



# Comprehensive Annual **FINANCIAL REPORT**



**WAKE COUNTY**  
**BOARD OF EDUCATION**  
RALEIGH • NORTH CAROLINA

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

**Year Ended June 30, 2010**

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# Comprehensive Annual **FINANCIAL REPORT**



**WAKE COUNTY**  
**BOARD OF EDUCATION**  
RALEIGH • NORTH CAROLINA



October 28, 2010

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, 2010, 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 2009-10 the school system was the 18<sup>th</sup> largest system in the nation and the largest in North Carolina. It served 139,599 students from kindergarten through 12<sup>th</sup> grade in 102 elementary schools, 30 middle schools, 23 high schools, and 4 special/optional schools. The school system has over 16,700 full-time employees and is the second largest employer in Wake County. The system has over 9,000 regular classroom teachers, not including media specialists, counselors, psychologists, etc.

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 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 economic downturn beginning in 2008 continues to impact the Wake County Public School System. The school system has experienced state funding reductions and no increase in local funding while facing increased costs, additional school openings, and student growth. Federal funding has increased over the past two years due to the American Recovery and Reinvestment Act. However, this funding will present a challenge in the following years as this revenue stream ends, with no additional source of funds to replace this revenue.

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 2009-10 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 December of 2008, the Wake County Board of Education adopted Goal 2014 to sustain academic growth for Wake County's elementary, middle, and high school students.

The goal states, "Wake County Public School System students will demonstrate high academic growth; by 2014, all students will graduate on-time prepared to compete globally."

The goal is further defined by the following:

- Student academic growth will be measured for sub-groups, by combining growth in end of grade reading and math tests, and end of course tests required for graduation.
- North Carolina Department of Public Instruction calculates high growth at the school level. The same calculation would be done for Wake County Public School System students and subgroups at the district level.
- “Growth” may be compared with ‘proficiency’, which is determined by the percent of students in a group meeting and grade level performance standard.
- The goal for graduation is 100% of students on-time and will be achieved by 2014. It is proposed that the percent not meeting the goal will be reduced by 2010 (90% graduating), with the additional percent not meeting reduced by 50% again by 2012 (95% graduating).
- Prepared for the future; By 2014, all students will meet the requirements for graduation as outlined by the NC Board of Education and the future ready core courses. In addition, the Board can increase the rigor expected of graduating students by requiring more credits than the 21 specified by the State Board of Education. Students are expected to include the two credits of second language study (UNC system requirement) or another two unit concentration and a six unit concentration of rigorous and relevant coursework.

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.

### **SAT Scores**

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,571. This is seven points lower than the combined score for 2008-09.

Participation of the Wake County Public School System was 69 percent. National participation was 47 percent and the state participation rate was 63 percent.

Wake’s score was 86 points above the North Carolina average of 1,485 and 62 points above the national average of 1,509. Wake students scored an average of 543 on math, 524 on critical reading and 504 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.

In response to the audit, teams of school system employees were created to address each of the eight recommendations. Some of the changes can and have been made quickly, while others will take years to fully implement. Each quarter, the Chief Academic Officer gives a report on the process to the school board.

## **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.

## **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 of the United States and Canada (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, 2009. This was the twenty-first 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.

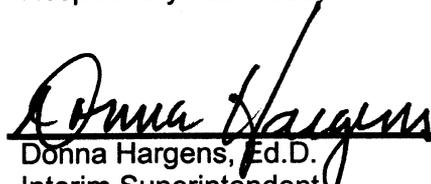
### **Acknowledgments**

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,

  
\_\_\_\_\_  
Donna Hargens, Ed.D.  
Interim Superintendent

  
\_\_\_\_\_  
David Neter  
Chief Business Officer

  
\_\_\_\_\_  
Mark Winters  
Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wake County  
Board of Education  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Erwin".

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**WAKE COUNTY BOARD OF EDUCATION**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

