672,492	\$ 18,699,437	\$ 84,371,929
Due from other governments	54,686,757	832,837	55,519,594
Internal balances	(99,892)	99,892	-
Receivables	676,570	41,594	718,164
Inventory and prepaid expenses	4,417,222	1,428,545	5,845,767
Total current assets	<u>125,353,149</u>	<u>21,102,305</u>	<u>146,455,454</u>
Noncurrent assets:			
Land and construction in progress	777,630,074	-	777,630,074
Capital assets, net of accumulated depreciation	1,130,603,760	6,601,516	1,137,205,276
	<u>1,908,233,834</u>	<u>6,601,516</u>	<u>1,914,835,350</u>
 TOTAL ASSETS	 <u>2,033,586,983</u>	 <u>27,703,821</u>	 <u>2,061,290,804</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	13,162,453	1,422,491	14,584,944
Accounts payable	59,191,557	826,568	60,018,125
Unearned revenue	685,050	-	685,050
Current portion of long-term obligations	41,473,187	50,000	41,523,187
Total current liabilities	<u>114,512,247</u>	<u>2,299,059</u>	<u>116,811,306</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	12,935,797	727,536	13,663,333
	<u>127,448,044</u>	<u>3,026,595</u>	<u>130,474,639</u>
 TOTAL LIABILITIES	 <u>127,448,044</u>	 <u>3,026,595</u>	 <u>130,474,639</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,906,571,596	6,601,516	1,913,173,112
Restricted for:			
Individual school activities	8,203,443	-	8,203,443
Unrestricted	<u>(8,636,100)</u>	<u>18,075,710</u>	<u>9,439,610</u>
 TOTAL NET ASSETS	 <u>\$ 1,906,138,939</u>	 <u>\$ 24,677,226</u>	 <u>\$ 1,930,816,165</u>

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

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 474,290,569	\$ 109,324	\$ 308,230,042	\$ -
Special education	114,252,833	-	84,992,559	-
Co-curricular	12,834,291	-	12,833,972	-
Remediation	22,773,324	-	14,270,825	-
Student services	76,597,930	-	47,470,942	-
Other	8,997,660	-	109,853,420	-
Support services:				
Pupil	2,349,972	-	192,193	-
Instructional staff	12,710,958	-	7,581,184	-
General administration	11,905,535	-	2,477,648	-
School administration	68,947,539	-	33,061,484	-
Business	144,189,927	-	45,835,548	-
Central	26,972,575	-	1,266,782	3,440,673
Other support	1,690,252	-	19,937,614	-
Community	236,194	801,148	172,166	-
Charter school payments	9,497,563	-	-	-
Interest on long-term debt	780	-	-	-
Depreciation - unallocated *	26,695,661	-	-	-
Total governmental activities	<u>1,014,943,563</u>	<u>910,472</u>	<u>688,176,379</u>	<u>3,440,673</u>
Business-type activities:				
Food services	40,130,227	22,738,873	17,396,233	-
Tuition programs	7,776,611	8,087,758	-	-
Total business-type activities	<u>47,906,838</u>	<u>30,826,631</u>	<u>17,396,233</u>	<u>-</u>
Total school district	<u>\$ 1,062,850,401</u>	<u>\$ 31,737,103</u>	<u>\$ 705,572,612</u>	<u>\$ 3,440,673</u>

General Revenues

Unrestricted county appropriations - operating  
Unrestricted county appropriations - capital  
Investment earnings, unrestricted  
Loss on sale of capital assets  
Miscellaneous, unrestricted

Transfer

Subtotal, general revenues and transfers

Changes in Net Assets

Net assets - beginning

Net assets - ending

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

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

Net (Expenses) Revenue and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (165,951,203)		\$ (165,951,203)
(29,260,274)		(29,260,274)
(319)		(319)
(8,502,499)		(8,502,499)
(29,126,988)		(29,126,988)
100,855,760		100,855,760
(2,157,779)		(2,157,779)
(5,129,774)		(5,129,774)
(9,427,887)		(9,427,887)
(35,886,055)		(35,886,055)
(98,354,379)		(98,354,379)
(22,265,120)		(22,265,120)
18,247,362		18,247,362
737,120		737,120
(9,497,563)		(9,497,563)
(780)		(780)
(26,695,661)		(26,695,661)
<u>(322,416,039)</u>		<u>(322,416,039)</u>
	\$ 4,879	4,879
	<u>311,147</u>	<u>311,147</u>
	<u>316,026</u>	<u>316,026</u>
<u>(322,416,039)</u>	<u>316,026</u>	<u>(322,100,013)</u>
274,229,013	-	274,229,013
227,836,179	-	227,836,179
3,724,919	951,692	4,676,611
-	(69,289)	(69,289)
6,161,693	-	6,161,693
(4,566,460)	4,566,460	-
<u>507,385,344</u>	<u>5,448,863</u>	<u>512,834,207</u>
184,969,305	5,764,889	190,734,194
<u>1,721,169,634</u>	<u>18,912,337</u>	<u>1,740,081,971</u>
<u>\$ 1,906,138,939</u>	<u>\$ 24,677,226</u>	<u>\$ 1,930,816,165</u>

**WAKE COUNTY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2007**

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 54,398,956	\$ 85,291	\$ 8,733,003	\$ 2,454,793	\$ 449	\$ 65,672,492
Due from other governments	1,195,056	9,447,663	53,387	42,824,925	1,165,726	54,686,757
Accounts receivable	676,570	-	-	-	-	676,570
Due from other funds	445,070	1,224	-	769,061	-	1,215,355
Inventories	3,835,802	-	-	-	-	3,835,802
Total assets	<u>\$ 60,551,454</u>	<u>\$ 9,534,178</u>	<u>\$ 8,786,390</u>	<u>\$ 46,048,779</u>	<u>\$ 1,166,175</u>	<u>\$ 126,086,976</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Salaries and benefits payable	\$ 3,621,061	\$ 8,993,905	\$ -	\$ -	\$ 547,487	\$ 13,162,453
Accounts payable	15,160,050	540,273	481,485	42,834,561	175,188	59,191,557
Due to other funds	770,285	-	101,462	-	443,500	1,315,247
Deferred revenues	671,548	-	-	13,502	-	685,050
Total liabilities	<u>20,222,944</u>	<u>9,534,178</u>	<u>582,947</u>	<u>42,848,063</u>	<u>1,166,175</u>	<u>74,354,307</u>
Fund balances:						
Reserved for:						
Inventories	3,835,802	-	-	-	-	3,835,802
Encumbrances	50,156	-	-	1,250,790	-	1,300,946
By state statute	1,871,626	-	-	-	-	1,871,626
Special projects	1,020,096	-	-	649,402	-	1,669,498
Restricted contributions	-	-	-	986,803	-	986,803
Self-insurance	4,720,980	-	-	-	-	4,720,980
Unreserved:						
Designated for flexible benefits plan	567,832	-	-	-	-	567,832
Designated for subsequent year's expenditures	12,928,333	-	-	-	-	12,928,333
Undesignated	15,333,685	-	8,203,443	313,721	-	23,850,849
Total fund balances	<u>40,328,510</u>	<u>-</u>	<u>8,203,443</u>	<u>3,200,716</u>	<u>-</u>	<u>51,732,669</u>
Total liabilities and fund balances	<u>\$ 60,551,454</u>	<u>\$ 9,534,178</u>	<u>\$ 8,786,390</u>	<u>\$ 46,048,779</u>	<u>\$ 1,166,175</u>	

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

1,908,233,834

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

581,420

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	\$ 40,420
Workers' compensation self-insurance	2,174,002
Compensated absences (vacation)	50,572,744
Installment Purchase	1,621,818

(54,408,984)

Total net assets - governmental activities

\$ 1,906,138,939

The notes to the basic 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  
YEAR ENDED JUNE 30, 2007

	General Fund	State Public School Fund	Individual Schools Fund
<b>REVENUES:</b>			
County	\$ 274,229,013	\$ -	\$ -
State	4,281,656	617,488,130	-
Federal	206,119	-	-
Other Local	19,929,868	-	12,760,985
Total Revenues	<u>298,646,656</u>	<u>617,488,130</u>	<u>12,760,985</u>
<b>EXPENDITURES:</b>			
<b>Current operations:</b>			
Instructional programs:			
Regular	77,890,523	301,510,006	-
Special	13,039,002	56,292,860	-
Co-curricular	333,387	-	12,743,029
Remediation services	4,624,064	13,057,464	-
Student services	15,560,543	40,626,647	-
Other	24,322,045	103,864,927	-
Supporting services:			
Pupil	1,719,505	185,652	-
Instructional staff	4,428,747	2,891,542	-
General administration	7,943,981	1,754,263	-
School administration	21,785,713	33,027,735	-
Business	83,879,628	44,868,068	-
Central	23,873,489	63,148	-
Other	16,543,339	19,344,096	-
Community services	234,844	1,722	-
Nonprogram charges	8,876,478	-	-
<b>Capital outlay:</b>			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Vehicles	-	-	-
<b>Debt service:</b>			
Principal	51,505	-	-
Interest	8,932	-	-
Total Expenditures	<u>305,115,725</u>	<u>617,488,130</u>	<u>12,743,029</u>
Excess (deficiency) of revenues over expenditures	<u>(6,469,069)</u>	<u>-</u>	<u>17,956</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Installment purchase obligation issued	-	-	-
Transfers in	4,439,068	-	-
Transfers out	(375,699)	-	-
Total other financing sources (uses)	<u>4,063,369</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,405,700)	-	17,956
Fund balances, beginning of year	42,649,307	-	8,185,487
Increase in reserve for inventories	84,903	-	-
Fund Balances, end of the year	<u>\$ 40,328,510</u>	<u>\$ -</u>	<u>\$ 8,203,443</u>

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 228,000,190	\$ -	\$ 502,229,203
616,328	-	622,386,114
-	49,189,526	49,395,645
1,407,990	780	34,099,623
230,024,508	49,190,306	1,208,110,585

-	1,672,611	381,073,140
-	22,506,038	91,837,900
-	2,040	13,078,456
-	896,066	18,577,594
-	5,082,440	61,269,630
-	11,763,341	139,950,313

-	99,513	2,004,670
-	3,049,997	10,370,286
-	389,563	10,087,807
-	-	54,813,448
-	240,954	128,988,650
-	272,948	24,209,585
-	1,151,642	37,039,077
-	-	236,566
-	2,062,373	10,938,851

227,188,866	-	227,188,866
314,893	-	314,893
7,151,387	-	7,151,387

616,328	47,856	715,689
-	780	9,712
235,271,474	49,238,162	1,219,856,520

(5,246,966)	(47,856)	(11,745,935)
-------------	----------	--------------

1,932,850	-	1,932,850
375,699	-	4,814,767
(4,439,068)	-	(4,814,767)
(2,130,519)	-	1,932,850
(7,377,485)	(47,856)	(9,813,085)
10,578,201	47,856	61,460,851
-	-	84,903
\$ 3,200,716	\$ -	\$ 51,732,669



WAKE COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

Total net change in fund balances - governmental funds \$ (9,813,085)

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	\$ 229,897,369	
Depreciation expense	<u>(28,961,940)</u>	200,935,429

The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net assets. (164,011)

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 earned was more than the amounts used by \$4,844,643. (4,844,643)

Some of the capital assets acquired this year were financed through installment purchase. The amount financed by the installment purchase is reported in the governmental funds as a source of financing. On the other hand, the installment purchases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (1,932,850)

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 district-wide statements.

Capital lease payments	51,505	
Installment purchase payments	616,328	
Mortgage payments	<u>47,856</u>	
		715,689

The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements. This year the increase in reserve for workers' compensation was \$20,991. (20,991)

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds. This year, the increase in prepaid expenses was \$8,864. 8,864

Adjustment due to the use of the consumption method of recording inventory in the district-wide statements. 84,903

Change in net assets of governmental activities \$ 184,969,305

The notes to the basic 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  
YEAR ENDED JUNE 30, 2007

	General Fund			Variance-
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES:</b>				
County	\$ 274,228,793	\$ 274,229,012	\$ 274,229,013	\$ 1
State	8,066,909	14,425,265	4,281,656	(10,143,609)
Federal	185,000	185,000	206,119	21,119
Other local	16,448,573	16,992,607	19,929,868	2,937,261
Total revenues	298,929,275	305,831,884	298,646,656	(7,185,228)
<b>EXPENDITURES:</b>				
<b>Current operations:</b>				
Instructional programs:				
Regular	79,774,886	89,038,085	77,890,523	11,147,562
Special	16,413,571	13,340,269	13,039,002	301,267
Co-curricular	358,574	362,379	333,387	28,992
Remediation	5,087,383	4,804,467	4,624,064	180,403
Student services	15,360,886	15,831,859	15,560,543	271,316
Other	25,384,530	25,085,362	24,322,045	763,317
Supporting services:				
Pupil	2,388,058	1,972,462	1,719,505	252,957
Instructional staff	4,535,228	4,721,741	4,428,747	292,994
General administration	8,170,177	8,691,044	7,943,981	747,063
School administration	21,100,116	21,850,056	21,785,713	64,343
Business	77,401,040	84,902,489	83,879,628	1,022,861
Central	28,167,808	25,024,331	23,873,489	1,150,842
Other	17,331,985	16,838,177	16,543,339	294,838
Community services	229,422	259,021	234,844	24,177
Non-program charges	9,672,715	9,699,175	8,876,478	822,697
<b>Debt service:</b>				
Principal	-	51,505	51,505	-
Interest	-	8,932	8,932	-
Total Expenditures	311,376,379	322,481,354	305,115,725	17,365,629
Revenues over (under) expenditures	(12,447,104)	(16,649,470)	(6,469,069)	10,180,401
Other financing sources (uses):				
Appropriated fund balance	8,000,000	12,137,342	-	(12,137,342)
Transfers in	4,447,104	4,887,827	4,439,068	(448,759)
Transfers out	-	(375,699)	(375,699)	-
Total other financing sources (uses)	12,447,104	16,649,470	4,063,369	(12,586,101)
Net change in fund balance	\$ -	\$ -	(2,405,700)	\$ (2,405,700)
Fund balances, beginning of year			42,649,307	
Increase in reserve for inventories			84,903	
Fund balances, end of year			\$ 40,328,510	

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

State Public School Fund			
Original Budget	Final Budget	Actual	Variance- Positive (Negative)
\$ -	\$ -	\$ -	\$ -
603,256,071	629,178,714	617,488,130	(11,690,584)
-	-	-	-
-	-	-	-
603,256,071	629,178,714	617,488,130	(11,690,584)
291,648,719	304,079,385	301,510,006	2,569,379
49,625,385	56,505,270	56,292,860	212,410
-	-	-	-
12,445,478	14,158,387	13,057,464	1,100,923
38,482,244	41,637,568	40,626,647	1,010,921
107,890,783	106,438,501	103,864,927	2,573,574
91,768	192,231	185,652	6,579
2,916,114	2,958,165	2,891,542	66,623
1,682,074	1,754,267	1,754,263	4
32,454,033	33,832,649	33,027,735	804,914
45,926,042	46,026,654	44,868,068	1,158,586
314,935	1,876,416	63,148	1,813,268
19,775,742	19,717,499	19,344,096	373,403
2,754	1,722	1,722	-
-	-	-	-
-	-	-	-
-	-	-	-
603,256,071	629,178,714	617,488,130	11,690,584
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	-	\$ -
		-	
		-	
		\$ -	

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
JUNE 30, 2007

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 13,184,286	\$ 5,515,151	\$ 18,699,437
Accounts receivable	26,445	15,149	41,594
Due from other governments	554,909	277,928	832,837
Due from other funds	-	99,952	99,952
Prepaid expenses	2,950	16,773	19,723
Inventory	1,408,822	-	1,408,822
Total current assets	15,177,412	5,924,953	21,102,365
Noncurrent assets:			
Capital assets, net of accumulated depreciation	6,404,827	196,689	6,601,516
Total assets	21,582,239	6,121,642	27,703,881
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	1,415,258	7,233	1,422,491
Accounts payable	700,914	125,654	826,568
Due to other funds	-	60	60
Current Portion of long-term obligations	50,000	-	50,000
Total current liabilities	2,166,172	132,947	2,299,119
Noncurrent liabilities:			
Long-term obligations	651,092	76,444	727,536
Total liabilities	2,817,264	209,391	3,026,655
<b>NET ASSETS</b>			
Invested in capital assets	6,404,827	196,689	6,601,516
Unrestricted	12,360,148	5,715,562	18,075,710
Total net assets	\$ 18,764,975	\$ 5,912,251	\$ 24,677,226

The notes to the basic 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  
YEAR ENDED JUNE 30, 2007

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
<b>OPERATING REVENUES</b>			
Food sales	\$ 22,738,873	\$ -	\$ 22,738,873
Participant fees	-	8,087,758	8,087,758
Total operating revenues	22,738,873	8,087,758	30,826,631
<b>OPERATING EXPENSES:</b>			
Business supporting services:			
Salaries	12,819,620	3,592,558	16,412,178
Food	14,074,390	-	14,074,390
Supplies	2,134,803	1,574,154	3,708,957
Purchased services	1,635,098	1,092,626	2,727,724
Other supporting services:			
Employee benefits	4,521,852	565,894	5,087,746
Donated commodities	1,802,152	-	1,802,152
Indirect costs	2,636,621	920,085	3,556,706
Depreciation	505,691	31,294	536,985
Total operating expenses	40,130,227	7,776,611	47,906,838
Operating income (loss)	(17,391,354)	311,147	(17,080,207)
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Federal regular USDA grants	15,475,657	-	15,475,657
Federal commodities	1,802,152	-	1,802,152
NCDPI kindergarten breakfast	35,338	-	35,338
NCDHSS summer food service	83,086	-	83,086
Interest	688,426	263,266	951,692
Loss on sale of capital assets	(51,661)	(17,628)	(69,289)
Total non-operating revenues	18,032,998	245,638	18,278,636
Income before contributions and transfers	641,644	556,785	1,198,429
Contribution from other funds	4,560,073	6,387	4,566,460
Change in net assets	5,201,717	563,172	5,764,889
Net assets, beginning of year	13,563,258	5,349,079	18,912,337
Net assets, end of year	\$ 18,764,975	\$ 5,912,251	\$ 24,677,226

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

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2007

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from user charges	\$ 22,855,786	\$ 8,441,273	\$ 31,297,059
Payments to employees for services	(16,900,872)	(4,143,385)	(21,044,257)
Payments to suppliers for goods and services	(17,834,050)	(2,577,623)	(20,411,673)
Payments for other operating expenses	(2,898,561)	(1,150,381)	(4,048,942)
Net cash provided by (used by) operating activities	(14,777,697)	569,884	(14,207,813)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal regular USDA grants	15,475,657	-	15,475,657
NCDPI kindergarten breakfast	35,338	-	35,338
NCDHSS summer food service	83,086	-	83,086
Net cash provided by non-capital financing activities	15,594,081	-	15,594,081
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of equipment	(205,978)	(148,317)	(354,295)
Proceeds from sale of equipment	150	-	150
Net cash used for capital and related financing activities	(205,828)	(148,317)	(354,145)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	688,426	263,266	951,692
Net increase in cash and cash equivalents	1,298,982	684,833	1,983,815
Cash and cash equivalents, beginning of year	11,885,304	4,830,318	16,715,622
Cash and cash equivalents, end of year	<u>\$ 13,184,286</u>	<u>\$ 5,515,151</u>	<u>\$ 18,699,437</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ (17,391,354)</u>	<u>\$ 311,147</u>	<u>\$ (17,080,207)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	505,691	31,294	536,985
Decrease in accounts receivable and due from other governments	195,329	123,159	318,488
Increase in inventories	(309,729)	-	(309,729)
Decrease in prepaid expenses	1,460	9,387	10,847
Increase in accounts payable and salaries and benefits payable	434,123	83,588	517,711
Increase (decrease) in accrued vacation	(15,369)	11,309	(4,060)
Donated commodities	1,802,152	-	1,802,152
Total adjustments	2,613,657	258,737	2,872,394
Net cash provided by (used by) operating activities	<u>\$ (14,777,697)</u>	<u>\$ 569,884</u>	<u>\$ (14,207,813)</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:</b>			
Donated commodities	<u>\$ 1,802,152</u>	<u>\$ -</u>	<u>\$ 1,802,152</u>
Transfer of equipment from capital projects fund	<u>\$ 4,560,073</u>	<u>\$ 6,387</u>	<u>\$ 4,566,460</u>

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

**Wake County Board of Education**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2007**

**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. Although Wake County levies all taxes, the Board determines how the school system will spend the funds generated for schools. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, indirect costs, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

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 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; therefore, an annual budget is not adopted for the debt service 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	\$ (7,425,341)
Interest income included in debt service fund	(780)
Debt service expenditures included in debt service fund	<u>48,636</u>
Excess of revenues and other financing sources over expenditures and other financing uses – GAAP	<u>\$ (7,377,485)</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 \$599,751,549 approved by the Board as follows:

General fund	\$ 11,480,674
State public school fund	25,922,643
Federal grants funds	429,553
Capital projects funds	560,128,689
Enterprise fund	<u>1,789,990</u>
	<u>\$ 599,751,549</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 at cost.

### 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:

	Governmental Activities And Tuition Programs	Child Nutrition Program
	Years	Years
Buildings	50	
Kitchen and Landscape Equipment	15	12
Furniture	20	20
All Other Equipment	10	10
Vehicles	8	5
Computer equipment	5	6
Land Improvement	20	

Land and construction in progress are not depreciated.

#### 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, 2007 are recorded in the government-wide and proprietary fund financial statements on a LIFO basis.

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 restricted contributions – portion of fund balance not available for appropriation because it represents the excess of revenues over expenditures of certain contributions that are restricted for specific use.

Reserved for self-insurance – portion of fund balance not available for appropriation because it represents the loss reserve required for the workers' compensation and dental self-insurance programs.

## UNRESERVED

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.

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2007-2008 budget ordinance.

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 \$1,854,406,270 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)	\$ 2,238,107,987
Less accumulated depreciation	<u>(329,874,153)</u>
Net capital assets	<u>1,908,233,834</u>
Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds	581,420
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:	
Capital leases payable	(40,420)
Workers' compensation self-insurance	(2,174,002)
Compensated absences	(50,572,744)
Installment Purchase	<u>(1,621,818)</u>
Total adjustments	<u>\$ 1,854,406,270</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 \$194,782,390 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 229,897,369
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.	(28,961,940)
The net effect of various miscellaneous transactions involving Capital assets (i.e. retirement) is to decrease net assets.	(164,011)
Capital assets acquired through an installment purchase are reported in the fund statement as a source of financing but are reported as long-term liabilities in the government-wide statements	(1,932,850)
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.	715,689
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(4,844,643)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	84,903
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	(20,991)
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>8,864</u>
Total adjustments	<u>\$ 194,782,390</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. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2007, the Board's deposits with banks had a carrying amount of \$78,595,192 and with the State Treasurer of \$85,291. The bank balances with the financial institutions and the State Treasurer were \$80,982,057 and \$10,486,971, respectively. Of these balances, \$2,113,594 was covered by federal depository insurance and \$89,355,434 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

##### 2. Investments

At June 30, 2007, the Board's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Commercial Paper	\$ 5,340,000	Daily	A-1
North Carolina Capital Management Trust	117,593	Term Portfolio duration of .8	AAAm
State Treasurer's Short Term Investment Fund	233,853	Weighted average maturity of 1.60 years	Unrated
Total Investments	<u>\$ 5,691,446</u>		



*Interest Rate Risk.* The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) has a weighted average maturity of 1.60 years as of June 30, 2007.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs): however, the Board has no formal policy on managing credit risk. As of June 30, 2007, the Board's investments in commercial paper were rated A-1 by Standard and Poor's. The Board's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2007. The STIF is unrated and is authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries and agencies, and money market instruments.

*Concentration of Credit Risk.* The Board places no limit on the amount the Board may invest in any one issuer. More than five percent of the Board's investments are in an account with Wachovia Corporation. This investment is 92% of the Board's total investments.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board does not have any investments that are exposed to custodial credit risk.

### 3. Accounts Receivable

Receivables at the government-wide level at June 30, 2007, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ (99,892)	\$ 1,195,056	\$ 676,570
Other governmental activities	-	53,491,701	-
Total	<u>\$ (99,892)</u>	<u>\$ 54,686,757</u>	<u>\$ 676,570</u>
Business-type activities:			
Child Nutrition Program	\$ -	\$ 554,909	\$ 26,445
Tuition Programs	99,892	277,928	15,149
Total	<u>\$ 99,892</u>	<u>\$ 832,837</u>	<u>\$ 41,594</u>

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 730,383	Sales tax refund from state
	147,518	Miscellaneous revenue from state
	288,064	Miscellaneous revenue from county
	29,091	Miscellaneous revenue from federal
	<u>1,195,056</u>	
State Public School Fund	9,447,663	Operating funds from DPI
Individual Schools Fund	53,387	Sales tax refund from state
Capital Outlay Fund	24,023	Sales tax refund from state
	<u>42,800,902</u>	County funds from county appropriations
	<u>42,824,925</u>	
Direct Federal Grants Fund	105,402	Federal grant funds
State Administered Federal Grants Fund	<u>1,060,324</u>	Federal grant funds
Total	<u>\$ 54,686,757</u>	

Business-type activities:

Child Nutrition Program	\$ 506,799	Miscellaneous revenue from state
	48,110	Sales tax refund from state
	<u>554,909</u>	
Tuition Programs	257,217	Miscellaneous revenue from county
	20,711	Sales tax refund from state
	<u>277,928</u>	
Total	<u>\$ 832,837</u>	

All receivables are expected to be collected within the next fiscal year.

#### 4. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 64,065,855	\$ 18,095,930	\$ -	\$ -	\$ 82,161,785
Construction in Progress	602,807,801	203,472,804	(110,812,316)	-	695,468,289
Total capital assets not being depreciated:	666,873,656	221,568,734	(110,812,316)	-	777,630,074
Capital assets being depreciated:					
Land Improvements	5,589,712	510,505	-	50,972	6,049,245
Buildings	1,289,921,601	-	110,812,316	-	1,400,733,917
Equipment	16,556,382	1,569,220	-	3,425,245	14,700,357
Vehicles and motor equipment	35,504,976	6,248,910	-	2,759,492	38,994,394
Total capital assets being depreciated	1,347,572,671	8,328,635	110,812,316	6,235,709	1,460,477,913
Less accumulated depreciation for:					
Land Improvements	4,595,603	126,925	-	11,884	4,710,644
Buildings	270,188,684	24,706,514	-	-	294,895,198
Equipment	9,963,669	1,401,346	-	3,355,471	8,009,544
Vehicles and motor equipment	22,235,955	2,727,155	-	2,704,343	22,258,767
Total accumulated depreciation	306,983,911	28,961,940	-	6,071,698	329,874,153
Total capital assets being depreciated, net	1,040,588,760				1,130,603,760
Governmental activity capital assets, net	<u>\$ 1,707,462,416</u>				<u>\$ 1,908,233,834</u>

#### Business-type Activities:

	Beginning Balances	Increases	Retirements	Ending Balances
Child Nutrition Program				
Capital assets being depreciated:				
Equipment	\$ 13,735,140	\$ 4,750,570	\$ 3,011,022	\$ 15,474,688
Vehicles	841,643	15,481	65,776	791,348
Total capital assets being depreciated	14,576,783	4,766,051	3,076,798	16,266,036
Less accumulated depreciation for:				
Equipment	11,808,786	431,447	2,959,212	9,281,021
Vehicles	571,719	74,244	65,775	580,188
Total accumulated depreciation	12,380,505	505,691	3,024,987	9,861,209
School food service capital assets, net	<u>2,196,278</u>			<u>6,404,827</u>
Other Business-type activities				
Capital assets being depreciated:				
Equipment	744,158	154,704	17,628	881,234
Less accumulated depreciation for:				
Equipment	653,251	31,294	-	684,545
Other enterprise funds capital assets, net	<u>90,907</u>			<u>196,689</u>
Business-type activities capital assets, net	<u>\$ 2,287,185</u>			<u>\$ 6,601,516</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 26,695,661
Business support services	<u>2,266,279</u>
Total	<u>\$ 28,961,940</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2007. At year-end, the Board's commitments with contractors for school construction totaled approximately \$270,435,900. 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 6.82% 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, 2007, 2006, and 2005 were \$46,565,368, \$39,061,354, and \$31,060,660, 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, 2007, was \$117,561,301, total payroll was \$652,176,019. Participation is optional, and all contributions to the plan are made by the employees. All participants are immediately vested in their contributions and can increase or decrease their contribution rate at any time.

The voluntary contributions by employees amounted to \$6,589,981 (4.8% of covered payroll) for the year ended June 30, 2007.

The Department of State Treasurer, the Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirements System are the administrators of the plan. The plan provisions are established by the NC Legislature, Article 5, Chapter 135-90 of the General Statute as cited in the Supplemental Retirement Income Act of 1984.

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 provided to retirees (at no charge to the retirees) of the Teachers' and State Employees' Retirement System (System) who have at least five years of contributing membership in the System. These benefits are provided through the State's Comprehensive Major Medical Plan. Once retirees become eligible for Medicare coverage, they must elect to participate in Part A and Part B coverage to maintain the level of coverage provided prior to retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

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

Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (Disability Income Plan), a multiple-employer State-administered cost-sharing plan, which also is funded on a one-year term cost basis. Long-term disability benefits are payable from the Disability Income Plan after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. 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; 5) the employee must terminate employment with the State; and 6) the employee must not be eligible to receive an unreduced retirement benefit 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. Effective August 1, 2005, employees that have not yet vested in the long-term disability plan (i.e. employees that do not have 5 years of membership service as of August 1, 2005) will have to comply with revised standards to determine long-term disability.

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, 2007, the Board made contributions to the State for post-employment health care benefits of \$24,782,689, death benefits of \$1,043,482, and disability benefits of \$3,391,315; these contributions represented 3.8%, .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 government-wide level at June 30, 2007, were as follows:

	Vendors	Salaries and benefits
Governmental Activities		
General	\$ 15,160,050	\$ 3,621,061
Other Governmental	44,031,507	9,541,392
Total Governmental activities	<u>\$ 59,191,557</u>	<u>\$ 13,162,453</u>
Business-type Activities		
Child Nutrition Program	\$ 700,914	\$ 1,415,258
Tuition Programs	125,654	7,233
Total Business-type activities	<u>\$ 826,568</u>	<u>\$ 1,422,491</u>

## 3. Unearned Revenue

The balance in unearned revenue at year-end is composed of grants not yet earned of \$685,050.

## 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-insurer for workers' compensation coverage up to statutory limits for employees to the extent they are paid from federal, local, and enterprise funds for 8/1/2006-07 with a self-insured specific retention of \$400,000; an aggregate limit of \$2,000,000; and an employer's liability limit of \$1,000,000. 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-insured 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 annually. 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 with a \$5,000,000 maximum payable to each insured per flood or earthquake occurrence.

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

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. The amount of Public Officials Dishonest Bond on the finance officer is \$250,000.

A summary of changes in the self-insured workers' compensation claims for fiscal years 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Estimated claims payable, beginning of year	\$ 2,153,011	\$ 2,512,162
Current year claims and changes in estimates	1,062,032	758,527
Claim payments	<u>(1,041,041)</u>	<u>(1,117,678)</u>
Estimated claims payable, end of year	<u>\$ 2,174,002</u>	<u>\$ 2,153,011</u>

##### 5. Contingent Liabilities

At June 30, 2007, 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 \$3,468,207 for the year ended June 30, 2007. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2008	\$ 2,901,380
2009	2,581,399
2010	2,006,177
2011	1,827,057
2012	<u>4,247,193</u>
Total	<u>\$ 13,563,206</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, 2007, assets recorded under the capital leases were as follows:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computers/computer equipment	\$ 60,000	\$ 23,999	\$ 36,001

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, 2007:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2008	\$ 16,613
2009	16,613
2010	<u>16,612</u>
Total Payments	49,838
Less: amount representing interest	<u>9,418</u>
Present value of the minimum lease payments	<u>\$ 40,420</u>



### c. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. In fiscal year 2007, the Board entered into installment purchase contract to finance the purchase of 29 buses. The financing contract requires only three principal payments of \$644,284 yearly beginning 30 days after delivery of the buses. The buses were delivered in two shipments with the second shipment arriving within 30 days of June 30, 2007. Therefore only the first payment of \$311,033 for the initial shipment was made prior to June 30, 2007.