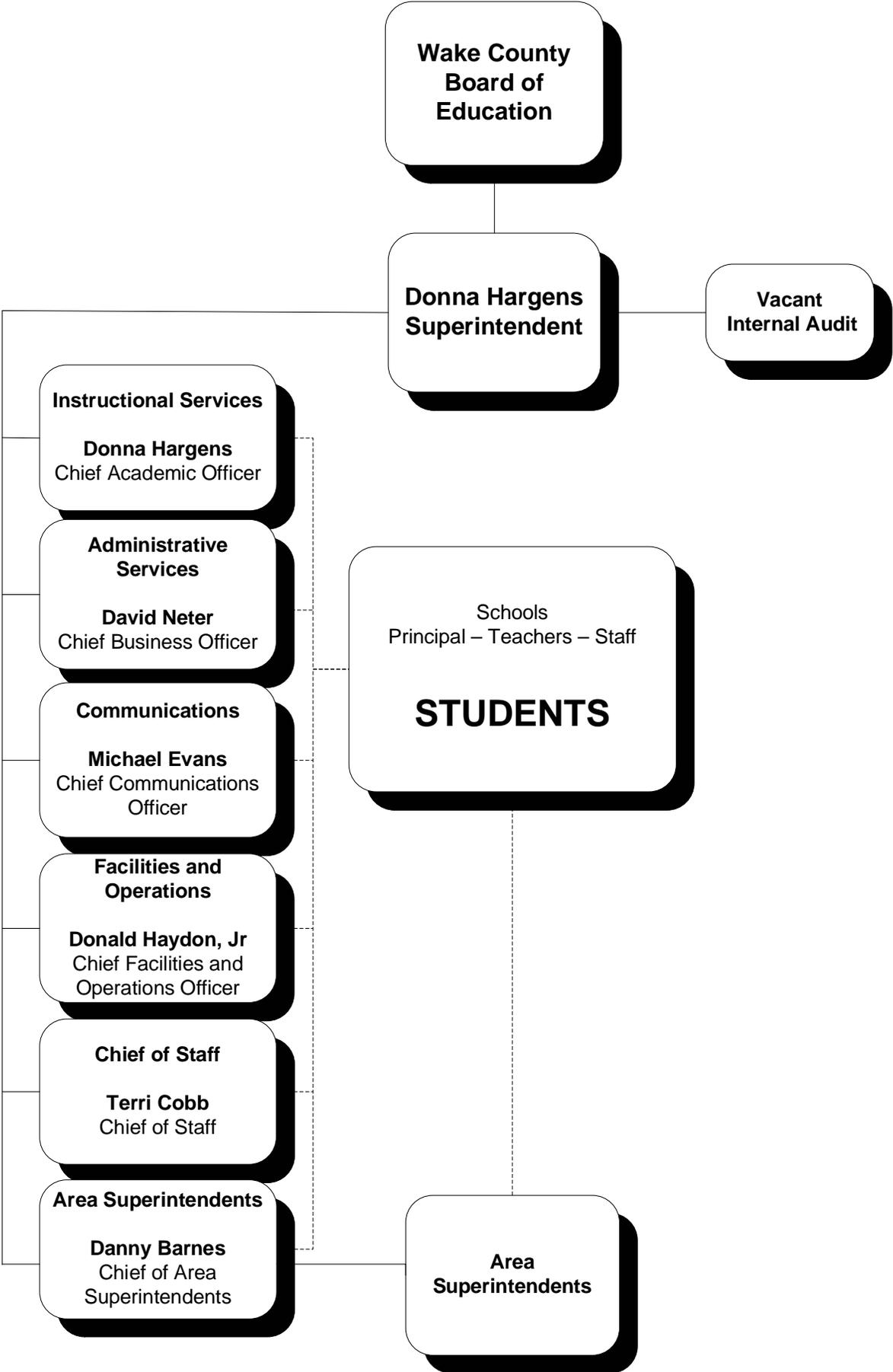
*Eiri Green*

President

*John D. Quinn*

Executive Director

# Organizational Chart



# Board of Education and Leadership Team



**Ron Margiotta (District 8)**  
*Chair*



**Debra Goldman (District 9)**  
*Vice Chair*



**Chris Malone (District 1)**



**John Tedesco (District 2)**



**Kevin Hill (District 3)**



**Keith Sutton (District 4)**



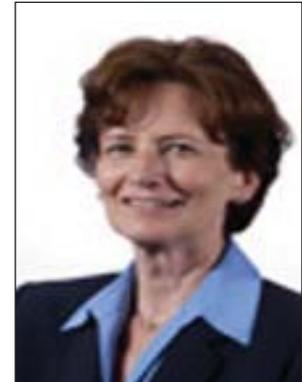
**Ann McLaurin (District 5)**



**Carolyn Morrison (District 6)**



**Deborah Prickett (District 7)**



**Dr. Donna Hargens**  
*Interim Superintendent*

## Leadership Team

**Dr. Donna Hargens, *Interim Superintendent***

### Chief Officers

David Neter, Chief Business Officer  
Terri Cobb, Chief of Staff  
Donna Hargens, Chief - Instructional Services  
Michael Evans, Chief - Communications  
Donald Haydon Jr., Chief - Facilities and Operations  
Danny Barnes, Chief - Area Superintendents

### Area Superintendents

Danny Barnes - Eastern Wake County  
Lloyd Gardner - Southern Wake County  
Ann Hooker - Northern Wake County  
Andre Smith - Northeastern Wake County  
Julye Mizelle - Southwestern Wake County  
Cathy Moore - Central Wake County

### Finance

Mark Winters, Finance Officer

### Assistant Superintendents

Stephen Gainey - Human Resources  
Joe Desormeaux - Facilities and Operations  
Marvin Connelly - Student Support Services  
David Holzkorn - Evaluation and Research

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# Comprehensive Annual **FINANCIAL REPORT**





## 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, 2010, 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, 2010, 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 Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

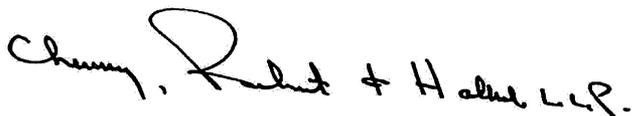
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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 supplementary information and combining individual fund statements and schedules as listed in the table of contents, as well as the accompanying schedule of expenditures of federal and State awards for the year ended June 30, 2010 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and combining individual fund statements and schedules and the accompanying schedule of expenditures of federal and State awards 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.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." in a cursive, flowing script.

Raleigh, North Carolina  
October 28, 2010

## 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, 2010. 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 1,893 students (or 1.37%) from the previous year.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$2,542,860,345.
- The government's total net assets increased by \$103,263,753 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 \$56,114,208, an increase of \$13,654,021 in comparison with the prior year. Approximately 63 percent of this total amount, or \$35,320,840, 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 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 \$2,511,493,000 as of June 30, 2010. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$2,516,805,000.

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

#### Condensed Statements of Net Assets June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 101,072	\$ 116,114	\$ 25,058	\$ 22,152	\$ 126,130	\$ 138,266
Capital assets	2,518,592	2,437,130	10,080	7,571	2,528,672	2,444,701
Total assets	2,619,664	2,553,244	35,138	29,723	2,654,802	2,582,967
Long-term liabilities outstanding	18,171	17,358	356	366	18,527	17,724
Other liabilities	90,000	122,063	3,415	3,583	93,415	125,646
Total liabilities	108,171	139,421	3,771	3,949	111,942	143,370
Net assets						
Invested in capital assets, net of related debt	2,516,805	2,432,805	10,080	7,571	2,526,885	2,440,376
Restricted	8,406	8,296	-	-	8,406	8,296
Unrestricted	(13,718)	(27,278)	21,287	18,203	7,569	(9,075)
Total net assets	<u>\$ 2,511,493</u>	<u>\$ 2,413,823</u>	<u>\$ 31,367</u>	<u>\$ 25,774</u>	<u>\$ 2,542,860</u>	<u>\$ 2,439,597</u>

Note that net assets for governmental activities increased by approximately \$97,670,000 during the year. 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, 2010 and 2009**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,142	\$ 1,142	\$ 30,598	\$ 32,420	\$ 31,740	\$ 33,562
Operating grants and contributions	772,481	793,580	24,726	22,100	797,207	815,680
Capital grants and contributions	2,147	2,617	-	-	2,147	2,617
General Revenues:						
Unrestricted county appropriations - operating	311,374	308,551	-	-	311,374	308,551
Unrestricted county appropriations - capital	119,613	291,439	-	-	119,613	291,439
Unrestricted state appropriations- capital	-	8,828	-	-	-	8,828
Other	11,833	13,699	284	553	12,117	14,252
Total revenues	<u>1,218,590</u>	<u>1,419,856</u>	<u>55,608</u>	<u>55,073</u>	<u>1,274,198</u>	<u>1,474,929</u>
Expenses:						
Governmental activities:						
Instructional services	858,931	890,577	-	-	858,931	890,577
System-wide support services	215,692	227,799	-	-	215,692	227,799
Ancillary services	419	344	-	-	419	344
Nonprogram charges	10,170	11,186	-	-	10,170	11,186
Depreciation	32,449	31,830	-	-	32,449	31,830
Business-type activities:						
Food services	-	-	45,061	46,468	45,061	46,468
Tuition programs	-	-	8,213	8,534	8,213	8,534
Total expenses	<u>1,117,661</u>	<u>1,161,736</u>	<u>53,274</u>	<u>55,002</u>	<u>1,170,935</u>	<u>1,216,738</u>
Increase in net assets before transfers	100,929	258,120	2,334	71	103,263	258,191
Transfers	(3,259)	(1,346)	3,259	1,346	-	-
Increase in net assets after transfers	<u>97,670</u>	<u>256,774</u>	<u>5,593</u>	<u>1,417</u>	<u>103,263</u>	<u>258,191</u>
Net assets, July 1	<u>2,413,823</u>	<u>2,157,049</u>	<u>25,774</u>	<u>24,357</u>	<u>2,439,597</u>	<u>2,181,406</u>
Net assets, June 30	<u>\$ 2,511,493</u>	<u>\$ 2,413,823</u>	<u>\$ 31,367</u>	<u>\$ 25,774</u>	<u>\$ 2,542,860</u>	<u>\$ 2,439,597</u>

Total governmental activities generated revenues of \$1.2 billion while expenses in this category totaled \$1.1 billion. This revenue was a result of spending restrictions put in place by the Board. These restrictions included freezing non essential vacant positions, purchasing restrictions, and a reduction in force. The increase in net assets stands at \$97.7 million. This is mainly due to the increase in capital assets from our building program.

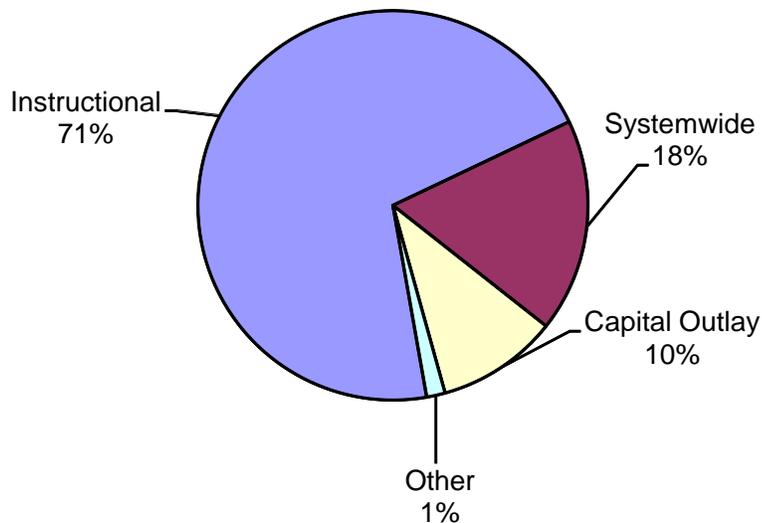
Business-type activities generated revenue of \$55 million and had expenses of \$53 million. Business-type revenues remained relatively stable; however, expenditures were reduced due to the spending restrictions put in place this year. This resulted in the increase of net assets for business-type activities of \$5.6 million.

## Financial Analysis of the District's Funds

The Board's governmental funds reported a combined fund balance of \$56,114,208, a \$13,654,021 increase over last year. Two sources of funding decreased over the prior year: State funding decreased approximately \$70 million and County funding decreased by \$169 million. Both decreases were due mainly to the building program and budget cuts. Federal funding increased by \$42 million with the award of the ARRA grants.

The total fund balance in the general fund increased by \$13,322,630. The underlying reason for this increase is the system's adoption of a spending restriction early in the year. The undesignated fund balance in the general fund increased to \$25,909,770. This level of undesignated fund balance equals 7.86 percent of the general fund budget (\$329,629,982) and 2.1 percent of the total operating budget (state, local funds, grant, and enterprise \$1,231,024,743). The Board appropriated \$6 million from fund balance to support the 2010-11 budget. The total fund balance in the capital projects fund increased by \$219,947, and the undesignated fund balance increased to \$1,004,297. These increases were due to spending restrictions that were adopted early in the year.

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



The Board's business-type funds reflected a total net gain of \$5,592,830. The Child Nutrition Program reflected an increase in net assets over the last year of \$4,796,001. This was due to the increase in food sales as well as the overall decrease in expenditures as a result of the spending restrictions. Tuition Programs reflected an increase in net assets over last year of \$796,829. This was due to the reduction in spending.

## 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 decreased revenues by approximately \$14,884,656. This was mainly due to the movement of restricted funds to a newly created separate fund.

## Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2010, totals \$2,528,671,776 (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, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 121,307	\$ 121,244	\$ -	\$ -	\$ 121,307	\$ 121,244
Land Improvements	4,092	3,527	-	-	4,092	3,527
Buildings	1,356,002	1,110,646	-	-	1,356,002	1,110,646
Equipment	6,611	6,835	9,962	7,364	16,573	14,199
Vehicles	18,524	21,717	118	207	18,642	21,924
Construction in progress	1,012,056	1,173,161	-	-	1,012,056	1,173,161
Total	<u>\$ 2,518,592</u>	<u>\$ 2,437,130</u>	<u>\$ 10,080</u>	<u>\$ 7,571</u>	<u>\$ 2,528,672</u>	<u>\$ 2,444,701</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 government-type debt decreased by \$2,751,745 and the business-type activities debt increased by \$40,410. The decrease in the government-type debt was due to the payments against the state replacement bus installment purchase agreements. The increase in the business-type activities debt was due to the increase in compensated absences. More detailed information on the Board's outstanding debt is contained on pages 40 through 41 of the notes to the financial statements. The county holds virtually all debt issued for school capital construction.

## Economic Factors

County funding is a major source of income for the Board; therefore the County's economic outlook directly affects that of the school district.

- The Unemployment rate in the Raleigh-Cary Metropolitan area decreased from 9.3% at June 30, 2009 to 8.5% at June 30, 2010.

- The total assessed value of property in the County increased to \$119.2 billion for the fiscal year ended June 30, 2010, a 2.18 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2010 were \$104.4 million. This is a 17.9% decrease from \$127.2 million in 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