The future minimum payment of the installment purchases as of June 30, 2007 are:

Year Ending June 30,	
2008	\$ 644,284
2009	644,284
2010	333,250
Total Payments	<u>\$ 1,621,818</u>

### 7. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 45,728,101	\$ 46,205,509	\$ 41,360,866	\$ 50,572,744	\$ 40,000,000
Capital leases	91,925	-	51,505	40,420	11,629
Worker's compensation	2,153,011	1,062,032	1,041,041	2,174,002	817,274
Installment purchase	305,296	1,932,850	616,328	1,621,818	644,284
Mortgage payable	47,856	-	47,856	-	-
Total	<u>\$ 48,326,189</u>	<u>\$ 49,200,391</u>	<u>\$ 43,117,596</u>	<u>\$ 54,408,984</u>	<u>\$ 41,473,187</u>

#### Business-type activities: Compensated Absences

Beginning balance	\$ 781,596
Decreases	<u>4,060</u>
Ending Balance	<u>\$ 777,536</u>

Due within one year \$ 50,000

Compensated absences, workers' compensation, and capital leases are typically liquidated by the general and other governmental funds. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

The mortgage was 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 was at the interest rate earned on the STIF account. The average interest rate earned on the STIF account for the year ended June 30, 2007, was 4.5096%.

### C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2007, is as follows:

	<u>Amount</u>
From the General Fund to the State Public School Fund for correction of coding	\$ 1,224
From the State Administered Federal Grant Fund to the General Fund for additional indirect cost due	443,500
From the Tuition Programs to the General Fund for correction of coding	1,510
From the Child Nutrition Program to the General Fund for correction of coding	60
From the General Fund to the Capital Projects Fund for correction of coding	769,061
From the Individual Schools Fund to Tuition Programs for tuitions	<u>99,952</u>
	<u>\$1,315,307</u>

The following is a summary of Transfers for the year ended June 30, 2007:

<u>Transfers From:</u>	<u>Transfers To:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Governmental activities:			
Capital Projects Fund	\$ 4,439,068	\$ -	\$ 4,439,068
General Fund	-	375,699	375,699
Total	<u>\$ 4,439,068</u>	<u>\$ 375,699</u>	<u>\$ 4,814,767</u>

During the year, the Capital Projects Fund transferred \$4,439,068 to the General Fund for salaries paid that were related to the Board's building program. The General Fund transferred \$375,699 to the Capital Projects Fund in order to purchase capital assets.

### 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 monies 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 monies.

#### Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued a pronouncement prior to June 30, 2007 that has an effective date that will impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Wake County Board of Education, North Carolina.

- **GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions”** will be effective in three phases based on a government’s total annual revenues in the first fiscal year ending after June 15, 1999. This Statement is effective for periods beginning after December 15, 2007, for phase one governments (those with total annual revenues of \$100 million or more); after December 15, 2007, for phase two governments (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008, for phase three governments (those with total annual revenues of less than \$10 million). Earlier implementation is encouraged.

In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

## NON-MAJOR FUNDS

### Governmental Funds

#### Special Revenue Funds

Special revenue funds are used to account for specific revenues, other than major capital projects, that are legally restricted to expenditure for particular purposes. The non-major special revenue funds include:

Direct Federal Grants Fund – The Direct Federal Grants Fund is used to account for grant monies received directly from the federal government.

State Administered Federal Grants Fund – The State Administered Federal Grants Fund is used to account for federal grant monies administered through the State Department of Public Instruction.

#### Debt Service Fund

The Debt Service Fund is used to account for the servicing of the Board's mortgage payable.

### Enterprise Funds

#### Tuition Programs Fund

The Tuition Programs Fund is used to account for the before and after school programs, as well as preschool and adult education programs that are funded through tuition.

WAKE COUNTY BOARD OF EDUCATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

	Direct Federal Grants	State Administered Federal Grants	Debt Service	Total
<b>ASSETS</b>				
Cash	\$ 449	\$ -	\$ -	\$ 449
Due from other governments	105,402	1,060,324	-	1,165,726
Total assets	<u>\$ 105,851</u>	<u>\$ 1,060,324</u>	<u>\$ -</u>	<u>\$ 1,166,175</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Salaries and benefits payable	\$ 8,629	\$ 538,858	\$ -	\$ 547,487
Accounts payable	97,222	77,966	-	175,188
Due to other funds	-	443,500	-	443,500
Total liabilities	<u>105,851</u>	<u>1,060,324</u>	<u>-</u>	<u>1,166,175</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 105,851</u>	<u>\$ 1,060,324</u>	<u>\$ -</u>	<u>\$ 1,166,175</u>

WAKE COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	Direct Federal Grants	State Administered Federal Grants	Debt Service	Total
<b>REVENUES:</b>				
Federal	\$ 3,069,024	\$ 46,120,502	\$ -	\$ 49,189,526
Other	-	-	780	780
Total revenues	<u>3,069,024</u>	<u>46,120,502</u>	<u>780</u>	<u>49,190,306</u>
<b>EXPENDITURES:</b>				
Instructional programs:				
Regular	406,720	1,265,891	-	1,672,611
Special	-	22,506,038	-	22,506,038
Co-curricular	2,040	-	-	2,040
Remediation services	38,031	858,035	-	896,066
Student services	539,950	4,542,490	-	5,082,440
Other	402,693	11,360,648	-	11,763,341
Supporting services:				
Pupil	81,127	18,386	-	99,513
Instructional staff	1,115,820	1,934,177	-	3,049,997
General administration	41,572	347,991	-	389,563
School administration	-	-	-	-
Business	74	240,880	-	240,954
Central	155,078	117,870	-	272,948
Other	161,911	989,731	-	1,151,642
Non-program charges	124,008	1,938,365	-	2,062,373
Debt Service:				
Principal	-	-	47,856	47,856
Interest	-	-	780	780
Total expenditures	<u>3,069,024</u>	<u>46,120,502</u>	<u>48,636</u>	<u>49,238,162</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(47,856)</u>	<u>(47,856)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>47,856</u>	<u>47,856</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>			<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Actual</u>
<b>REVENUES:</b>				
Wake County:				
County appropriation	\$ 274,229,012	\$ 274,229,013	\$ 1	\$ 251,247,744
State of North Carolina:				
Textbooks	13,961,499	3,954,305	(10,007,194)	6,789,907
Bonus for locally paid teachers	-	-	-	485,019
Other	463,766	327,351	(136,415)	210,961
Total	14,425,265	4,281,656	(10,143,609)	7,485,887
Federal:				
ROTC	175,000	198,682	23,682	194,144
Other	10,000	7,437	(2,563)	49,676
Total	185,000	206,119	21,119	243,820
Other:				
Fines and forfeitures	3,500,000	4,964,660	1,464,660	6,604,711
Interest	1,800,000	3,475,825	1,675,825	2,302,905
Tuitions	944,489	910,472	(34,017)	1,094,630
Indirect cost	5,100,000	5,498,351	398,351	6,174,178
Other local	5,648,118	5,080,560	(567,558)	6,183,165
Total	16,992,607	19,929,868	2,937,261	22,359,589
Total revenues	305,831,884	298,646,656	(7,185,228)	281,337,040
<b>EXPENDITURES:</b>				
Instructional programs:				
Regular:				
Salaries	66,886,908	66,633,855	253,053	54,273,180
Other costs	22,151,177	11,256,668	10,894,509	15,234,541
	89,038,085	77,890,523	11,147,562	69,507,721
Special:				
Salaries	9,452,869	9,452,866	3	11,293,064
Other costs	3,887,400	3,586,136	301,264	2,641,342
	13,340,269	13,039,002	301,267	13,934,406
Co-curricular:				
Salaries	6,674	6,674	-	1,396
Other costs	355,705	326,713	28,992	235,908
	362,379	333,387	28,992	237,304

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
Remediation services:				
Salaries	\$ 4,603,137	\$ 4,444,895	\$ 158,242	\$ 4,153,233
Other costs	201,330	179,169	22,161	182,657
	<u>4,804,467</u>	<u>4,624,064</u>	<u>180,403</u>	<u>4,335,890</u>
Student services:				
Salaries	14,477,792	14,408,157	69,635	12,604,680
Other costs	1,354,067	1,152,386	201,681	1,117,292
	<u>15,831,859</u>	<u>15,560,543</u>	<u>271,316</u>	<u>13,721,972</u>
Other:				
Salaries	2,820,437	2,756,217	64,220	1,765,064
Employee benefits & other costs	22,264,925	21,565,828	699,097	18,526,812
	<u>25,085,362</u>	<u>24,322,045</u>	<u>763,317</u>	<u>20,291,876</u>
Supporting services:				
Pupil:				
Salaries	969,083	965,837	3,246	882,764
Other costs	1,003,379	753,668	249,711	1,214,490
	<u>1,972,462</u>	<u>1,719,505</u>	<u>252,957</u>	<u>2,097,254</u>
Instructional staff:				
Salaries	3,208,573	3,160,236	48,337	2,712,699
Other costs	1,513,168	1,268,511	244,657	1,363,541
	<u>4,721,741</u>	<u>4,428,747</u>	<u>292,994</u>	<u>4,076,240</u>
General administration:				
Salaries	4,773,415	4,737,203	36,212	4,230,094
Other costs	3,917,629	3,206,778	710,851	3,216,059
	<u>8,691,044</u>	<u>7,943,981</u>	<u>747,063</u>	<u>7,446,153</u>
School administration:				
Salaries	19,421,846	19,362,073	59,773	17,653,623
Other costs	2,428,210	2,423,640	4,570	1,618,576
	<u>21,850,056</u>	<u>21,785,713</u>	<u>64,343</u>	<u>19,272,199</u>
Business:				
Salaries	23,954,821	23,431,421	523,400	19,193,618
Other costs	60,947,668	60,448,207	499,461	50,728,951
	<u>84,902,489</u>	<u>83,879,628</u>	<u>1,022,861</u>	<u>69,922,569</u>
Central:				
Salaries	10,003,181	9,966,093	37,088	9,431,185
Other costs	15,021,150	13,907,396	1,113,754	14,240,380
	<u>25,024,331</u>	<u>23,873,489</u>	<u>1,150,842</u>	<u>23,671,565</u>

Continued on Following Page



WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
Other:				
Salaries	\$ 1,496,586	\$ 1,496,479	\$ 107	\$ 1,282,331
Employee benefits & other costs	15,341,591	15,046,860	294,731	13,000,747
	<u>16,838,177</u>	<u>16,543,339</u>	<u>294,838</u>	<u>14,283,078</u>
Community services:				
Regular:				
Salaries	202,601	188,742	13,859	167,487
Other costs	4,435	950	3,485	1,810
	<u>207,036</u>	<u>189,692</u>	<u>17,344</u>	<u>169,297</u>
Other:				
Salaries	7,347	7,306	41	6,724
Other costs	44,638	37,846	6,792	39,652
	<u>51,985</u>	<u>45,152</u>	<u>6,833</u>	<u>46,376</u>
Debt service:				
Principal	51,505	51,505	-	449,462
Interest	8,932	8,932	-	35,530
	<u>60,437</u>	<u>60,437</u>	<u>-</u>	<u>484,992</u>
Nonprogram charges:				
Indirect cost	87,531	70,030	17,501	62,165
Transfer to charter schools	9,611,644	8,806,448	805,196	9,014,665
	<u>9,699,175</u>	<u>8,876,478</u>	<u>822,697</u>	<u>9,076,830</u>
Total expenditures	<u>322,481,354</u>	<u>305,115,725</u>	<u>17,365,629</u>	<u>272,575,722</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(16,649,470)</u>	<u>(6,469,069)</u>	<u>10,180,401</u>	<u>8,761,318</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	12,137,342	-	(12,137,342)	-
Transfers in	4,887,827	4,439,068	(448,759)	3,572,258
Transfers out	(375,699)	(375,699)	-	(6,857,615)
Total other financing sources (uses)	<u>16,649,470</u>	<u>4,063,369</u>	<u>(12,586,101)</u>	<u>(3,285,357)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,405,700)</u>	<u>\$ (2,405,700)</u>	5,475,961
Fund balances, beginning of year		42,649,307		36,916,713
Increase in reserve for inventories		84,903		256,633
Fund balances, end of year		<u>\$ 40,328,510</u>		<u>\$ 42,649,307</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
STATE PUBLIC SCHOOL FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 629,178,714	\$ 617,488,130	\$ (11,690,584)	\$ 543,264,410
Total revenues	629,178,714	617,488,130	(11,690,584)	543,264,410
<b>EXPENDITURES:</b>				
Instructional programs:				
Regular:				
Salaries	288,576,073	287,038,741	1,537,332	255,839,913
Other costs	15,503,312	14,471,265	1,032,047	11,303,124
	304,079,385	301,510,006	2,569,379	267,143,037
Special:				
Salaries	54,686,592	54,478,413	208,179	42,724,588
Other costs	1,818,678	1,814,447	4,231	1,801,290
	56,505,270	56,292,860	212,410	44,525,878
Remediation services:				
Salaries	11,749,863	10,927,515	822,348	9,346,222
Other costs	2,408,524	2,129,949	278,575	1,739,066
	14,158,387	13,057,464	1,100,923	11,085,288
Student services:				
Salaries	40,716,374	39,977,661	738,713	35,314,189
Other costs	921,194	648,986	272,208	331,372
	41,637,568	40,626,647	1,010,921	35,645,561
Other:				
Salaries	9,624,124	9,623,564	560	5,428,330
Employee benefits & other costs	96,814,377	94,241,363	2,573,014	83,195,380
	106,438,501	103,864,927	2,573,574	88,623,710
Supporting services:				
Pupil:				
Salaries	192,231	185,652	6,579	90,251
	192,231	185,652	6,579	90,251
Instructional staff:				
Salaries	2,820,041	2,775,682	44,359	2,447,927
Other costs	138,124	115,860	22,264	32,061
	2,958,165	2,891,542	66,623	2,479,988
General administration:				
Salaries	1,719,974	1,719,974	-	1,701,567
Other costs	34,293	34,289	4	11,837
	1,754,267	1,754,263	4	1,713,404

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
STATE PUBLIC SCHOOL FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
School administration:				
Salaries	\$ 33,075,809	\$ 32,270,975	\$ 804,834	\$ 28,604,738
Other costs	756,840	756,760	80	681,084
	<u>33,832,649</u>	<u>33,027,735</u>	<u>804,914</u>	<u>29,285,822</u>
Business:				
Salaries	29,827,550	29,824,618	2,932	28,387,673
Other costs	16,199,104	15,043,450	1,155,654	16,468,498
	<u>46,026,654</u>	<u>44,868,068</u>	<u>1,158,586</u>	<u>44,856,171</u>
Central:				
Other costs	<u>1,876,416</u>	<u>63,148</u>	<u>1,813,268</u>	<u>233,899</u>
Other:				
Salaries	2,090,342	2,090,230	112	1,676,409
Employee benefits & other costs	17,627,157	17,253,866	373,291	15,902,306
	<u>19,717,499</u>	<u>19,344,096</u>	<u>373,403</u>	<u>17,578,715</u>
Community services:				
Salaries	1,500	1,500	-	2,400
Employee benefits & other costs	222	222	-	286
	<u>1,722</u>	<u>1,722</u>	<u>-</u>	<u>2,686</u>
Total expenditures	<u>629,178,714</u>	<u>617,488,130</u>	<u>11,690,584</u>	<u>543,264,410</u>
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FEDERAL GRANTS FUNDS  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	Direct			
	2007		Variance- Positive (Negative)	2006
	Budget	Actual		Actual
REVENUES:				
IDEA	\$ -	\$ -	\$ -	\$ -
IASA	-	-	-	-
ESEA	-	-	-	-
	-	-	-	-
Educational grants and				
Self supporting projects:				
21st Century Community Learning	-	-	-	-
Abstinence Education	-	-	-	-
Children with Disabilities Risk Pool	-	-	-	-
Educational Technology	-	-	-	-
FIE-Low Performing Schools	-	-	-	-
Homeless Children	-	-	-	-
Improving Teacher Quality	-	-	-	-
Language Acquisition	-	-	-	-
Learn & Serve America	-	-	-	-
Emergency Impact Aid	-	-	-	-
N.C. School Improvement	-	-	-	-
Program Improvement	-	-	-	-
Safe & Drug Free Schools	-	-	-	-
Title I Low Performing Schools	-	-	-	-
Emergency Impact Aid - IDEA	-	-	-	-
Title III Immigrant & Youth	-	-	-	-
Carol M White Physical Education	717,639	329,753	(387,886)	326,650
Early Reading First	1,141,394	1,023,894	(117,500)	922,117
Emergency Response	386,138	176,477	(209,661)	168,477
Indian Education	37,053	36,390	(663)	46,975
Magnet School Assistance	-	-	-	123,872
Elementary Counseling	375,858	-	(375,858)	-
Mentoring Program	332,345	201,922	(130,423)	171,412
Project Quest	869,586	354,316	(515,270)	383,456
Smaller Learning Communities	917,064	703,605	(213,459)	797,536
Teaching Matters	487,142	242,667	(244,475)	399,331
	<u>5,264,219</u>	<u>3,069,024</u>	<u>(2,195,195)</u>	<u>3,339,826</u>
Total Revenues	<u>5,264,219</u>	<u>3,069,024</u>	<u>(2,195,195)</u>	<u>3,339,826</u>