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WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 69,600,243	\$ 21,902,762	\$ 91,503,005
Due from other governments	26,009,734	1,229,182	27,238,916
Internal balances	(186,740)	186,740	-
Receivables	1,809,919	180,760	1,990,679
Inventory and prepaid expenses	3,839,492	1,558,492	5,397,984
Total current assets	<u>101,072,648</u>	<u>25,057,936</u>	<u>126,130,584</u>
Noncurrent assets:			
Land and construction in progress	1,133,362,801	-	1,133,362,801
Capital assets, net of accumulated depreciation	1,385,228,881	10,080,094	1,395,308,975
	<u>2,518,591,682</u>	<u>10,080,094</u>	<u>2,528,671,776</u>
 TOTAL ASSETS	 <u>2,619,664,330</u>	 <u>35,138,030</u>	 <u>2,654,802,360</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	15,342,475	1,122,109	16,464,584
Accounts payable	24,504,679	1,592,591	26,097,270
Unearned revenue	4,742,291	-	4,742,291
Current portion of long-term obligations	45,410,768	700,000	46,110,768
Total current liabilities	<u>90,000,213</u>	<u>3,414,700</u>	<u>93,414,913</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	18,170,639	356,463	18,527,102
 TOTAL LIABILITIES	 <u>108,170,852</u>	 <u>3,771,163</u>	 <u>111,942,015</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,516,805,009	10,080,094	2,526,885,103
Restricted for:			
Individual school activities	8,406,773	-	8,406,773
Unrestricted	(13,718,304)	21,286,773	7,568,469
 TOTAL NET ASSETS	 <u>\$ 2,511,493,478</u>	 <u>\$ 31,366,867</u>	 <u>\$ 2,542,860,345</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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional programs:				
Regular	\$ 488,546,948	\$ 1,107,459	\$ 413,114,626	\$ -
Special populations	165,788,455	-	138,419,949	-
Alternative programs and services	58,426,846	-	44,227,006	-
School leadership	62,680,216	-	36,126,546	-
Co-curricular	18,982,397	-	51,768,863	-
School-based support services	64,506,361	-	10,496,287	-
Systemwide support services				
Support and development	10,612,453	-	6,561,059	-
Special populations support and development	5,287,193	-	1,319,552	-
Alternative programs and services support and development	1,533,361	-	989,693	-
Technology support	16,624,585	-	2,687,958	-
Operational support	151,786,145	-	63,954,531	2,146,595
Financial and human resource	15,472,245	-	892,676	-
Accountability	2,255,479	-	62,922	-
Systemwide pupil support	4,205,184	-	459,944	-
Policy, leadership and public relations	7,915,174	-	1,050,542	-
Ancillary services	418,998	34,609	295,740	-
Nonprogram charges	10,169,808	-	53,229	-
Depreciation - unallocated *	32,449,321	-	-	-
Total governmental activities	1,117,661,169	1,142,068	772,481,123	2,146,595
Business-type activities:				
Food services	45,061,386	21,716,235	24,726,305	-
Tuition programs	8,212,561	8,881,458	-	-
Total business-type activities	53,273,947	30,597,693	24,726,305	-
Total school district	\$ 1,170,935,116	\$ 31,739,761	\$ 797,207,428	\$ 2,146,595
General revenues				
Unrestricted county appropriations - operating				
Unrestricted county appropriations - capital				
Investment earnings, unrestricted				
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
\$ (74,324,863)		\$ (74,324,863)
(27,368,506)		(27,368,506)
(14,199,840)		(14,199,840)
(26,553,670)		(26,553,670)
32,786,466		32,786,466
(54,010,074)		(54,010,074)
(4,051,394)		(4,051,394)
(3,967,641)		(3,967,641)
(543,668)		(543,668)
(13,936,627)		(13,936,627)
(85,685,019)		(85,685,019)
(14,579,569)		(14,579,569)
(2,192,557)		(2,192,557)
(3,745,240)		(3,745,240)
(6,864,632)		(6,864,632)
(88,649)		(88,649)
(10,116,579)		(10,116,579)
<u>(32,449,321)</u>		<u>(32,449,321)</u>
<u>(341,891,383)</u>		<u>(341,891,383)</u>
	\$ 1,381,154	1,381,154
	<u>668,897</u>	<u>668,897</u>
	<u>2,050,051</u>	<u>2,050,051</u>
(341,891,383)	2,050,051	(339,841,332)
311,373,607	-	311,373,607
119,613,110	-	119,613,110
838,609	283,588	1,122,197
10,996,171	-	10,996,171
<u>(3,259,191)</u>	<u>3,259,191</u>	<u>-</u>
<u>439,562,306</u>	<u>3,542,779</u>	<u>443,105,085</u>
97,670,923	5,592,830	103,263,753
<u>2,413,822,555</u>	<u>25,774,037</u>	<u>2,439,596,592</u>
<u>\$ 2,511,493,478</u>	<u>\$ 31,366,867</u>	<u>\$ 2,542,860,345</u>

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**WAKE COUNTY BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	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	\$ 55,536,564	\$ 215,172	\$ 8,988,472	\$ 1,729,791	\$ 3,130,244	\$ 69,600,243
Due from other governments	1,315,637	9,446,382	39,691	12,551,692	2,656,332	26,009,734
Accounts receivable	1,094,825	-	50,552	-	664,542	1,809,919
Due from other funds	112,763	-	600	-	-	113,363
Inventories	3,470,497	-	-	-	-	3,470,497
Total assets	<u>\$ 61,530,286</u>	<u>\$ 9,661,554</u>	<u>\$ 9,079,315</u>	<u>\$ 14,281,483</u>	<u>\$ 6,451,118</u>	<u>\$ 101,003,756</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Salaries and benefits payable	\$ 4,982,675	\$ 9,446,383	\$ -	\$ -	\$ 913,417	\$ 15,342,475
Accounts payable	10,309,453	214,803	477,138	12,682,001	821,284	24,504,679
Due to other funds	774	368	195,404	468	103,089	300,103
Deferred revenues	128,963	-	-	-	4,613,328	4,742,291
Total liabilities	<u>15,421,865</u>	<u>9,661,554</u>	<u>672,542</u>	<u>12,682,469</u>	<u>6,451,118</u>	<u>44,889,548</u>
Fund balances:						
Reserved for:						
Inventories	3,470,497	-	-	-	-	3,470,497
Encumbrances	353,523	-	-	222,184	-	575,707
By State statute	2,523,225	-	-	-	-	2,523,225
Special projects	990,699	-	-	-	-	990,699
Restricted contributions	-	-	-	281,398	-	281,398
Self-insurance	5,693,602	-	-	-	-	5,693,602
Unreserved:						
Designated for flexible benefits plan	1,104,260	-	-	-	-	1,104,260
Designated for subsequent year's expenditures	6,062,845	-	-	91,135	-	6,153,980
Undesignated	25,909,770	-	8,406,773	1,004,297	-	35,320,840
Total fund balances	<u>46,108,421</u>	<u>-</u>	<u>8,406,773</u>	<u>1,599,014</u>	<u>-</u>	<u>56,114,208</u>
Total liabilities and fund balances	<u>\$ 61,530,286</u>	<u>\$ 9,661,554</u>	<u>\$ 9,079,315</u>	<u>\$ 14,281,483</u>	<u>\$ 6,451,118</u>	

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 2,518,591,682

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds. 368,995

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:

Workers' compensation self-insurance	\$ (2,818,415)
Compensated absences (vacation)	(58,754,076)
Termination benefits	(222,243)
Installment purchase	(1,786,673)
	<u>(63,581,407)</u>