Continued on Following Page

State Administered			
2007			2006
Budget	Actual	Variance- Positive (Negative)	Actual
\$ 25,200,089	\$ 24,814,435	\$ (385,654)	\$ 25,089,825
18,791,747	14,281,028	(4,510,719)	14,466,976
171,642	167,820	(3,822)	341,011
44,163,478	39,263,283	(4,900,195)	39,897,812
-	-	-	106,363
202,917	155,193	(47,724)	67,764
311,159	242,089	(69,070)	457,493
312,350	55,547	(256,803)	288,728
-	-	-	2,466
40,531	23,742	(16,789)	44,792
4,203,932	3,151,678	(1,052,254)	3,176,153
1,223,720	980,567	(243,153)	836,675
17,289	13,538	(3,751)	19,031
273,337	270,337	(3,000)	113,338
251,371	128,423	(122,948)	163,576
1,220,615	1,109,148	(111,467)	1,102,737
475,488	377,624	(97,864)	453,881
-	-	-	779
21,185	20,894	(291)	25,251
604,382	328,439	(275,943)	396,001
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,158,276	6,857,219	(2,301,057)	7,255,028
53,321,754	46,120,502	(7,201,252)	47,152,840

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FEDERAL GRANTS FUNDS  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	Direct		
	2007		2006
	Budget	Actual	Variance- Positive (Negative) Actual
EXPENDITURES:			
Instructional programs:			
Regular:			
Salaries	\$ 115	\$ -	\$ 115
Other costs	732,047	406,720	325,327
	732,162	406,720	325,442
Special:			
Salaries	-	-	-
Other costs	-	-	-
	-	-	-
Co-curricular:			
Other costs	12,350	2,040	10,310
	12,350	2,040	10,310
Remediation Services:			
Salaries	53,936	13,513	40,423
Other costs	37,518	24,518	13,000
	91,454	38,031	53,423
Student Services:			
Salaries	810,024	423,508	386,516
Other costs	356,563	116,442	240,121
	1,166,587	539,950	626,637
Other:			
Salaries	313,802	146,302	167,500
Employee benefits and other costs	528,866	256,391	272,475
	842,668	402,693	439,975
Supporting services:			
Pupil:			
Salaries	76,939	75,906	1,033
Other costs	10,500	5,221	5,279
	87,439	81,127	6,312
Instructional staff:			
Salaries	800,197	619,005	181,192
Other costs	763,662	496,815	266,847
	1,563,859	1,115,820	448,039

Continued on Following Page

State Administered			
2007			2006
Budget	Actual	Variance- Positive (Negative)	Actual
\$ 219,291	\$ 203,885	\$ 15,406	\$ 609,896
1,170,559	1,062,006	108,553	1,052,278
1,389,850	1,265,891	123,959	1,662,174
21,857,164	20,890,559	966,605	19,532,560
2,352,713	1,615,479	737,234	3,643,789
24,209,877	22,506,038	1,703,839	23,176,349
-	-	-	-
-	-	-	-
647,024	602,168	44,856	663,763
486,486	255,867	230,619	342,972
1,133,510	858,035	275,475	1,006,735
4,204,315	4,098,904	105,411	3,989,789
607,734	443,586	164,148	699,459
4,812,049	4,542,490	269,559	4,689,248
4,524,801	3,794,899	729,902	3,476,384
9,386,407	7,565,749	1,820,658	7,316,103
13,911,208	11,360,648	2,550,560	10,792,487
18,400	18,386	14	-
-	-	-	-
18,400	18,386	14	-
2,539,268	1,842,777	696,491	1,522,145
420,743	91,400	329,343	91,250
2,960,011	1,934,177	1,025,834	1,613,395

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FEDERAL GRANTS FUNDS  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	Direct		
	2007		2006
	Budget	Actual	Variance- Positive (Negative)
			Actual
General administration:			
Salaries	\$ -	\$ -	\$ -
Other costs	42,800	41,572	1,228
	<u>42,800</u>	<u>41,572</u>	<u>1,228</u>
School administration:			
Salaries	-	-	-
	<u>-</u>	<u>-</u>	<u>750</u>
Business:			
Salaries	9,567	74	9,493
Other costs	13,850	-	13,850
	<u>23,417</u>	<u>74</u>	<u>23,343</u>
Central:			
Salaries	9,934	9,934	-
Other costs	213,268	145,144	68,124
	<u>223,202</u>	<u>155,078</u>	<u>68,124</u>
Other:			
Salaries	41,649	7,132	34,517
Employee benefits and other costs	224,294	154,779	69,515
	<u>265,943</u>	<u>161,911</u>	<u>104,032</u>
Nonprogram charges:			
Indirect costs and other	212,338	124,008	88,330
	<u>212,338</u>	<u>124,008</u>	<u>88,330</u>
Total expenditures	<u>5,264,219</u>	<u>3,069,024</u>	<u>2,195,195</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



State Administered			
2007			2006
Budget	Actual	Variance- Positive (Negative)	Actual
\$ 337,384	\$ 327,907	\$ 9,477	\$ 439,943
29,276	20,084	9,192	74,803
<u>366,660</u>	<u>347,991</u>	<u>18,669</u>	<u>514,746</u>
-	-	-	-
-	-	-	-
875	378	497	248,163
<u>315,754</u>	<u>240,502</u>	<u>75,252</u>	<u>159,909</u>
<u>316,629</u>	<u>240,880</u>	<u>75,749</u>	<u>408,072</u>
84,942	79,576	5,366	36,200
<u>57,378</u>	<u>38,294</u>	<u>19,084</u>	<u>205,680</u>
<u>142,320</u>	<u>117,870</u>	<u>24,450</u>	<u>241,880</u>
482,120	340,553	141,567	246,391
<u>904,744</u>	<u>649,178</u>	<u>255,566</u>	<u>684,190</u>
<u>1,386,864</u>	<u>989,731</u>	<u>397,133</u>	<u>930,581</u>
2,674,376	1,938,365	736,011	2,117,173
<u>53,321,754</u>	<u>46,120,502</u>	<u>7,201,252</u>	<u>47,152,840</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>			<u>2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>	<u>Actual</u>
<b>REVENUES:</b>				
Wake County:				
Appropriation	\$ 1,597,988	\$ 1,597,989	\$ 1	\$ 3,128,256
Capital Improvements fund	867,791,544	226,402,201	(641,389,343)	224,230,100
	<u>869,389,532</u>	<u>228,000,190</u>	<u>(641,389,342)</u>	<u>227,358,356</u>
State				
LEA Financed Purchase of School Buses	616,328	616,328	-	1,446,453
Other:				
Sale of school property	42,130	125,431	83,301	56,746
Interest	150,780	198,694	47,914	270,896
Other local	718,039	1,084,645	366,606	9,157,044
	<u>910,949</u>	<u>1,408,770</u>	<u>497,821</u>	<u>9,484,686</u>
Total revenues	<u>870,916,809</u>	<u>230,025,288</u>	<u>(640,891,521)</u>	<u>238,289,495</u>
<b>EXPENDITURES:</b>				
Land and buildings:				
Land: Purchase of new sites	55,087,937	18,625,817	36,462,120	900,734
Buildings:				
General contracts	586,320,480	149,977,012	436,343,468	185,866,578
Heating contracts	3,486,393	483,306	3,003,087	5,038,029
Plumbing contracts	593,561	198,789	394,772	1,084,144
Electrical contracts	1,825,501	735,695	1,089,806	4,399,683
Architect fees	50,711,510	14,049,921	36,661,589	9,434,495
Equipment contracts	91,044,537	19,152,773	71,891,764	14,697,671
Miscellaneous contracts	76,956,248	22,209,952	54,746,296	8,869,395
	<u>810,938,230</u>	<u>206,807,448</u>	<u>604,130,782</u>	<u>229,389,995</u>
Other:				
Library books	4,028,525	1,755,601	2,272,924	973,214
	<u>4,028,525</u>	<u>1,755,601</u>	<u>2,272,924</u>	<u>973,214</u>
	<u>870,054,692</u>	<u>227,188,866</u>	<u>642,865,826</u>	<u>231,263,943</u>
Equipment:				
Instructional	183,348	36,381	146,967	301,764
Administrative	370,523	278,512	92,011	2,077,393
	<u>553,871</u>	<u>314,893</u>	<u>238,978</u>	<u>2,379,157</u>

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)  
(Continued)

	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
Vehicles:				
Maintenance	\$ 47,528	\$ 5,212	\$ 42,316	\$ 413,358
School buses	7,234,195	7,146,175	88,020	2,858,763
	<u>7,281,723</u>	<u>7,151,387</u>	<u>130,336</u>	<u>3,272,121</u>
Debt service:				
Principal	664,184	664,184	-	1,515,563
Interest	780	780	-	2,890
	<u>664,964</u>	<u>664,964</u>	<u>-</u>	<u>1,518,453</u>
Total expenditures	<u>878,555,250</u>	<u>235,320,110</u>	<u>643,235,140</u>	<u>238,433,674</u>
Deficiency of revenues over expenditures before other financing sources (uses)	<u>(7,638,441)</u>	<u>(5,294,822)</u>	<u>2,343,619</u>	<u>(144,179)</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	10,217,719	-	(10,217,719)	-
Installment purchase obligation issued	1,932,850	1,932,850	-	-
Transfer in	375,699	375,699	-	6,857,615
Transfer out	<u>(4,887,827)</u>	<u>(4,439,068)</u>	<u>448,759</u>	<u>(3,572,258)</u>
Total other financing sources (uses)	<u>7,638,441</u>	<u>(2,130,519)</u>	<u>(9,768,960)</u>	<u>3,285,357</u>
Excess (deficiency) of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(7,425,341)</u>	<u>\$ (7,425,341)</u>	<u>3,141,178</u>
Reconciling item (Note D)		<u>47,856</u>		<u>69,110</u>
Excess (deficiency) of revenues and other financing sources over expenditures - GAAP		<u>\$ (7,377,485)</u>		<u>\$ 3,210,288</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)

	Child Nutrition Program			
	2007			2006
	Budget	Actual	Variance- Positive (Negative)	Actual
<b>REVENUES:</b>				
Federal:				
Regular USDA Grants	\$ 15,886,696	\$ 15,475,657	\$ (411,039)	\$ 14,309,759
Other:				
Food sales	23,425,171	22,738,873	(686,298)	21,117,778
Participant Fees	-	-	-	-
Interest	510,532	688,426	177,894	455,319
NCDPI kindergarten breakfast	42,606	35,338	(7,268)	38,377
NCDHHS summer food service	76,491	83,086	6,595	68,871
Miscellaneous	-	4,560,073	4,560,073	75,762
	<u>24,054,800</u>	<u>28,105,796</u>	<u>4,050,996</u>	<u>21,756,107</u>
 Total revenues	 <u>39,941,496</u>	 <u>43,581,453</u>	 <u>3,639,957</u>	 <u>36,065,866</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries	13,142,181	12,819,620	322,561	11,418,149
Food	14,407,131	14,074,390	332,741	12,481,744
Supplies	2,365,259	2,134,803	230,456	1,837,675
Purchased services	1,676,801	1,635,098	41,703	1,513,385
Indirect costs paid	2,817,278	2,636,621	180,657	2,786,371
Equipment purchases	411,091	205,978	205,113	538,112
	<u>34,819,741</u>	<u>33,506,510</u>	<u>1,313,231</u>	<u>30,575,436</u>
Other supporting services:				
Employee benefits	5,121,755	4,521,852	599,903	4,031,435
	<u>39,941,496</u>	<u>38,028,362</u>	<u>1,913,134</u>	<u>34,606,871</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	5,553,091	<u>\$ 5,553,091</u>	1,458,995
Reconciliation from budgetary (Non-GAAP) basis to GAAP:				
Equipment purchases, net of contributions		205,978		538,112
Depreciation		(505,691)		(490,377)
Loss on sale of capital assets		(51,661)		-
 Change in Net Assets	 \$	 <u>5,201,717</u>		 <u>\$ 1,506,730</u>

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

Tuition Programs			
2007			2006
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
-	-	-	-
12,378,489	8,087,758	(4,290,731)	7,762,168
-	263,266	263,266	105,086
-	-	-	-
-	-	-	-
-	6,387	6,387	-
12,378,489	8,357,411	(4,021,078)	7,867,254
12,378,489	8,357,411	(4,021,078)	7,867,254
4,080,063	3,592,558	487,505	3,336,296
-	-	-	-
3,310,136	1,574,154	1,735,982	2,370,396
2,485,403	1,092,626	1,392,777	1,245,633
1,481,655	920,085	561,570	1,063,355
343,909	148,317	195,592	-
11,701,166	7,327,740	4,373,426	8,015,680
677,323	565,894	111,429	512,025
12,378,489	7,893,634	4,484,855	8,527,705
<u>\$ -</u>	463,777	<u>\$ 463,777</u>	(660,451)
	148,317		-
	(31,294)		(55,748)
	(17,628)		-
	<u>\$ 563,172</u>		<u>\$ (716,199)</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2007

	Fund Balance June 30, 2006	Revenues	Expenditures	Fund Balance June 30, 2007
<b>HIGH SCHOOLS:</b>				
Apex	\$ 352,594	\$ 499,482	\$ 450,112	\$ 401,964
Athens	217,156	411,139	371,727	256,568
Broughton	275,057	521,003	498,402	297,658
Cary	197,142	342,557	384,211	155,488
East Wake	82,856	232,435	233,649	81,642
Enloe	388,927	580,991	508,088	461,830
Fuquay-Varina	366,461	307,896	252,656	421,701
Garner	91,601	292,907	309,250	75,258
Green Hope	257,231	407,681	415,983	248,929
Holly Springs	-	134,052	117,249	16,803
Knightdale	61,485	181,493	181,582	61,396
Leesville Road	387,302	429,732	518,713	298,321
Middle Creek	215,782	292,549	236,920	271,411
Millbrook	289,836	372,015	465,035	196,816
Panther Creek	-	89,657	61,667	27,990
Sanderson	245,200	372,524	348,068	269,656
Southeast Raleigh	138,342	296,505	271,784	163,063
Wake Early	-	10,257	4,554	5,703
Wake Forest-Rolesville	181,215	388,441	398,614	171,042
Wakefield	312,710	492,534	540,421	264,823
	<u>4,060,897</u>	<u>6,655,850</u>	<u>6,568,685</u>	<u>4,148,062</u>
<b>MIDDLE SCHOOLS:</b>				
Apex	76,616	191,409	181,758	86,267
Carnage	44,985	69,068	70,948	43,105
Carroll	88,581	60,531	68,178	80,934
Centennial	13,356	48,043	35,979	25,420
Daniels	49,308	137,725	140,435	46,598
Davis Drive	49,614	130,757	112,989	67,382
Dillard Drive	100,796	50,992	59,393	92,395
Durant Road	93,256	125,273	174,058	44,471
East Garner	39,310	60,384	54,760	44,934
East Millbrook	31,814	166,882	178,449	20,247
East Wake	38,062	46,621	49,045	35,638
Fuquay-Varina	44,319	89,601	85,208	48,712
Heritage	41,169	151,689	139,217	53,641
Holly Ridge	60,183	121,047	97,207	84,023
Leesville Road	28,787	130,754	155,748	3,793
Ligon	60,035	105,243	113,395	51,883
Lufkin Road	44,636	103,477	100,979	47,134
Martin	51,647	99,392	100,033	51,006
Moore Square	20,033	11,786	4,102	27,717
North Garner	20,875	61,993	60,055	22,813
Reedy Creek	88,980	69,518	95,287	63,211
Salem	30,978	106,400	95,214	42,164
Wake Forest-Rolesville	119,381	81,698	79,011	122,068
Wakefield	66,951	72,997	74,113	65,835

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2007  
(Continued)

	Fund Balance July 1, 2006	Revenues	Expenditures	Fund Balance June 30, 2007
West Cary	\$ 52,545	\$ 56,618	\$ 76,713	\$ 32,450
West Lake	93,630	145,684	146,168	93,146
West Millbrook	38,680	51,884	50,200	40,364
Zebulon	98,701	62,725	86,512	74,914
	<u>1,587,228</u>	<u>2,610,191</u>	<u>2,685,154</u>	<u>1,512,265</u>

**ELEMENTARY SCHOOLS:**

Adams	19,134	29,729	31,778	17,085
Apex	56,617	38,885	44,148	51,354
Aversboro	32,868	36,137	43,118	25,887
Baileywick	34,057	34,123	37,759	30,421
Ballentine	46,274	45,728	28,103	63,899
Baucom	60,310	48,356	37,097	71,569
Barwell Road	-	19,092	11,414	7,678
Brassfield	30,867	38,190	38,730	30,327
Brentwood	25,339	14,638	14,323	25,654
Briarcliff	14,223	28,141	27,593	14,771
Brier Creek	-	23,249	9,922	13,327
Brooks	28,264	28,103	27,317	29,050
Bugg	13,677	25,055	27,026	11,706
Carpenter	-	14,910	5,420	9,490
Carver	33,371	19,226	16,632	35,965
Cary	45,931	26,096	22,827	49,200
Cedar Fork	9,076	24,328	18,989	14,415
Combs	27,031	81,477	89,864	18,644
Conn	9,110	35,487	36,867	7,730
Creech Road	12,655	19,043	20,598	11,100
Davis Drive	43,720	56,752	80,951	19,521
Dillard Drive	87,693	25,959	36,308	77,344
Douglas	38,750	30,924	46,041	23,633
Douglas Discretionary Funds	3,168	449	464	3,153
Durant Road	25,652	70,355	71,298	24,709
Farmington Woods	23,725	40,173	41,495	22,403
Forestville	13,831	28,018	25,620	16,229
Forest Pines	5,097	21,475	16,974	9,598
Fox Road	30,351	32,376	36,568	26,159
Fuller	13,076	29,402	28,587	13,891
Fuquay-Varina	4,908	51,995	49,156	7,747
Green	18,574	31,821	30,074	20,321
Green Hope	47,816	45,884	53,576	40,124
Harris Creek	7,931	50,450	34,323	24,058
Heritage	21,428	42,601	53,983	10,046
Highcroft	19,254	66,256	65,242	20,268
Hilburn	39,373	55,346	63,222	31,497
Hodge Road	13,491	29,333	22,519	20,305
Holly Grove	-	19,815	14,614	5,201
Holly Ridge	37,966	39,616	23,895	53,687

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WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2007  
(Continued)

	Fund Balance July 1, 2006	Revenues	Expenditures	Fund Balance June 30, 2007
Holly Springs	\$ 44,812	\$ 30,457	\$ 27,531	\$ 47,738
Hunter	26,415	42,127	38,083	30,459
Jeffreys Grove	25,219	25,650	24,230	26,639
Jones Dairy	28,987	41,649	42,334	28,302
Joyner	27,746	23,839	36,469	15,116
Kingswood	11,295	15,114	17,702	8,707
Knightdale	13,234	21,851	22,686	12,399
Lacy	11,259	45,297	41,586	14,970
Lead Mine	15,504	57,805	44,332	28,977
Leesville Road	51,098	51,988	63,958	39,128
Lincoln Heights	32,188	48,315	48,960	31,543
Lockhart	57,982	45,651	52,045	51,588
Lynn Road	4,457	30,367	31,943	2,881
Middle Creek	20,165	36,018	38,180	18,003
Millbrook	16,602	24,571	19,770	21,403
Morrisville	58,043	42,550	69,786	30,807
North Ridge	22,461	51,889	52,103	22,247
Northwoods	30,830	37,915	53,001	15,744
Oak Grove	35,633	41,701	44,549	32,785
Olds	31,714	29,447	32,526	28,635
Olive Chapel	80,653	105,627	78,262	108,018
Partnership Primary	3,559	19,107	17,087	5,579
Penny Road	34,126	61,079	63,837	31,368
Pleasant Union	18,716	56,469	65,497	9,688
Poe	13,559	24,884	22,042	16,401
Powell	6,841	15,862	13,455	9,248
Rand Road	45,179	39,505	46,142	38,542
Reedy Creek	43,329	30,531	30,655	43,205
River Bend	-	10,698	6,759	3,939
Rolesville	18,392	77,582	67,299	28,675
Root	9,535	17,317	14,765	12,087
Salem	34,093	45,756	45,503	34,346
Smith	15,449	14,406	13,313	16,542
Stough	17,631	25,312	34,282	8,661
Swift Creek	33,739	28,779	38,855	23,663
Timber Drive	37,150	68,637	73,084	32,703
Turner Creek	30,746	45,938	39,009	37,675
Underwood	11,748	32,554	28,212	16,090
Vance	19,744	30,370	27,786	22,328
Vandora Springs	59,937	29,277	28,686	60,528
Wake Forest	68,285	40,311	32,578	76,018
Wakefield	25,858	67,695	73,519	20,034
Wakelon	3,111	12,189	6,898	8,402
Washington	36,991	54,380	45,166	46,205
Weatherstone	47,779	25,995	29,304	44,470
Wendell	12,706	24,956	25,201	12,461
West Lake	41,541	61,128	60,053	42,616

Continued on Following Page



WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2007  
(Continued)

	Fund Balance July 1, 2006	Revenues	Expenditures	Fund Balance June 30, 2007
Wilburn	\$ 27,915	\$ 37,182	\$ 34,963	\$ 30,134
Wildwood Forest	24,881	50,853	58,902	16,832
Wiley	41,245	15,041	11,624	44,662
Willow Springs	20,992	52,562	45,238	28,316
Yates Mill	26,246	31,175	25,355	32,066
York	25,005	25,510	23,779	26,736
Zebulon	9,407	21,008	20,053	10,362
	<u>2,506,340</u>	<u>3,442,869</u>	<u>3,433,372</u>	<u>2,515,837</u>
<b>OTHER:</b>				
Longview School	21,126	30,976	32,764	19,338
Mt. Vernon	182	7,899	7,968	113
Project Enlightenment	56	-	56	-
Phillips High School	8,968	12,144	14,430	6,682
River Oaks	690	1,056	600	1,146
	<u>31,022</u>	<u>52,075</u>	<u>55,818</u>	<u>27,279</u>
<b>TOTAL</b>	<u><u>\$ 8,185,487</u></u>	<u><u>\$ 12,760,985</u></u>	<u><u>\$ 12,743,029</u></u>	<u><u>\$ 8,203,443</u></u>

**STATISTICAL**

**Comprehensive  
Annual  
Financial  
Report**



**For the Fiscal Year  
Ended June 30, 2007**

**STATISTICAL SECTION**

**Prepared by the Finance Department**

WAKE COUNTY BOARD OF EDUCATION

NET ASSETS BY COMPONENT

LAST SIX YEARS

(accrual basis of accounting)

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities		
	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets	Invested in Capital Assets, Net of Related Debt	Unrestricted	Total Net Assets
2007	\$ 1,906,571,596	\$ 8,203,443	\$ (8,636,100)	\$ 1,906,138,939	\$ 6,601,516	\$ 18,075,710	\$ 24,677,226
2006	1,707,105,617	8,185,487	5,878,530	1,721,169,634	2,287,185	16,625,152	18,912,337
2005	1,511,403,239	-	8,347,146	1,519,750,385	2,219,436	15,902,370	18,121,806
2004	1,403,289,473	-	17,026,939	1,420,316,412	2,483,893	13,222,825	15,706,718
2003	1,280,865,426	-	15,132,611	1,295,998,037	2,393,879	11,408,713	13,802,592
2002	1,144,447,775	10,666,039	9,369,362	1,164,483,176	2,901,624	9,306,931	12,208,555

Note: The system began to report accrual information when it implemented GASB Statement 34 in 2002.

WAKE COUNTY BOARD OF EDUCATION

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE

LAST SIX YEARS

(accrual basis of accounting)

	Fiscal Year			
	2007	2006	2005	2004
<b>Expenses</b>				
Governmental activities:				
Instruction				
Regular	\$ 474,290,569	\$ 418,513,345	\$ 388,516,940	\$ 353,161,990
Special education	114,252,833	100,738,231	91,697,350	80,851,931
Co-curricular	12,834,291	12,232,684	12,803,589	11,665,594
Remediation	22,773,324	20,050,559	20,415,104	18,939,181
Student services	76,597,930	68,349,501	61,519,343	56,479,099
Other	8,997,660	6,613,072	6,345,891	5,630,741
Support services				
Pupil	2,349,972	2,591,165	2,358,365	2,251,615
Instructional staff	12,710,958	11,036,147	12,015,538	9,846,884
General administration	11,905,535	11,499,353	10,478,889	10,375,754
School administration	68,947,539	61,414,038	56,138,990	52,997,900
Business	144,189,927	144,286,046	129,513,363	120,790,995
Central	26,972,575	26,435,628	24,801,754	24,713,687
Other support	1,690,252	1,545,017	1,372,292	1,170,055
Community	236,194	222,207	234,071	336,666
Charter school payments	9,497,563	9,017,665	7,747,097	7,077,757
Interest on long-term debt	780	487,882	1,230,508	1,334,307
Depreciation - unallocated	26,695,661	24,952,001	24,032,883	23,960,590
Total governmental activities expenses	<u>1,014,943,563</u>	<u>919,984,541</u>	<u>851,221,967</u>	<u>781,584,746</u>
Business-type activities:				
Food service	40,130,227	36,208,155	32,275,494	30,472,447
Tuition programs	7,776,611	8,583,453	6,683,746	6,669,789
Print shop	-	-	1,725	636,617
Total business-type activities	<u>47,906,838</u>	<u>44,791,608</u>	<u>38,960,965</u>	<u>37,778,853</u>
Total school district expenses	<u>1,062,850,401</u>	<u>964,776,149</u>	<u>890,182,932</u>	<u>819,363,599</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services	910,472	1,094,629	929,092	1,101,657
Operating grants and contributions	688,176,379	616,013,072	560,329,447	515,294,495
Capital grants and contributions	3,440,673	10,502,567	62,587	436,798
Total governmental activities				
program revenues	<u>692,527,524</u>	<u>627,610,268</u>	<u>561,321,126</u>	<u>516,832,950</u>
Business-type activities:				
Charges for services -food services	22,738,873	28,879,946	26,898,296	25,834,374
Charges for services-tuition programs	8,087,758			
Operating grants and contributions	17,396,233	16,066,026	14,007,917	12,679,641
Total business-type activities				
program revenues	<u>48,222,864</u>	<u>44,945,972</u>	<u>40,906,213</u>	<u>38,514,015</u>
Total school district program revenues	<u>740,750,388</u>	<u>672,556,240</u>	<u>602,227,339</u>	<u>555,346,965</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(322,416,039)	(292,374,273)	(289,900,841)	(264,751,796)
Business-type activities	316,026	154,364	1,945,248	735,162
Total school district net expense	<u>\$ (322,100,013)</u>	<u>\$ (292,219,909)</u>	<u>\$ (287,955,593)</u>	<u>\$ (264,016,634)</u>

All years prepared under full accrual basis are presented. The Board implemented GASB 34 in fiscal year 2002.

Fiscal Year	
2003	2002
\$ 336,257,190	\$ 323,009,274
67,054,724	90,173,395
11,591,390	12,700,969
29,343,838	-
50,710,894	49,613,098
4,728,745	5,388,198
933,302	1,037,191
8,887,312	8,840,628
8,482,392	8,818,681
50,220,647	48,305,070
118,439,744	110,092,637
22,419,875	21,832,866
1,086,504	1,069,714
2,609,127	4,272,319
5,649,370	4,482,626
1,455,731	243,491
21,167,432	20,071,300
<u>741,038,217</u>	<u>709,951,457</u>
28,662,693	27,597,101
5,148,918	4,546,443
590,661	651,909
<u>34,402,272</u>	<u>32,795,453</u>
<u>775,440,489</u>	<u>742,746,910</u>
780,885	2,671,904
486,341,647	470,791,212
<u>67,685</u>	<u>104,774</u>
<u>487,190,217</u>	<u>473,567,890</u>
24,866,619	21,780,687
<u>10,714,253</u>	<u>10,307,000</u>
<u>35,580,872</u>	<u>32,087,687</u>
<u>522,771,089</u>	<u>505,655,577</u>
(253,848,000)	(236,383,567)
1,178,600	(707,766)
<u>\$ (252,669,400)</u>	<u>\$ (237,091,333)</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

LAST SIX YEARS

(accrual basis of accounting)

	Fiscal Year			
	2007	2006	2005	2004
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (322,416,039)	\$ (292,374,273)	\$ (289,900,841)	\$ (264,751,796)
Business-type activities	316,026	154,364	1,945,248	735,162
Total school district net expense	<u>(322,100,013)</u>	<u>(292,219,909)</u>	<u>(287,955,593)</u>	<u>(264,016,634)</u>
<b>General revenues and other changes in Net Assets</b>				
Governmental activities:				
Unrestricted county appropriations- operating	274,229,013	251,247,744	233,570,793	223,700,000
Unrestricted county appropriations - capital	227,836,179	227,358,357	142,056,287	153,394,820
Unrestricted state appropriation - Unrestricted capital			1,368,603	4,338,486
Investment earnings, unrestricted	3,724,919	2,528,306	1,843,816	1,906,244
Miscellaneous, unrestricted	6,161,693	10,831,136	10,571,156	6,551,451
Transfer	(4,566,460)	(75,762)	(75,841)	(820,830)
Total governmental activities	<u>507,385,344</u>	<u>491,889,781</u>	<u>389,334,814</u>	<u>389,070,171</u>
Business-type activities:				
Investment earnings, unrestricted	951,692	560,405	393,999	348,134
Loss on sale of capital assets	(69,289)			
Transfer	4,566,460	75,762	75,841	820,830
Total business-type activities	<u>5,448,863</u>	<u>636,167</u>	<u>469,840</u>	<u>1,168,964</u>
Total school district	<u>512,834,207</u>	<u>492,525,948</u>	<u>389,804,654</u>	<u>390,239,135</u>
<b>Change in net assets</b>				
Governmental activities	184,969,305	199,515,508	99,433,973	124,318,375
Business-type activities	5,764,889	790,531	2,415,088	1,904,126
Total school district	<u>\$ 190,734,194</u>	<u>\$ 200,306,039</u>	<u>\$ 101,849,061</u>	<u>\$ 126,222,501</u>

All years prepared under full accrual basis are presented. The Board implemented GASB 34 in fiscal year 2002.

Fiscal Year	
2003	2002
\$ (253,848,000)	\$ (236,383,567)
1,178,600	(707,766)
<u>(252,669,400)</u>	<u>(237,091,333)</u>

202,999,990	194,529,610
167,596,189	131,388,257
5,244,967	9,525,356
2,470,238	3,236,177
7,115,900	7,557,832
(67,423)	-
<u>385,359,861</u>	<u>346,237,232</u>

348,014	383,950
67,423	-
<u>415,437</u>	<u>383,950</u>
<u>385,775,298</u>	<u>346,621,182</u>

131,511,861	109,853,665
1,594,037	(323,816)
<u>\$ 133,105,898</u>	<u>\$ 109,529,849</u>

WAKE COUNTY BOARD OF EDUCATION

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
General fund					
Reserved	\$ 11,498,660	\$ 12,007,123	\$ 12,956,900	\$ 14,175,112	\$ 14,937,801
Unreserved					
Designated	13,496,165	8,433,413	8,066,696	15,511,983	8,372,177
Undesignated	15,333,685	22,208,771	15,893,117	9,980,752	17,192,374
Total general fund	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>	<u>\$ 39,667,847</u>	<u>\$ 40,502,352</u>
All other governmental funds					
Reserved	\$ 2,886,995	\$ 9,365,049	\$ 4,897,467	\$ 6,548,059	\$ 1,597,379
Unreserved					
Designated					
Capital projects fund	-	587,412	2,000,000	-	-
Undesignated					
Individual schools fund	8,203,443	8,185,487	7,563,138	7,006,723	6,967,157
Capital projects fund	313,721	673,596	587,412	2,229,032	4,058,638
Total all other governmental funds	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>	<u>\$ 15,783,814</u>	<u>\$ 12,623,174</u>



Fiscal Year				
2002	2001	2000	1999	1998
\$ 12,222,449	\$ 16,586,685	\$ 11,657,328	\$ 12,203,185	\$ 8,463,232
11,204,829	7,129,374	1,658,926	9,684,184	4,935,121
16,121,162	12,278,509	17,156,880	13,486,465	19,874,910
<u>\$ 39,548,440</u>	<u>\$ 35,994,568</u>	<u>\$ 30,473,134</u>	<u>\$ 35,373,834</u>	<u>\$ 33,273,263</u>
\$ 1,565,227	\$ 3,701,428	\$ 5,600,500	\$ 2,050,961	\$ 1,866,506
-	3,441,573	1,516,640	1,189,187	-
6,947,428	6,708,122	5,254,191	4,295,314	3,993,194
3,164,465	742,592	730,541	373,810	2,302,203
<u>\$ 11,677,120</u>	<u>\$ 14,593,715</u>	<u>\$ 13,101,872</u>	<u>\$ 7,909,272</u>	<u>\$ 8,161,903</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>State</u>	<u>County Appropriation</u>	<u>County Capital Improvements</u>	<u>Fines and Forfeitures</u>	<u>Federal</u>
2007	\$ 622,386,114	\$ 275,827,002	\$ 226,402,201	\$ 4,964,660	\$ 49,395,645
2006	552,196,750	254,376,000	224,230,100	6,604,711	50,736,486
2005	500,863,537	233,570,793	142,056,287	3,857,772	46,268,755
2004	464,651,464	223,700,000	153,394,820	3,984,824	41,278,288
2003	442,874,719	202,999,990	167,528,766	3,002,434	34,866,434
2002	432,238,355	194,529,610	131,388,257	4,609,809	32,779,104
2001	451,647,028	181,140,514	70,436,231	3,535,425	26,467,265
2000	426,076,231	148,440,272	107,370,237	2,489,408	21,226,667
1999	370,421,837	133,584,000	146,726,034	2,655,573	16,426,140
1998	314,650,084	117,937,000	135,508,237	2,465,216	15,091,514

Note: (1) Includes general, state public school, capital projects, debt service, and grant funds.