Total net assets - governmental activities \$ 2,511,493,478

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, 2010**

	General Fund	State Public School Fund	Individual Schools Fund
<b>REVENUES:</b>			
County	\$ 311,373,607	\$ -	\$ -
State	58,503	661,524,657	-
Federal	250,756	-	-
Other Local	6,564,143	-	12,391,617
Total Revenues	318,247,009	661,524,657	12,391,617
<b>EXPENDITURES:</b>			
<b>Current operations:</b>			
Instructional services:			
Regular	75,403,488	409,050,492	-
Special populations	27,070,185	113,495,766	-
Alternative programs and services	14,670,771	17,120,158	-
School leadership	27,240,716	25,807,927	-
Co-curricular	6,721,009	-	12,161,890
School-based support services	13,808,134	39,360,742	-
Systemwide support services			
Support and development	4,878,598	2,696,841	-
Special populations support and development	4,077,462	1,110,534	-
Alternative programs and services support and development	655,671	406,905	-
Technology support	13,723,806	2,687,958	-
Operational support	76,154,329	48,193,774	-
Financial and human resource	14,698,075	183,338	-
Accountability	2,218,747	62,922	-
Systemwide pupil support	3,778,012	241,663	-
Policy, leadership and public relations	6,988,061	1,050,542	-
Ancillary services	101,630	1,866	-
Nonprogram charges	13,188,410	-	-
<b>Debt Service:</b>			
Principal	15,407	-	-
Interest	1,206	-	-
<b>Capital outlay:</b>			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Total Expenditures	305,393,717	661,471,428	12,161,890
Excess of revenues over expenditures	12,853,292	53,229	229,727
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	118,283	-	-
Transfers out	-	(53,229)	(118,283)
Total other financing sources (uses)	118,283	(53,229)	(118,283)
Net change in fund balance	12,971,575	-	111,444
Fund balances, beginning of year	32,785,791	-	8,295,329
Increase in reserve for inventories	351,055	-	-
Fund Balances, end of the year	\$ 46,108,421	\$ -	\$ 8,406,773

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 119,613,110	\$ -	\$ 430,986,717
2,522,580	132,537	664,238,277
-	97,901,490	98,152,246
2,376,732	9,460,708	30,793,200
<u>124,512,422</u>	<u>107,494,735</u>	<u>1,224,170,440</u>
-	3,533,246	487,987,226
-	24,592,690	165,158,641
-	26,669,380	58,460,309
-	9,840,618	62,889,261
-	13,261	18,896,160
-	9,769,265	62,938,141
-	3,513,337	11,088,776
-	210,240	5,398,236
-	579,681	1,642,257
-	76,894	16,488,658
-	24,987,974	149,336,077
-	692,872	15,574,285
-	-	2,281,669
-	262,240	4,281,915
-	-	8,038,603
-	298,330	401,826
-	2,454,707	15,643,117
2,522,580	-	2,537,987
-	-	1,206
121,527,958	-	121,527,958
241,937	-	241,937
<u>124,292,475</u>	<u>107,494,735</u>	<u>1,210,814,245</u>
<u>219,947</u>	<u>-</u>	<u>13,356,195</u>
-	-	118,283
-	-	(171,512)
-	-	(53,229)
219,947	-	13,302,966
1,379,067	-	42,460,187
-	-	351,055
<u>\$ 1,599,014</u>	<u>\$ -</u>	<u>\$ 56,114,208</u>

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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, 2010

Total net change in fund balances - governmental funds \$ 13,302,966

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	\$ 117,034,976	
Depreciation expense	<u>(35,521,719)</u>	81,513,257

The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net assets. (51,413)

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 less than the amounts used by \$612,704. 612,704

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	15,407	
Installment purchase payments	<u>2,522,580</u>	2,537,987

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 \$529,781. (529,781)

The estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the district-wide statements. This year the decrease in cost for terminated employee's healthcare benefits is \$130,835. 130,835

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds. This year, the decrease in prepaid expenses was \$196,687. (196,687)

Adjustment due to the use of the consumption method of recording inventory in the district-wide statements. 351,055

Change in net assets of governmental activities \$ 97,670,923

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, 2010

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
County	\$ 311,373,608	\$ 311,373,608	\$ 311,373,607	\$ (1)
State	77,531	77,531	58,503	(19,028)
Federal	185,000	185,000	250,756	65,756
Other local	24,212,898	8,748,155	6,564,143	(2,184,012)
Total revenues	<u>335,849,037</u>	<u>320,384,294</u>	<u>318,247,009</u>	<u>(2,137,285)</u>
<b>EXPENDITURES:</b>				
<b>Current operations:</b>				
Instructional services:				
Regular instructional	86,433,423	78,127,387	75,403,488	2,723,899
Special populations	28,325,072	28,736,115	27,070,185	1,665,930
Alternative programs	14,827,547	15,398,430	14,670,771	727,659
School leadership	24,815,421	27,709,914	27,240,716	469,198
Co-curricular	7,174,317	7,176,435	6,721,009	455,426
School-based support	13,468,233	15,064,842	13,808,134	1,256,708
Systemwide support services				
Support and development	5,735,979	5,597,250	4,878,598	718,652
Special populations support and development	3,863,934	4,192,204	4,077,462	114,742
Alternative programs and services support and development	916,753	780,408	655,671	124,737
Technology support	16,070,598	14,083,787	13,723,806	359,981
Operational support	101,440,466	87,475,343	76,154,329	11,321,014
Financial and human resource	15,788,065	15,987,144	14,698,075	1,289,069
Accountability	2,620,421	2,451,333	2,218,747	232,586
Systemwide pupil support	4,246,037	3,979,098	3,778,012	201,086
Policy, leadership and public relation	8,177,865	8,130,781	6,988,061	1,142,720
Ancillary services	87,343	101,878	101,630	248
Non-program charges	10,523,163	14,637,633	13,205,023	1,432,610
Total Expenditures	<u>344,514,637</u>	<u>329,629,982</u>	<u>305,393,717</u>	<u>24,236,265</u>
Revenues over (under) expenditures	<u>(8,665,600)</u>	<u>(9,245,688)</u>	<u>12,853,292</u>	<u>22,098,980</u>
Other financing sources (uses):				
Appropriated fund balance	8,665,600	9,125,556	-	(9,125,556)
Transfers in	-	120,132	118,283	(1,849)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>8,665,600</u>	<u>9,245,688</u>	<u>118,283</u>	<u>(9,127,405)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>12,971,575</u>	<u>\$ 12,971,575</u>
Fund balances, beginning of year			32,785,791	
Increase in reserve for inventories			351,055	
Fund balances, end of year			<u>\$ 46,108,421</u>	

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)
\$ -	\$ -	\$ -	\$ -
767,644,265	674,380,124	661,524,657	(12,855,467)
-	-	-	-
-	-	-	-
<u>767,644,265</u>	<u>674,380,124</u>	<u>661,524,657</u>	<u>(12,855,467)</u>
460,010,439	416,566,843	409,050,492	7,516,351
115,126,159	114,146,644	113,495,766	650,878
22,651,103	18,586,857	17,120,158	1,466,699
38,944,949	26,978,172	25,807,927	1,170,245
1,371	377	-	377
50,760,833	39,774,836	39,360,742	414,094
3,138,299	2,741,993	2,696,841	45,152
1,783,360	1,181,225	1,110,534	70,691
530,399	532,064	406,905	125,159
2,419,335	3,853,341	2,687,958	1,165,383
70,508,139	48,377,002	48,193,774	183,228
234,463	218,882	183,338	35,544
61,684	62,922	62,922	-
389,142	245,037	241,663	3,374
1,084,590	1,055,792	1,050,542	5,250
-	4,908	1,866	3,042
-	-	-	-
<u>767,644,265</u>	<u>674,326,895</u>	<u>661,471,428</u>	<u>12,855,467</u>
-	53,229	53,229	-
-	-	-	-
-	-	-	-
-	(53,229)	(53,229)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		-	
		-	
		<u>\$ -</u>	