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 3,674,519	\$ 12,699,459	\$ 1,195,349,600
2,573,801	35,293,414	1,126,011,262
1,793,600	14,512,755	942,923,499
1,891,545	10,982,853	899,883,794
2,470,137	11,703,367	865,445,847
3,236,177	24,606,194	823,387,506
3,615,889	9,503,556	746,345,908
3,542,454	12,184,611	721,329,880
3,401,115	12,091,010	685,305,709
3,174,032	9,907,595	598,733,678

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

PER PUPIL AND IN TOTAL

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

<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>
2007	128,070	2,975 \$ 381,073,140	2,436 \$ 311,970,864	16 \$ 2,004,670	81 \$ 10,370,286	507 \$ 64,901,255
2006	120,379	2,814 338,839,264	2,270 273,294,975	19 2,310,628	76 9,110,622	484 58,276,722
2005	114,068	2,764 315,238,909	2,175 248,149,649	18 2,041,433	87 9,938,064	476 54,298,444
2004	108,970	2,719 296,285,100	2,027 220,846,265	18 1,975,060	77 8,401,058	479 52,216,969
2003	104,373	2,705 282,296,534	1,934 201,889,978	7 760,492	72 7,467,492	463 48,302,640
2002	101,397	2,654 269,104,400	1,966 199,429,389	9 874,615	74 7,504,768	468 47,485,476
2001	97,583	2,685 261,988,343	1,912 186,616,731	6 560,561	69 6,765,323	436 42,552,751
2000	94,353	2,581 243,496,496	1,750 165,147,755	4 374,639	66 6,178,457	406 38,326,020
1999	91,580	2,413 220,951,825	1,584 145,106,294	3 245,193	61 5,541,568	372 34,086,630
1998	89,548	2,184 195,577,750	1,448 129,697,919	3 239,720	77 6,943,148	330 29,598,343

Note: (1) Includes general, state public school, debt service, and grant funds.

Business Support	Central Support	Community Services	Debt Service	Other	Total
1,007	189	2	1	374	7,588
\$ 128,988,650	\$ 24,209,585	\$ 236,566	\$ 109,073	\$ 47,977,928	\$ 971,842,017
957	202	2	5	368	7,197
115,186,812	24,290,745	218,359	556,992	44,319,679	866,404,798
935	206	2	12	347	7,022
106,670,859	23,513,918	211,160	1,365,812	39,614,168	801,042,416
904	220	2	13	306	6,765
98,456,351	24,006,191	216,744	1,391,607	33,359,515	737,154,860
884	233	27	14	274	6,613
92,269,772	24,350,343	2,800,219	1,503,647	28,619,320	690,260,437
863	200	42	19	279	6,574
87,464,126	20,312,608	4,255,328	1,912,896	28,245,353	666,588,959
804	229	39	37	256	6,473
78,471,939	22,332,933	3,760,888	3,573,154	24,989,044	631,611,667
740	139	38	33	253	6,010
69,852,766	13,120,678	3,604,158	3,073,589	23,866,400	567,040,958
691	168	83	22	211	5,608
63,257,793	15,413,556	7,617,465	2,016,575	19,370,729	513,607,628
656	113	82	16	189	5,098
58,699,103	10,153,730	7,304,448	1,390,655	16,923,634	456,528,450

WAKE COUNTY BOARD OF EDUCATION

CAPITAL PROJECTS FUND EXPENDITURES

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Sites and Building Improvements</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Totals</u>
2007	\$ 227,188,866	\$ 314,893	\$ 7,151,387	\$ 234,655,146
2006	231,263,943	2,379,157	3,272,121	236,915,221
2005	141,501,650	506,923	3,506,077	145,514,650
2004	160,141,245	519,414	706,800	161,367,459
2003	174,490,107	618,663	1,252,125	176,360,895
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

WAKE COUNTY BOARD OF EDUCATION

OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Excess of Revenues over (under) Expenditures</u>	<u>Transfers In</u>	<u>Transfers out</u>	<u>Installment Purchase and Capitalized Leases</u>	<u>Total Other Financing Sources(Uses)</u>	<u>Net Change In Fund Balance</u>	<u>Debt Service As A Percentage of Noncapital Expenditures</u>
2007	\$(11,745,935)	\$4,814,767	\$(4,814,767)	\$1,932,850	\$ 1,932,850	\$(9,813,085)	0.0112%
2006	9,239,488	10,429,873	(10,429,873)	-	-	9,239,488	0.0643%
2005	(3,077,152)	4,033,616	(3,976,078)	-	57,538	(3,019,614)	0.1705%
2004	1,401,041	7,524,462	(7,524,462)	244,494	244,494	1,645,535	0.1888%
2003	(1,155,756)	3,058,105	(3,058,105)	2,584,150	2,584,150	1,428,394	0.2178%
2002	827,068	3,204,753	(3,204,753)	197,082	197,082	1,024,150	0.2870%
2001	4,528,240	3,163,509	(3,163,509)	2,456,150	2,456,150	6,984,390	0.5657%
2000	1,810,577	3,553,827	(3,553,827)	89,082	89,082	1,899,659	0.5420%
1999	(2,960,567)	2,798,916	(2,798,916)	4,483,724	4,483,724	1,523,157	0.3926%
1998	1,374,077	2,407,470	(2,407,470)	3,244,592	3,244,592	4,618,669	0.3046%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Employee Salaries	Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
2007	\$ 16,412,178	\$ 5,087,746	\$ 14,074,390	\$ 1,802,152	\$ 3,556,706	\$ 6,973,666	\$ 47,906,838
2006	14,754,445	4,543,460	12,481,744	1,649,019	3,849,726	7,513,214	44,791,608
2005	13,608,931	3,914,007	11,105,915	1,431,714	3,066,313	5,832,360	38,959,240
2004	13,336,985	3,469,277	10,187,202	1,663,322	3,091,723	6,030,344	37,778,853
2003	12,741,778	3,128,850	9,884,383	1,335,204	2,730,192	4,581,865	34,402,272
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



WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND REVENUES AND TRANSFERS IN BY SOURCE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Food Sales		Participant Fees		USDA Reimbursement		Donated Commodities	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2007	\$ 22,738,873	42.37%	\$ 8,087,758	15.07%	\$ 15,475,657	28.83%	\$ 1,802,152	3.36%
2006	21,117,778	46.33	7,762,168	17.03	14,309,759	31.39	1,649,019	3.62
2005	19,755,708	47.68	7,142,588	17.24	12,508,106	30.19	1,431,714	3.46
2004	18,422,471	46.42	6,724,366	16.95	10,888,909	27.44	1,663,322	4.19
2003	17,555,871	48.68	6,742,024	18.69	9,119,916	25.29	1,335,204	3.70
2002	16,644,230	51.26	4,501,694	13.86	8,432,761	25.97	1,827,158	5.63
2001	16,548,073	51.96	5,298,301	16.63	7,518,059	23.60	1,176,275	3.70
2000	15,240,881	52.22	5,348,346	18.32	7,132,514	24.44	1,022,762	3.50
1999	14,166,860	63.42	-	-	6,817,101	30.52	1,004,370	4.49
1998	13,313,103	62.74	-	-	6,567,173	30.95	989,006	4.66

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 4,566,460	8.51%	\$ 1,000,827	1.86%	\$ 53,671,727	100%
75,762	0.16	667,653	1.47	45,582,139	100
133,379	0.32	462,096	1.11	41,433,591	100
820,830	2.07	1,163,081	2.93	39,682,979	100
67,423	0.19	1,243,294	3.45	36,063,732	100
-	-	1,065,794	3.28	32,471,637	100
-	-	1,308,668	4.11	31,849,376	100
-	-	442,886	1.52	29,187,389	100
-	-	352,523	1.57	22,340,854	100
-	-	350,238	1.65	21,219,520	100

WAKE COUNTY BOARD OF EDUCATION  
ASSESSED VALUE OF TAXABLE PROPERTY FOR WAKE COUNTY  
LAST TEN FISCAL YEARS  
(Amounts Expressed in Millions)

Fiscal Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Total	County- wide Tax Rate (3)	Special Tax Districts Tax Rate (3)	Average County Tax Rate (3)
2007	\$ 62,996,405,923	\$12,506,221,915	\$3,341,976,693	\$78,844,604,531	\$ 0.678	\$ 0.100	\$ 0.778
2006	59,644,957,346	12,084,539,414	3,405,223,801	75,134,720,561	0.634	0.100	0.734
2005	56,733,308,581	10,954,988,975	3,436,614,540	71,124,912,096	0.604	0.100	0.704
2004	54,347,709,322	10,601,740,204	3,477,604,369	68,427,053,895	0.604	0.100	0.704
2003	51,858,523,059	10,521,444,050	4,074,884,981	66,454,852,090	0.604	0.100	0.704
2002	49,086,983,833	10,391,893,495	3,887,953,582	63,366,830,910	0.564	0.090	0.654
2001	46,042,127,552	9,778,590,453	3,704,776,332	59,525,494,337	0.564	0.070	0.634
2000	29,470,677,149	9,153,582,837	2,834,533,948	41,458,793,934	0.73	0.085	0.815
1999	27,626,003,323	8,515,277,492	2,809,577,045	38,950,857,860	0.63	.06-.10	0.719
1998	25,971,960,437	7,817,188,121	3,978,270,506	37,767,419,064	0.63	.0211-.10	0.712

Notes:

(1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is subject to special district taxes. The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County except for certain registered motor vehicles which are assessed and collected throughout the year. 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 N.C. General Statutes at least every eight years. The last revaluation was completed for tax fiscal year 2001.

(3) Per \$1000 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

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			Direct and Overlapping Taxes Levied by Municipalities						
	County- Wide Rate	Various Special Tax Districts	Average County Rate	Town of Angier	Town of Apex	Town of Cary	Town of Clayton	Town of Fuquay- Varina	Town of Garner	Town of Holly Springs
2007	\$.678	\$.100	\$.778	\$.53	\$.40	\$.42	\$.54	\$.52	\$.575	\$.53
2006	.634	.100	.734	.53	.40	.42	.49	.52	.575	.53
2005	.604	.100	.704	.50	.40	.42	-	.52	.56	.53
2004	.604	.100	.704	.46	.40	.42	-	.52	.56	.53
2003	.604	.100	.704	-	.40	.42	-	.52	.56	.53
2002	.564	.090	.654	-	.40	.42	-	.52	.52	.53
2001 (2)	.564	.070	.634	-	.42	.43	-	.49	.52	.53
2000	.73	.085	.815	-	.52	.54	-	.59	.64	.62
1999	.63	.06-.10	.719	-	.52	.54	-	.59	.64	.62
1998	.63	.0211-.10	.712	-	.52	.54	-	.59	.64	.62

- Notes: (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is also subject to 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.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

Direct and Overlapping Taxes Levied by Municipalities						
Town of Knightdale	Town of Morrisville	City of Raleigh	Town of Rolesville	Town of Wake Forest	Town of Wendell	Town of Zebulon
\$.50	\$.468	\$.435	\$.515	\$.55	\$.54	\$.55
.50	.468	.435	.485	.54	.54	.50
.50	.47	.395	.485	.54	.54	.48
.50	.47	.395	.485	.54	.54	.48
.48	.47	.385	.485	.53	.54	.48
.46	.47	.385	.485	.52	.54	.46
.44	.47	.385	.485	.50	.54	.46
.53	.60	.525	.485	.60	.59	.525
.52	.60	.525	.62	.56	.59	.525
.52	.60	.538	.55	.56	.59	.525

WAKE COUNTY BOARD OF EDUCATION

TEN PRINCIPAL TAXPAYERS FOR WAKE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$2,014,387,872	1	2.55 %	\$1,649,653,931	1	4.84 %
SAS Institute Inc	399,677,358	2	.51	119,991,828	6	0.35
Cisco Systems, Inc.	349,764,095	3	.44	-	-	-
Bellsouth Tel Co	316,154,869	4	.40	270,127,280	3	.79
NC Eastern Municipal Power Agency	279,413,639	5	.35	352,928,059	2	1.03
Weeks Realty LP	215,319,471	6	.27	-	-	-
Highwoods Realty Ltd Partnership	201,716,451	7	.26	122,353,200	5	.36
CVM Holdings LLC	173,085,657	8	.22	104,778,394	9	.31
Summit Properties Partnership LP	166,577,676	9	.21	-	-	-
Public Service Co of NC Inc	145,706,455	10	.18	-	-	-
Midway Airlines				169,716,620	4	.50
Midway Airlines Corp.	-	-	-	108,616,580	8	.32
Glaxo Wellcome Inc.	-	-	-	111,917,346	7	.33
Public Services of N.C., Inc.	-	-	-	97,327,495	10	.29
	<u>\$4,261,803,543</u>		<u>5.39 %</u>	<u>\$3,107,410,733</u>		<u>9.12 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for  
the year ended June 30, 2007.

WAKE COUNTY BOARD OF EDUCATION

PROPERTY TAX LEVIES AND COLLECTIONS FOR WAKE COUNTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	\$ 518,390,324	\$ (3,827,251)	\$ 514,563,073	\$ 508,311,272	98.79%	\$ -	\$ 508,311,272	98.79%
2006	471,423,336	(4,606,253)	466,817,083	461,233,986	98.80%	3,924,479	465,158,465	99.64%
2005	447,296,073	(2,915,368)	444,380,705	439,305,034	98.86%	4,037,430	443,342,464	99.77%
2004	429,108,412	(2,841,221)	426,267,191	421,511,979	98.88%	3,879,327	425,391,306	99.79%
2003	388,161,413	(2,532,263)	385,629,150	379,113,991	98.31%	5,634,803	384,748,794	99.77%
2002	371,311,309	(4,175,679)	367,135,630	360,581,007	98.21%	4,533,636	365,114,643	99.45%
2001	349,753,540	(3,955,817)	345,797,723	340,645,895	98.51%	4,503,772	345,149,667	99.81%
2000	309,811,633	(2,110,379)	307,701,254	302,815,101	98.41%	4,201,441	307,016,542	99.78%
1999	253,279,255	(1,158,536)	252,120,719	247,636,243	98.22%	4,019,324	256,520,352	99.78%
1998	238,247,196	(1,189,949)	237,057,247	233,441,402	98.47%	3,082,581	236,523,983	99.78%

Notes:

Taxes for the fiscal year ended June 30, 2007 at the collection rate of 98.79% are a composite of the following collections by category:

Vehicle taxes	90.39%
Real and personal property taxes	99.66%

Amounts included above represent taxes in the General Fund and Special Tax District Fund.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

WAKE COUNTY BOARD OF EDUCATION

RATIOS OF OUTSTANDING DEBT BY TYPE FOR WAKE COUNTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities					
	General Obligation Bonds	General Obligation Commercial Paper	Installment Purchases	Quality Zoning Academy Bonds	Clean Water Revolving Loans	Capital Leases
2007	\$ 1,505,200,000	\$ -	\$ 7,778,972	\$ 1,634,616	\$ -	\$ 571,090
2006	1,020,850,000	58,250,000	7,763,477	1,798,077	237,923	733,181
2005	1,049,485,000	-	8,570,962	1,961,538	475,843	607,239
2004	1,123,210,000	-	9,474,957	2,124,999	713,763	200,710
2003	926,625,000	-	-	2,288,460	951,683	118,956
2002	782,130,000	-	-	-	1,189,604	86,536
2001	637,515,000	-	-	-	1,427,525	303,265
2000	516,895,000	-	143,112	-	1,665,445	605,595
1999	529,295,000	-	418,700	-	1,903,365	1,000,769
1998	565,690,000	-	680,692	-	2,141,283	881,351

Notes:

2005 and 2006 ratios are calculated using 2004 personal income.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.



	Business- Type Activities			
Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,515,184,678	\$ -	\$ 1,515,184,678	5.34%	\$ 1,846.61
1,089,632,658	-	1,089,632,658	4.11%	1,385.38
1,061,100,582	-	1,061,100,582	4.00%	1,413.17
1,135,724,429	-	1,135,724,429	4.28%	1,577.02
929,984,099	6,998,403	936,982,502	3.80%	1,340.62
783,406,140	10,287,604	793,693,744	3.30%	1,169.90
639,245,790	13,441,805	652,687,595	2.73%	992.32
519,309,152	16,476,006	535,785,158	2.35%	846.00
532,617,834	19,390,207	552,008,041	2.69%	900.90
569,393,326	22,095,000	591,488,326	3.11%	998.24

WAKE COUNTY BOARD OF EDUCATION

RATIOS OF GENERAL BONDED DEBT OUTSTANDING FOR WAKE COUNTY  
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Total General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Commercial Paper	Less: Amounts Restricted to Repaying Principal			
2007	\$ 1,505,200,000	\$ -	\$ (99,367,454)	\$ 1,405,832,546	1.78%	\$ 1,713.34
2006	1,020,850,000	58,280,000	(63,781,795)	1,015,348,205	1.35%	1,290.90
2005	1,049,485,000	-	(59,356,526)	990,128,474	1.39%	1,318.65
2004	1,123,210,000	-	(52,003,056)	1,071,206,944	1.57%	1,487.44
2003	926,625,000	-	(39,601,655)	887,023,345	1.33%	1,269.14
2002	782,130,000	-	(21,797,140)	760,332,860	1.20%	1,120.73
2001	637,515,000	-	-	637,515,000	1.07%	969.25
2000	516,895,000	-	-	516,895,000	1.25%	816.18
1999	529,295,000	-	-	529,295,000	1.36%	863.83
1998	565,690,000	-	-	565,690,000	1.54%	954.70

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY  
AS OF JUNE 30, 2007

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipality:			
Apex	\$ 10,775,000	100%	\$ 10,775,000
Cary	138,584,837	100%	138,584,837
Fuquay-Varina	7,650,000	100%	7,650,000
Garner	1,039,400	100%	1,039,400
Holly Springs	15,579,900	100%	15,579,900
Knightdale	4,633,423	100%	4,633,423
Morrisville	3,484,411	100%	3,484,411
Raleigh	243,491,195	100%	243,491,195
Rolesville	547,791	100%	547,791
Wake Forest	11,815,000	100%	11,815,000
Wendell	470,733	100%	470,733
Zebulon	1,590,000	100%	1,590,000
	<hr/>		<hr/>
Overlapping debt	439,661,690		439,661,690
	<hr/>		<hr/>
Direct debt	1,089,632,658		1,089,632,658
	<hr/>		<hr/>
Total direct and overlapping debt	\$ 1,529,294,348		\$ 1,529,294,348
	<hr/>		<hr/>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY  
LAST TEN YEARS

	Fiscal Year			
	2007	2006	2005	2004
Assessed value of property	<u>\$ 78,844,604,531</u>	<u>\$ 75,134,720,561</u>	<u>\$ 71,124,912,096</u>	<u>\$ 68,427,053,895</u>
Debt limit, 8% of assessed value (Statutory Limitation)	<u>6,307,568,362</u>	<u>6,010,777,645</u>	<u>5,689,992,968</u>	<u>5,474,164,312</u>
Amount of debt applicable to limit				
General obligation bonds	1,505,200,000	1,020,850,000	1,049,485,000	1,123,210,000
General obligation commercial paper	-	58,250,000	-	-
Less: Resources restricted to paying Principal	<u>(99,367,454)</u>	<u>(56,051,891)</u>	<u>(57,550,208)</u>	<u>(51,600,999)</u>
Total net debt applicable to limit	<u>1,405,832,546</u>	<u>1,023,048,109</u>	<u>991,934,792</u>	<u>1,071,609,001</u>
Legal debt margin	<u>\$ 4,901,735,816</u>	<u>\$ 4,987,729,536</u>	<u>\$ 4,698,058,176</u>	<u>\$ 4,402,555,311</u>
Total net debt applicable to limit as a percentage of debt limit	<u>22.29%</u>	<u>17.02%</u>	<u>17.43%</u>	<u>19.58%</u>

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8 percent of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 66,454,852,090	\$ 63,366,830,910	\$ 59,525,494,337	\$ 41,458,793,934	\$ 38,950,857,860	\$ 36,767,419,064
5,316,388,167	5,069,346,473	4,762,039,547	3,316,703,515	3,116,068,629	2,941,393,525
926,625,000	782,130,000	637,515,000	516,895,000	529,295,000	565,690,000
-	-	-	-	-	-
(39,467,129)	(21,797,140)	-	-	-	-
887,157,871	760,332,860	637,515,000	516,895,000	529,295,000	565,690,000
\$ 4,429,230,296	\$ 4,309,013,613	\$ 4,124,524,547	\$ 2,799,808,515	\$ 2,586,773,629	\$ 2,375,703,525
16.69%	15.00%	13.39%	15.58%	16.99%	19.23%

WAKE COUNTY BOARD OF EDUCATION

DEMOGRAPHIC AND ECONOMIC STATISTICS FOR WAKE COUNTY  
LAST TEN YEARS

<u>Year</u>	<u>Population Estimates</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	820,522	*	*	128,070	3.9%
2006	786,522	*	*	119,306	3.5%
2005	750,865	\$ 28,349,805	\$ 37,756	113,547	4.0%
2004	720,170	26,508,696	36,809	108,620	4.2%
2003	698,917	24,634,866	35,247	104,373	5.2%
2002	678,426	24,024,425	35,412	101,397	5.6%
2001	657,738	23,901,757	36,339	97,583	4.0%
2000	633,313	22,767,434	35,950	94,353	2.4%
1999	612,728	20,486,325	33,435	92,865	1.4%
1998	592,534	18,993,986	32,056	90,098	1.6%

\* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	39,103	1	9.24%	23,230	1	6.72%
Wake County Public Schools	15,000	2	3.55%	9,209	3	2.67%
International Business Machines (IBM)	10,800	3	2.55%	13,000	2	3.76%
North Carolina State University	7,219	4	1.71%	-	-	-
WakeMed Health and Hospitals	7,100	5	1.68%	6,123	5	1.77%
GlaxoSmithKline	5,000	6	1.18%	4,000	7	1.16%
Securitas Security	4,500	7	1.06%	3,980	8	1.15%
Rex Healthcare	4,300	8	1.02%	2,945	9	0.85%
Wake County Government	3,697	9	0.87%	2,439	10	0.71%
SAS Institute, Inc.	3,500	10	0.83%	-	-	-
NORTEL/Northern Telecom, Inc.	-	-	-	8,500	4	2.46%
Winn-Dixie	-	-	-	4,300	6	1.24%
	<u>100,219</u>		<u>23.69%</u>	<u>77,726</u>		<u>22.49%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2007.

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY  
LAST TEN YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
School & School Based Support										
Principals	147	138	132	125	123	122	118	111	106	106
Assistant Principals, Nonteaching	262	236	228	210	209	184	168	167	154	147
Elementary Teachers	3,274	2,750	2,592	2,416	2,160	3,033	3,032	2,926	2,810	2,644
Secondary Teachers	2,861	2,781	2,660	2,518	2,298	2,741	3,000	2,873	2,756	2,697
Other Teachers	2,467	2,592	2,488	2,320	2,292	598	326	173	90	64
Guidance	296	276	262	260	259	242	225	220	215	216
Psychological	74	72	71	65	56	46	48	44	45	44
Librarian, Audiovisual	195	183	176	168	171	152	141	141	144	150
Consultant, Supervisor	99	103	101	96	108	104	77	81	66	39
Teacher Assistants	2,191	1,907	1,852	1,727	1,700	1,417	1,587	1,587	1,718	1,694
Total School & School Based Support	<u>11,866</u>	<u>11,038</u>	<u>10,562</u>	<u>9,905</u>	<u>9,376</u>	<u>8,639</u>	<u>8,722</u>	<u>8,323</u>	<u>8,104</u>	<u>7,801</u>
Central Services										
Administrators, Managers	16	17	19	19	24	17	16	15	26	29
Technicians	94	106	106	99	124	82	55	56	61	43
Clerical, Secretarial	945	899	879	837	878	797	699	695	669	614
Service Workers	2,023	2,016	1,981	1,850	1,844	1,662	1,655	1,636	1,616	926
Skilled Crafts	148	130	126	124	175	94	166	185	179	190
Other Professionals	663	648	606	575	556	414	320	301	280	177
Laborers, Unskilled	-	-	-	-	-	63	4	5	5	4
Total Central Services	<u>3,889</u>	<u>3,816</u>	<u>3,717</u>	<u>3,504</u>	<u>3,601</u>	<u>3,129</u>	<u>2,915</u>	<u>2,893</u>	<u>2,836</u>	<u>1,983</u>
Total Full Time Employees	<u>15,755</u>	<u>14,854</u>	<u>14,279</u>	<u>13,409</u>	<u>12,977</u>	<u>11,768</u>	<u>11,637</u>	<u>11,216</u>	<u>10,940</u>	<u>9,784</u>



WAKE COUNTY BOARD OF EDUCATION

OPERATING STATISTICS  
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Percentage Increase In Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Schools</u>	<u>Graduating Class</u>
2007	128,070	6.39%	\$ 971,842,017	\$ 7,588	5.43%	147	7,249
2006	120,379	5.53%	866,404,798	7,197	2.49	139	6,804
2005	114,068	4.68%	801,042,416	7,022	3.80	132	6,215
2004	108,970	4.40%	737,154,860	6,765	2.30	125	6,071
2003	104,373	2.93%	690,260,437	6,613	0.59	123	5,431
2002	101,397	3.91%	666,588,959	6,574	1.56	122	5,406
2001	97,583	3.42%	631,611,667	6,473	7.70	120	5,140
2000	94,353	3.03%	567,040,958	6,010	7.17	115	4,804
1999	91,580	2.27%	513,607,628	5,608	10.00	107	4,437
1998	89,548	5.88%	456,528,450	5,098	6.47	106	4,333

WAKE COUNTY BOARD OF EDUCATION

TEACHER BASE SALARIES  
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>System Average Salary</u>
2007	\$ 32,287.60	\$ 74,191.20	\$ 43,952.00
2006	29,673.80	69,401.00	41,290.80
2005	28,724.60	68,096.20	40,299.00
2004	28,532.50	67,665.20	40,025.40
2003	28,153.80	67,528.40	39,849.90
2002	28,153.80	67,528.40	39,849.90
2001	27,750.00	66,320.88	39,278.80
2000	26,695.50	62,621.35	37,787.20
1999	25,641.00	59,878.40	35,289.90
1998	24,365.00	56,970.10	32,760.00

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION  
LAST TEN YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Schools						
Elementary						
Buildings	209	204	202	201	192	184
Square feet	7,410,687	7,024,803	6,814,920	6,674,075	6,220,015	5,927,268
Capacity	68,484	55,572	52,575	49,452	48,925	51,068
Enrollment	65,641	58,220	54,731	52,221	50,431	49,635
Mobile classrooms	636	613	402	352	336	312
Middle						
Buildings	102	102	99	97	96	92
Square feet	4,482,347	4,479,713	4,360,162	4,290,499	4,097,391	3,539,558
Capacity	38,818	28,099	27,670	27,148	26,436	24,952
Enrollment	29,895	27,686	26,647	25,947	25,225	24,415
Mobile classrooms	217	173	122	132	153	125
High						
Buildings	209	203	203	196	192	191
Square feet	5,620,679	5,288,295	5,178,676	4,640,956	4,368,488	4,345,450
Capacity	39,607	34,270	33,589	30,486	30,382	27,454
Enrollment	38,127	34,284	32,351	30,433	28,420	27,032
Mobile classrooms	243	221	185	163	158	121
Special						
Buildings	7	7	6	5	4	4
Square feet	195,877	195,877	122,032	122,032	75,294	61,805
Capacity	422	471	418	685	481	402
Enrollment	339	314	329	369	297	315
Mobile classrooms	1	-	-	-	-	-
Administrative						
Buildings	22	21	21	20	20	20
Square Feet	491,868	444,620	444,620	432,231	432,231	432,231
Transportation						
Buses	838	798	767	747	731	714

2001	2000	1999	1998
179	175	168	162
5,633,380	5,517,459	5,207,121	4,889,737
50,381	49,683	*	*
48,514	48,151	47,114	45,773
293	283	312	323
90	90	88	82
3,345,440	3,345,440	3,146,534	2,823,404
24,163	21,744	*	*
23,166	21,848	20,805	20,480
112	123	89	96
190	185	178	159
4,256,819	3,972,213	3,925,028	3,322,754
27,105	25,086	*	*
25,661	24,622	23,769	23,000
112	118	102	100
4	4	4	3
61,805	61,805	61,805	43,499
526	355	*	*
242	229	223	188
-	-	-	-
20	20	20	20
432,231	432,231	432,231	432,231
713	693	694	711

# **SINGLE AUDIT**

# **Comprehensive Annual Financial Report**



**For the Fiscal Year  
Ended June 30, 2007**

**Prepared by the Finance Department**



**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

Wake County Board of Education  
Raleigh, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education (the "Board") as of and for the year ended June 30, 2007, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. They are findings 07-01, 07-02, 07-03, 07-04 and 07-05.

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

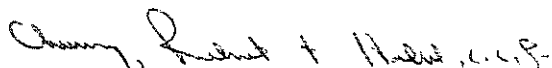
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

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

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

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



Raleigh, North Carolina  
November 15, 2007



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

Wake County Board of Education  
Raleigh, North Carolina

**Compliance**

We have audited the compliance of the Wake County Board of Education (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.



## Internal Control Over Compliance

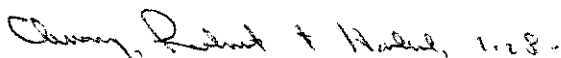
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over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

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

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

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

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

 Cheryl R. Smith, 1128-

Raleigh, North Carolina  
November 15, 2007



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

Wake County Board of Education  
Raleigh, North Carolina

**Compliance**

We have audited the compliance of the Wake County Board of Education (the "Board") with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The Board's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 07-06 and 07-07.

## Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the Board's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.


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

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

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

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

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

 Cheryl R. Smith, C.P.A.

Raleigh, North Carolina  
November 15, 2007

## Section I. Summary of Auditors' Results

Internal control over financial reporting:

- Material weakness(es) identified?       yes   X  no
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X  yes       none reported

Noncompliance material to financial statements noted            yes        X no

## Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?                      \_\_\_\_yes                  Xno

▪ Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses                      \_\_\_\_ yes                  X none reported

Type of auditors' report issued on compliance for major federal programs: Unqualified for all federal programs.

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

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
84.027, 84.027a, 84.173	Special Education Cluster
84.048	Vocational Education: Federal Tech Preparation

Dollar threshold used to distinguish  
between Type A and Type B Programs                      \$2,002,696

Auditee qualified as low-risk auditee?                            yes                        X  no

State Awards

Internal control over major State programs:

- Material weakness(es) identified?                            yes                        X  no
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses                            yes                        X  none reported

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

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

Identification of major State programs:

Program Name  
State Public School Fund  
Textbooks  
Vocational Education: Months of Employment  
Vocational Education: Support Funds  
LEA Financed Purchase of School Buses

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

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**Section II – Financial Statement Findings**

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**Finding 07-01**

**SIGNIFICANT DEFICIENCY**

**SEGREGATION OF DUTIES AT INDIVIDUAL SCHOOLS**

**Criteria:** Duties within a department or function should be separated so that one person does not perform processing from the beginning to the end of a process.

**Condition:** In the current school environment, there is a lack of segregation of duties as the school treasurer handles the recording of receipts and disbursements, the deposits of receipts, the reconciliation of receipts and disbursements (bank reconciliation) and the receipt of goods in some instances. These duties are incompatible as it allows one individual to have control over all phases of a transaction, which includes authorization, custody and record keeping.

**Effect:** Many individual schools have a lack of segregation of duties at the school treasurer level that has created an environment that is more susceptible to innocent errors or fraud.

**Cause:** Insufficient management oversight over the treasurer's function and a lack of personnel at the sites available to segregate duties properly.

**Recommendation:** The internal audit department of Wake County Schools has designed a number of controls to compensate for this deficiency. We recommend that all of these controls be adopted by the Wake County Board of Education.