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
JUNE 30, 2010

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 13,433,843	\$ 8,468,919	\$ 21,902,762
Accounts receivable	41,353	139,407	180,760
Due from other governments	1,221,375	7,807	1,229,182
Due from other funds	895	185,869	186,764
Prepaid expenses	4,433	22,326	26,759
Inventory	1,531,733	-	1,531,733
Total current assets	<u>16,233,632</u>	<u>8,824,328</u>	<u>25,057,960</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>9,730,598</u>	<u>349,496</u>	<u>10,080,094</u>
Total assets	<u>25,964,230</u>	<u>9,173,824</u>	<u>35,138,054</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	1,107,751	14,358	1,122,109
Accounts payable	1,402,315	190,276	1,592,591
Due to other funds	-	24	24
Current Portion of long-term obligations	630,000	70,000	700,000
Total current liabilities	<u>3,140,066</u>	<u>274,658</u>	<u>3,414,724</u>
Noncurrent liabilities:			
Long-term obligations	<u>317,289</u>	<u>39,174</u>	<u>356,463</u>
Total liabilities	<u>3,457,355</u>	<u>313,832</u>	<u>3,771,187</u>
<b>NET ASSETS</b>			
Invested in capital assets	9,730,598	349,496	10,080,094
Unrestricted	<u>12,776,277</u>	<u>8,510,496</u>	<u>21,286,773</u>
Total net assets	<u>\$ 22,506,875</u>	<u>\$ 8,859,992</u>	<u>\$ 31,366,867</u>

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, 2010

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>OPERATING REVENUES</b>			
Food sales	\$ 21,716,235	\$ -	\$ 21,716,235
Participant fees	-	8,881,458	8,881,458
Total operating revenues	<u>21,716,235</u>	<u>8,881,458</u>	<u>30,597,693</u>
<b>OPERATING EXPENSES:</b>			
Business supporting services:			
Salaries	14,632,385	3,881,321	18,513,706
Food	16,417,957	-	16,417,957
Supplies	1,465,664	1,721,699	3,187,363
Purchased services	1,464,800	1,113,201	2,578,001
Other supporting services:			
Employee benefits	5,596,247	683,096	6,279,343
Donated commodities	2,291,820	-	2,291,820
Indirect costs	2,291,320	781,718	3,073,038
Depreciation	901,193	31,526	932,719
Total operating expenses	<u>45,061,386</u>	<u>8,212,561</u>	<u>53,273,947</u>
Operating income (loss)	<u>(23,345,151)</u>	<u>668,897</u>	<u>(22,676,254)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Federal regular USDA grants	22,154,588	-	22,154,588
USDA Grants - Summer feeding program	266,979	-	266,979
Federal commodities	2,291,820	-	2,291,820
NCDPI kindergarten breakfast	18,374	-	18,374
Interest	155,656	127,932	283,588
Loss on sale of capital assets	(5,456)	-	(5,456)
Total non-operating revenues	<u>24,881,961</u>	<u>127,932</u>	<u>25,009,893</u>
Income before contributions and transfers	1,536,810	796,829	2,333,639
Transfers from other funds	53,229	-	53,229
Contribution from other funds	3,121,351	-	3,121,351
Contribution from ARRA CN discretionary grant	84,611	-	84,611
	<u>3,259,191</u>	<u>-</u>	<u>3,259,191</u>
Change in net assets	4,796,001	796,829	5,592,830
Net assets, beginning of year	<u>17,710,874</u>	<u>8,063,163</u>	<u>25,774,037</u>
Net assets, end of year	<u>\$ 22,506,875</u>	<u>\$ 8,859,992</u>	<u>\$ 31,366,867</u>

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, 2010

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from user charges	\$ 21,700,900	\$ 8,821,259	\$ 30,522,159
Payments to employees for services	(20,216,227)	(4,546,823)	(24,763,050)
Payments to suppliers for goods and services	(18,724,251)	(2,996,849)	(21,721,100)
Payments for other operating expenses	(2,428,055)	(426,077)	(2,854,132)
Net cash provided by (used by) operating activities	<u>(19,667,633)</u>	<u>851,510</u>	<u>(18,816,123)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal regular USDA grants	22,154,588	-	22,154,588
USDA Grants - Summer feeding program	266,979	-	266,979
NCDPI kindergarten breakfast	18,374	-	18,374
Net cash provided by non-capital financing activities	<u>22,439,941</u>	<u>-</u>	<u>22,439,941</u>
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of equipment	(78,528)	(165,050)	(243,578)
Proceeds from sale of equipment	1,960	-	1,960
Net cash used for capital and related financing activities	<u>(76,568)</u>	<u>(165,050)</u>	<u>(241,618)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	155,656	127,932	283,588
Net increase in cash and cash equivalents	2,851,396	814,392	3,665,788
Cash and cash equivalents, beginning of year	10,582,447	7,654,527	18,236,974
Cash and cash equivalents, end of year	<u>\$ 13,433,843</u>	<u>\$ 8,468,919</u>	<u>\$ 21,902,762</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (23,345,151)	\$ 668,897	\$ (22,676,254)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	901,193	31,526	932,719
Salaries paid by special revenue fund	53,229	-	53,229
Decrease (increase) in accounts receivable and due from other governments	(151,428)	296,146	144,718
Decrease in inventories	613,088	-	613,088
Decrease (increase) in prepaid expenses	(4,018)	7,510	3,492
Decrease in accounts payable and salaries and benefits payable	(53,948)	(165,397)	(219,345)
Increase in accrued vacation	27,582	12,828	40,410
Donated commodities	2,291,820	-	2,291,820
Total adjustments	<u>3,677,518</u>	<u>182,613</u>	<u>3,860,131</u>
Net cash provided by (used by) operating activities	<u>\$ (19,667,633)</u>	<u>\$ 851,510</u>	<u>\$ (18,816,123)</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:</b>			
Donated commodities	\$ 2,291,820	\$ -	\$ 2,291,820
Transfer of equipment from capital projects fund	\$ 3,121,351	\$ -	\$ 3,121,351
Donation of Equipment purchased with ARRA funds	\$ 84,611	\$ -	\$ 84,611
Payments of salaries by state public school fund	\$ 53,229	\$ -	\$ 53,229

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**  
**Year Ended June 30, 2010**

**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 funds:

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

*Tuition Programs Fund.* The Tuition Programs Fund is used to account for before and after school and other tuition based programs 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.

#### 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.

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. The superintendent may not transfer any amounts between funds nor from any contingency appropriation within a fund without Board approval.
2. The superintendent 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 quarterly.
3. The superintendent 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 quarterly.

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

1. The superintendent may accept all state appropriations. A summary of such appropriations must be reported to the Board quarterly.
2. The superintendent 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 quarterly.
3. The superintendent 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 quarterly.
4. The superintendent may accept other appropriations upon prior approval of the Board.

During the fiscal year there were budget amendments totaling \$72,287,305 approved by the Board as follows:

General fund	\$ (14,884,656)
State public school fund	(93,264,141)
Grants and other restricted funds	98,734,491
Capital projects funds	(63,250,616)
Enterprise fund	377,617
	<u>\$ (72,287,305)</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 is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund. 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 and all intangibles more than \$50,000. 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.

Wake County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and Board give the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	Governmental Activities And Tuition Programs	Child Nutrition Program
	<u>Years</u>	<u>Years</u>
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.

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the Statement of Activities.

#### 5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

#### 6. Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2010 are recorded in the government-wide and proprietary fund financial statements on a LIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

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

#### 7. Net Assets/Fund Balances

Net assets 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 2010-2011 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 \$2,455,379,270 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)	\$ 2,941,437,430
Less accumulated depreciation	<u>(422,845,748)</u>
Net capital assets	<u>2,518,591,682</u>
Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds	368,995
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:	
Workers' compensation self-insurance	(2,818,415)
Compensated absences	(58,754,076)
Termination benefits	(222,243)
Installment purchase	<u>(1,786,673)</u>
Total adjustments	<u>\$ 2,455,379,270</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 \$84,367,957 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.	\$ 117,034,976
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.	(35,521,719)
The net effect of various miscellaneous transactions involving capital assets (i.e. retirement) is to decrease net assets.	(51,413)
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.	2,537,987
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	612,704
Estimated cost for terminated employee’s healthcare benefits is recorded as a long-term obligation in the government-wide statements.	130,835
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	351,055
Estimated reserve for workers’ compensation self-insurance recorded as a long-term obligation in the government-wide statements.	(529,781)
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>(196,687)</u>
Total adjustments	<u>\$84,367,957</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, 2010, the Board's deposits with banks had a carrying amount of \$35,380,482 and with the State Treasurer of \$221,565. The bank balances with the financial institutions and the State Treasurer were \$40,950,631 and \$5,731,305, respectively. Of these balances, \$4,416,526 was covered by federal depository insurance and \$42,265,410 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

##### 2. Investments

At June 30, 2010, the Board's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
North Carolina Capital Management Trust	\$ 8,953	Term Portfolio duration of .8	AAAm
State Treasurer's Short Term Investment Fund	<u>55,892,005</u>	Weighted average maturity of 1.6 years	Unrated
Total Investments	<u>\$ 55,900,958</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 1.6 years as of June 30, 2010.

*Credit Risk.* 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, 2010. 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. The Board has no policy on credit risk.

*Concentration of Credit Risk.* The Board places no limit on the amount the Board may invest in any one issuer. More than five percent of the Board's investments are in the State Treasurer's Short Term Investment Fund. This investment is 99.98% of the Board's total investments.

### 3. Accounts Receivable

Receivables at the government-wide level at June 30, 2010, were as follows:

	Due from other funds (internal)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 111,989	\$ 1,315,637	\$ 1,094,825
Other governmental activities	(298,729)	24,694,097	715,094
Total	<u>\$ (186,740)</u>	<u>\$ 26,009,734</u>	<u>\$ 1,809,919</u>
Business-type activities:			
Child Nutrition Program	\$ 895	\$ 1,221,375	\$ 41,353
Tuition Programs	185,845	7,807	139,407
Total	<u>\$ 186,740</u>	<u>\$ 1,229,182</u>	<u>\$ 180,760</u>

Due from other governments consists of the following:

Governmental activities		
General Fund	\$ 772,239	Sales tax refund from state
	37,370	Miscellaneous revenue from state
	1,868	Miscellaneous revenue from county
	402,919	Miscellaneous revenue from municipalities
	<u>101,241</u>	Miscellaneous revenue from federal
	<u>1,315,637</u>	
State Public School Fund	9,446,382	Operating funds from DPI
Individual Schools Fund	39,691	Sales tax refund from state
Capital Outlay Fund	1,448	Sales tax refund from state
	<u>12,550,244</u>	County funds from county appropriations
	<u>12,551,692</u>	
Direct Federal Grants Fund	395,163	Federal grant funds
State Administered Federal		
Grants Fund	1,361,422	Federal grant funds
Other Restricted Fund	<u>899,747</u>	Miscellaneous revenue from state
Total	<u>\$ 26,009,734</u>	
Business-type activities:		
Child Nutrition Program	\$ 1,178,694	USDA Reimbursement from state
	<u>42,681</u>	Sales tax refund from state
	<u>1,221,375</u>	
Tuition Programs	7,807	Sales tax refund from state
	<u>1,229,182</u>	
Total	<u>\$ 1,229,182</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, 2010, was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 121,243,779	\$ 67,814	\$ -	\$ (5,000)	\$ 121,306,593
Construction in Progress	1,173,161,527	113,288,367	(274,393,686)	-	1,012,056,208
Total capital assets not being depreciated	1,294,405,306	113,356,181	(274,393,686)	(5,000)	1,133,362,801
Capital assets being depreciated:					
Land Improvements	8,201,480	818,088	-	(3,408)	9,016,160
Buildings	1,461,459,778	-	274,393,686	-	1,735,853,464
Equipment	17,633,902	1,966,171	-	-	19,600,073
Vehicles and motor equipment	43,657,759	894,536	-	(947,363)	43,604,932
Total capital assets being depreciated	1,530,952,919	3,678,795	274,393,686	(950,771)	1,808,074,629
Less accumulated depreciation for:					
Land Improvements	4,674,378	253,355	-	(3,408)	4,924,325
Buildings	350,813,939	29,037,110	-	-	379,851,049
Equipment	10,799,021	2,190,268	-	-	12,989,289
Vehicles and motor equipment	21,941,049	4,040,986	-	(900,950)	25,081,085
Total accumulated depreciation	388,228,387	35,521,719	-	(904,358)	422,845,748
Total capital assets being depreciated, net	1,142,724,532				1,385,228,881
Governmental activity capital assets, net	\$ 2,437,129,838				\$ 2,518,591,682

#### Business-type Activities:

	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 14,672,602	\$ 3,284,490	\$ (243,388)	\$ 17,713,704
Vehicles	773,784	-	-	773,784
Total capital assets being depreciated	15,446,386	3,284,490	(243,388)	18,487,488
Less accumulated depreciation for:				
Equipment	7,524,292	813,768	(235,972)	8,102,088
Vehicles	567,378	87,424	-	654,802
Total accumulated depreciation	8,091,670	901,192	(235,972)	8,756,890
School food service capital assets, net	7,354,716			9,730,598
Other Business-type activities				
Capital assets being depreciated:				
Equipment	580,804	165,050	-	745,854
Less accumulated depreciation for:				
Equipment	364,832	31,526	-	396,358
Other enterprise funds capital assets, net	215,972			349,496
Business-type activities capital assets, net	\$ 7,570,688			\$ 10,080,094

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 32,449,321
Operational support services	<u>3,072,398</u>
Total	<u>\$ 35,521,719</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2010. At year-end, the Board's commitments with contractors for school construction totaled approximately \$89,172,000. These commitments will be funded by future revenues from Wake County.