**Views of responsible officials and planned corrective actions:** We share the concern over the lack of segregation of duties at the individual schools. However, current funding levels do not allow for additional financial staff at each school site. Several of the internal audit's recommendations have been implemented and the remaining controls are being reviewed.

**Finding 07-02**

**SIGNIFICANT DEFICIENCY**

**SCHOOL-FUNDS SOFTWARE**

**Criteria:** Records of all financial transactions should be retained and a proper audit trail available for verification. These records should include transactions that have been voided and/or not completed regardless of circumstances.

**Condition:** The Schoolfunds Software used at individual school sites has a control weakness that allows a transaction to occur, in both the check writing and cash receipting processes, and then allow the documentation to be removed from the system leaving no audit trail or evidence of its existence.

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

**Effect:** School personnel may be able to enter into financial transactions that could be eliminated from the financial tracking software as a result of innocent errors or fraud. There would be no audit trail available for transactions eliminated in this manner.

**Cause:** A flaw in the controls or options allowed when the software was installed.

**Recommendation:** We recommend working with the software vendor to eliminate the ability to void a transaction with no proof of the void remaining in the system.

**Views of responsible officials and planned corrective actions:** The software vendor has been notified and has programmed a change for WCPSS to disallow this feature in their software. The changes are in the process of being tested and we plan to have them fully implemented by December 31, 2007. The feature that allows this action is in place to allow the user to reject the printing of a receipt or check in case of a printer jam or misprint. The offsetting control to this feature is the preprinted control numbers on the check and receipt stock.

#### **Finding 07-03**

##### **SIGNIFICANT DEFICIENCY**

##### **PRIOR YEAR AND CURRENT YEAR DEPRECIATION OF FIXED ASSETS**

**Criteria:** Using a straight-line depreciation method, the recorded expense should represent the historical cost of an asset divided by the useful life of that asset, all other things being equal.

**Condition:** Fixed asset depreciation has been calculated incorrectly resulting in an overstatement in current year and prior year depreciation.

**Effect:** A \$3.5 million overstatement in current year depreciation and a \$.7 million overstatement in prior year depreciation.

**Cause:** The overstatements occurred when the costs of individual assets were adjusted, such as when a building in construction is completed. The financial system would depreciate the added cost of an asset for the current year and would proceed to depreciate the asset for all of the years since the asset was originally placed in service. The larger the number of years an asset was placed in service the more the system would depreciate that asset.

**Recommendation:** Additions to the value of large assets, such as buildings, should be recorded as separate assets to avoid the assets tracking software from attempting to apply additional depreciation to current year additions to prior year assets.

**Views of responsible officials and planned corrective actions:** The management was concerned with safeguarding assets and concentrated on actual count of assets over the period in which depreciation was recognized. In the future, all construction costs will be added as separate assets to allow for appropriate depreciation and the count of buildings will be maintained by the facilities department.

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

**Finding 07-04**

**SIGNIFICANT DEFICIENCY**

**CARRYFORWARD PURCHASE ORDERS ACTUALLY ACCOUNTS PAYABLE**

**Criteria:** The proper accounting for accounts payable balances requires the recording of expenses when they are incurred.

**Condition:** A number of financial transactions were improperly recorded as carryforward purchase orders instead of accounts payable balances.

**Effect:** At year end accounts payable was understated by \$3.3 million as a result of carryforward purchase orders being used as an alternative to accounts payable for certain categories of transactions.

**Cause:** The misclassified carryforward balances were a result of attempting to budget certain expenses to track departmental budget restraints.

**Recommendation:** The use of carryforward purchase orders should be restricted to transactions that are true carry-forwards and expenses incurred should be recorded in the period in which they were incurred.

**Views of responsible officials and planned corrective actions:** This process was put in place due to cash flow reporting restrictions. Management has a plan in place to change this accounting process. However, these changes will require significant programming to meet the monthly cash basis reporting needs.

**Finding 07-05**

**SIGNIFICANT DEFICIENCY**

**PHYSICAL INVENTORY DISCREPANCIES IN THE TRANSPORTATION DEPARTMENT**

**Criteria:** Controls should be in place to ensure that physical inventory and recorded inventory are not significantly different and that any discrepancies can be reconciled to immaterial amounts that are a routine part of the nature of doing business.

**Condition:** A recent review by the Internal Audit Department revealed significant discrepancies in the physical inventory when compared to the recorded inventory for the Transportation Department. The discrepancies were both under and over-stating inventories.

**Effect:** The Board's financial statements could be materially misstated as a result of the lack of controls that could be a consequence of innocent errors or fraud.

**Cause:** Internal control weaknesses in the parts inventory system failed to detect large discrepancies between the physical inventory and book inventory and were unable to explain the differences revealed as a result of end-of-year inventory procedures.



Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

**Recommendation:** A thorough review of the internal controls over the parts inventory should be completed and new controls put in place to prevent and detect the errors causing the inventory discrepancies.

**Views of responsible officials and planned corrective actions:** As indicated in the finding, the annual Transportation Department parts inventory audit for the fiscal year July 1, 2006 to June 30, 2007 indicated that adjustments were required for both under and over statements. Management welcomes the Internal Auditors planned review of internal controls over the parts inventory function.

A "spot check" of 10 inventory items made in November 2006 by the DPI inspector as part of the annual assessment of bus maintenance indicated that improvements in the inventory process were necessary. Subsequent to receipt of the report of that spot check, Transportation Department leadership has taken the following steps to improve accountability:

- Changes in assigned duties of parts room personnel;
- Reduced/stopped ordering of parts to lower inventory levels;
- Required parts manager to document parts usage and self counts before getting approval on orders (TD-21);
- Limited the number of employees that access the parts room;
- Required mechanics to receive parts across the counter instead of at the loading dock;
- Employed Business Manager on site who monitors ordering and expenditures;
- Added position to the parts department;
- New check-in procedures for vendors that deliver parts;
- Data processing tech position added to department to improve work orders being entered into BSIP in timely manner (April 07);
- Added bookkeeper position (Oct 07);
- Monthly reconciliation of BSIP versus Oracle;
- Implementing work orders with control numbers;
- Approval for video camera's to be installed throughout the bus garage, including the parts department.

The department has implemented a continuous review and improvement of parts management procedures. Management has contracted with a nationally-recognized transportation consulting firm to monitor broad areas of fleet operations and maintenance, including parts/inventory management.

In addition, the department is reviewing with the Chief Business Officer a proposal to out-source the transportation department parts inventory, ordering and delivery functions. A business case for this action has been developed and is being evaluated for implementation.

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

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None reported.

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

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

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NON MATERIAL COMPLIANCE FINDING

**Finding 07-06**

N.C. Department of Public Instruction  
Program Name: State Public School Fund

**Criteria:** DPI allocates to LEA's a specific number of months of employment for classroom teachers, school building administration, instructional support and vocational education.

**Condition:** Wake County Schools exceed the months of employment in classroom teachers, instructional support and vocational education.

**Effect and Questioned Costs:** Wake County Schools had to refund the State approximately \$305,877 from the General Fund. This could have resulted in a budgetary problem in the General Fund.

**Cause:** Too many employees were paid from the State Fund.

**Recommendation:** Management should work on systems and/or processes to better comply with the requirement of not overspending the state allotments.

**Management Response:** In June, WCPSS must close our fiscal year in order to comply with reporting requirements for end-of-year financial data to NCDPI. The June payroll will typically post on a Friday in mid-June. The budget department then has two to three days to request changes to any transactions in order to make sure we have fully maximized our state programs. We must do these adjustments using the projection of the impact of the June payroll. The actual usage does not post to the state website until after the fiscal year is closed, and it is too late to then correct.

Our goal is to zero out state dollars and months of employment. If we err, it is best to "over" use the resources rather than leave a balance. If we "under" use the resources, we left state dollars unspent, and we used local funds to pay for things that could have been paid from the state budget. That is a double-cost to the system. If we "over" use the state allotments, the penalty is that we must pay back NCDPI from our local funds for the amount of the overage. This is a single-cost to the system for something that we would have paid from the local budget.

The compensation services department will pay back NCDPI for the number of months of overage. The costs will be paid from the local budget in 2007-08 for the 2006-07 overage. These audit costs, as well as other salary audit costs are paid from a specific program and level code. This allows us to track over time the net cost to the system for these issues.

Wake County Board of Education  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2007

NON MATERIAL COMPLIANCE FINDING

**Finding 07-07**

N.C. Department of Public Instruction  
Program Name: State Public School Fund

**Criteria:** DPI requires LEA's to resolve over and under paid individuals.

**Condition:** Wake County Schools had unresolved over and under paid individuals as of June 30, 2007.

**Effect and Questioned Costs:** These salary exceptions in the amount of \$128,711 potentially are due back to the State if they are not resolved in the School's favor.

**Cause:** Due to the large number of employees and the change in payroll this year, many salary exceptions are still unresolved at fiscal year end.

**Recommendation:** Management should work on systems and/or processes to better comply with the requirement to resolve over and under paid individuals.

**Management Response:** Management has plans to make a change in this process. The new process will automate the internal salary audit form and create an interface for reporting to the State's Budget Utilization and Development System (BUD). The turnaround time for clearing salary exception data will improve with the new process.

The original implementation schedule was fiscal year 2006-07. Due to state mandated requirements, the development of the process was reprioritized and not completed by the end of the year. Management plans to have all development and testing completed by June 2008.

Wake County Board of Education  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2007

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**Section II – Financial Statement Findings**

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**Finding: 07-01**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section II – Financial Statement Findings.

Proposed Completion Date: Immediately

**Finding: 07-02**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section II – Financial Statement Findings.

Proposed Completion Date: Immediately

**Finding: 07-03**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section II – Financial Statement Findings.

Proposed Completion Date: Immediately

**Finding: 07-04**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section II – Financial Statement Findings.

Proposed Completion Date: Immediately

**Finding: 07-05**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section II – Financial Statement Findings.

Proposed Completion Date: Immediately

Wake County Board of Education  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2007

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

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None reported.

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

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**Finding: 07-06**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section IV – State Award Findings and Questioned Costs.

Proposed Completion Date: Immediately

**Finding: 07-07**

Name of contact person: Mark Winters

Corrective Action: See "Management Response Section" in Section IV – State Award Findings and Questioned Costs.

Proposed Completion Date: Immediately

Wake County Board of Education  
Summary Schedule of Prior Year Audit Findings  
For the Fiscal Year Ended June 30, 2007

**Finding:** 06-01

Status: Corrected

**Finding:** 06-02

Status: Corrected

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>FEDERAL GRANTS:</u>		
<u>U.S. Department of Education</u>		
Passed through the N. C. Department of Public Instruction:		
I.A.S.A., Title I:		
Low Income	84.010	98-50-920
I.A.S.A., Chapter II - Improving School Programs: Formula Grants	84.151	98-59-920
Special Education Cluster:		
Preschool Grant	84.173	98-49-920
Grants to States	84.027	98-60-920
Capacity Building Improvement	84.027	99-44-920
Total Special Education Cluster		
Vocational Education: Federal Tech Preparation	84.048	98-17-920
Drug Free Schools and Communities	84.186	98-48-920
Learn and Serve America	94.004	00-64-920
Education for Homeless Children	84.196	98-26-920
School Improvement	84.276	98-53-920
Educational Technology	84.318X	107
Improving Teacher Quality	84.367A	103
Language Acquisition	84.365A	104
Title III Immigrant & Youth	84.365A	111
Risk Pool IDEA; Title VI; Part B	84.027A	116
Emergency Impact Aid	84.938C	115
Emergency Impact Aid - IDEA	84.938C	114
Direct Programs:		
Indian Education Act	84.060A	310
Mentoring Program	84.184B	351
Project Quest	84.330C	357
Elementary Counseling	84.215E	359
Emergency Response	84.184E	347
Early Reading First	84.359	350
Smaller Learning Communities	84.215L	326
Carol M White Physical Education	84.215	349
Transition to Teaching Program	84.350A	340
Total U.S. Department of Education		
<u>U.S. Department of Agriculture</u>		
Passed through the N.C. Department of Public Instruction:		
Child Nutrition Cluster:		
National School Lunch Program	10.555	
School Breakfast Program	10.553	
Summer Food Service Program	10.559	
Total Child Nutrition Cluster		

Continued on Following Page

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 18,791,747	\$ 14,281,028	\$ -	\$ 14,281,028	\$ -
171,642	167,820	-	167,820	-
679,912	642,497	-	642,497	-
24,263,132	23,942,095	-	23,942,095	-
257,045	229,843	-	229,843	-
	24,814,435	-	24,814,435	-
1,220,615	1,109,148	-	1,109,148	-
475,488	377,624	-	377,624	-
17,289	13,538	-	13,538	-
40,531	23,742	-	23,742	-
251,371	128,423	-	128,423	-
312,350	55,547	-	55,547	-
4,203,932	3,151,678	-	3,151,678	-
1,223,720	980,567	-	980,567	-
604,382	328,439	-	328,439	-
21,185	20,894	-	20,894	-
273,337	270,337	-	270,337	-
311,159	242,089	-	242,089	-
37,053	36,390	-	36,390	-
332,345	201,922	-	201,922	-
869,586	354,316	-	354,316	-
375,858	-	-	-	-
386,138	176,477	-	176,477	-
1,141,394	1,023,894	-	1,023,894	-
917,064	703,605	-	703,605	-
717,639	329,753	-	329,753	-
487,142	242,667	-	242,667	-
	49,034,333	-	49,034,333	-
12,106,477	12,106,477	-	12,106,477	-
3,369,180	3,369,180	-	3,369,180	-
76,491	83,086	-	83,086	-
	15,558,743	-	15,558,743	-



WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2007  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Passed through the N.C. Department of Agriculture: Food Distribution Program- Donated Commodities (Non-Cash Program)	10.550	
Total U.S. Department of Agriculture		
<u>U.S. Department of Education - Impact Area Grants</u>	84.041	
<u>Other Federal Assistance:</u>		
U.S. Department of Defense Direct Program - ROTC	12.xxx	
<u>U.S. Dept. of Health &amp; Human Services</u>		
Passed through the N.C. Department of Public Instruction: Abstinence Education	93.235	98-57-920
Total Federal Assistance		
<u>STATE GRANTS:</u>		
<u>N. C. Department of Public Instruction</u>		
State Public School Fund		
Textbooks		
Vocational Education:		
Months of Employment		
Support Funds		
State Kindergarten Breakfast		
Project Enlightenment		
Financed Purchase of School Buses		
Reading/Language Development		
Preschool Literacy Training		
Special Position Allotments		
<u>N. C. Department of Health and Human Services</u>		
Summer Food Service		
<u>N. C. Department of Environment and Natural Resources</u>		
Mobile Source Emission		
<u>N. C. Department of Cultural Resources</u>		
LSAT School Library Collection Development		
<u>Office of the Governor</u>		
Governor's Crime Commission: Helping Hands Middle School		
Public School Building Capital Fund - Passed through Wake County		
Total State Assistance		
TOTAL FINANCIAL ASSISTANCE		
Total Program or Award Amount		
See notes to schedule of expenditures of federal and state awards.		

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
	\$ 1,802,152	\$ -	\$ 1,802,152	\$ -
	17,360,895	-	17,360,895	-
\$ 10,000	7,437	-	7,437	-
175,000	198,682	264,921	198,682	264,921
202,917	155,193	-	155,193	-
	66,756,540	264,921	66,756,540	264,921
600,123,546	588,804,374	-	588,804,374	-
13,961,499	3,954,305	-	3,954,305	-
27,078,364	27,050,141	-	27,050,141	-
1,976,805	1,633,615	-	1,633,615	-
42,606	35,338	-	35,338	-
51,597	51,451	-	51,451	-
616,328	616,328	-	616,328	-
92,680	66,386	-	66,386	-
23,508	20,519	-	20,519	-
21,228	1,074	-	1,074	-
76,491	83,086	-	83,086	-
100,000	100,000	-	100,000	-
42,966	42,808	-	42,808	-
26,254	15,850	-	-	-
16,622,478	16,622,478	-	16,622,478	-
	639,097,753	-	639,081,903	-
	\$ 705,854,293	\$ 264,921	\$ 705,838,443	\$ 264,921
\$ 735,179,471				

WAKE COUNTY BOARD OF EDUCATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of Wake County Board of Education and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *North Carolina Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Non-cash Assistance

Included in the amounts reported on the Schedule of Expenditures of Federal and State Awards, Wake County Board of Education received non-cash assistance in the form of food commodities. Commodities with a fair value of \$1,802,152 were received during the year ended June 30, 2007. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2007.