6. Financing Commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Wake County Board of Education has entered into an agreement to purchase 159 buses in this manner. The term of the financing cannot exceed three years and the Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the Board out of funds allocated to the Board. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2010, has been recorded.

The payments due in the fiscal year ended June 30, 2011 are as follows:

Total purchase price, 159 buses	\$12,160,053
Total payments due in fiscal year 2011	4,053,351
Remaining payments due in subsequent years	8,106,702

B. Liabilities

1. Pension Plan Obligations and Other Postemployment 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 8.75% 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, 2010, 2009, and 2008 were \$63,301,626, \$61,350,915, and \$56,406,617, respectively, equal to the required contributions for each year.

b. Other Postemployment Benefits

1. Healthcare Benefits

*Plan Description.* The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

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

*Funding Policy.* The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2010, 2009, and 2008, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$32,803,340, \$30,901,358, and \$29,536,032, respectively. These contributions represented 4.5%, 4.1%, and 4.1% of covered payroll, respectively.

## 2. Long-term Disability Benefits

*Plan Description.* Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as an other postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

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

*Funding Policy.* An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

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

cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2010, 2009, and 2008, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,790,608, \$3,919,196, and \$3,746,033, respectively. These contributions represented .52%, .52%, and .52% of covered payroll, respectively.

### 3. Accounts Payable

Accounts payable at the government-wide level at June 30, 2010, were as follows:

	Vendors	Salaries and benefits
Governmental Activities		
General	\$ 10,309,453	\$ 4,982,675
Other Governmental	14,195,226	10,359,800
Total Governmental activities	<u>\$ 24,504,679</u>	<u>\$ 15,342,475</u>
Business-type Activities		
Child Nutrition Program	\$ 1,402,315	\$ 1,107,751
Tuition Programs	190,276	14,358
Total Business-type activities	<u>\$ 1,592,591</u>	<u>\$ 1,122,109</u>

### 4. Unearned Revenue

The balance in unearned revenue at year-end is composed of grants not yet earned of \$4,742,291.

### 5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina 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 \$3,000,000 and \$1,000,000 each loss and \$3,000,000 aggregate 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 8/1/2009-10 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 first layer \$25 and second layer \$20.5 million in aggregate annually. Excess reinsurance is purchased through commercial reinsurers, 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 per any one location each insured per flood or earthquake occurrence not to exceed the sum of \$15,000,000 due to any one 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 Dishonesty Bond on the finance officer is \$250,000. The amount of Public Employee Dishonesty Bond on budget managers and bookkeepers is \$100,000.

A summary of changes in the self-insured workers' compensation claims for fiscal years 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Estimated claims payable, beginning of year	\$ 2,288,634	\$ 2,103,937
Current year claims and changes in estimates	1,641,905	1,056,610
Claim payments	<u>(1,112,124)</u>	<u>(871,913)</u>
Estimated claims payable, end of year	<u>\$ 2,818,415</u>	<u>\$ 2,288,634</u>

## 6. Contingent Liabilities

At June 30, 2010, 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.

## 7. Leases

### a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. Total costs for such leases were \$4,140,113 for the year ended June 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2011	\$ 3,179,957
2012	1,964,579
2013	515,303
2014	515,303
2015 and after	<u>2,408,206</u>
Total	<u>\$ 8,583,348</u>

### b. Terminated Employee's Benefits

The Board is required under G.S. 135-45.2(8) to continue noncontributory health coverage for up to 12 months for all employees in positions eliminated due to budgetary constraints. Only employees that were employed for 12 or more months are eligible for this benefit. The liability for the accrued involuntary terminations benefits payable at June 30, 2010 is \$222,243. This liability consists of 78 terminations.

### 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 2008, the Board entered into installment purchase contract to finance the purchase of 29 buses through a special third party financing arrangement offered by SunTrust Leasing Corporation. The cost for this installment purchase was \$735,906 for the year ended June 30, 2010. In fiscal year 2009, the Board entered into installment purchase contract to finance the purchase of 69 buses through a special third party financing arrangement offered by SunTrust Leasing Corporation. The financing contract requires only principal payments of \$1,786,674 for the year ended June 30, 2010. The subsequent payment of \$1,786,673 is due in the year ending June 30, 2011.

## 8. 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, 2010:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 59,366,780	\$ 42,859,209	\$ 43,471,913	\$ 58,754,076	\$ 42,000,000
Capital leases	15,407	-	15,407	-	-
Worker's compensation	2,288,634	1,641,905	1,112,124	2,818,415	1,405,960
Terminated employee benefits	353,078	182,806	313,641	222,243	218,135
Installment purchase	4,309,253	-	2,522,580	1,786,673	1,786,673
Total	<u>\$ 66,333,152</u>	<u>\$ 44,683,920</u>	<u>\$ 47,435,665</u>	<u>\$ 63,581,407</u>	<u>\$ 45,410,768</u>

Business-type activities:	Compensated
	<u>Absences</u>
Beginning balance	\$1,016,053
Increases	732,338
Decreases	<u>691,928</u>
Ending Balance	<u>\$1,056,463</u>
Due within one year	<u>\$ 700,000</u>

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.

### C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Public School Fund	\$ 368
General Fund	State Administered Federal Grants Fund	103,044
General Fund	Capital Projects Fund	468
General Fund	Tuition Program	24
General Fund	Individual Schools Fund	8,814
General Fund	Direct Grants Fund	27
General Fund	Other Restricted Funds	18
Tuition Program	Individual Schools Fund	185,869
Child Nutrition Program	General Fund	174
Child Nutrition Program	Individual Schools Fund	721
Individual Schools Fund	General Fund	<u>600</u>
		<u>\$ 300,127</u>

Most interfund balances are due to allocation of printing costs, catering fees, or special transportation costs. The Individual Schools Fund owes \$185,869 to the Tuition Program from the Individual Schools Fund for tuition payments that are initially deposited into the Individual Schools Fund at the school level and then moved to the Tuition Program monthly.

The following is a summary of Transfers for the year ended June 30, 2010:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General Fund</u>	<u>Child Nutrition Program</u>
State Public School Fund	\$ -	\$ 53,229
Individual Schools Fund	118,283	-
Total	<u>\$ 118,283</u>	<u>\$ 53,229</u>

During the year, the State Public School Fund transferred \$53,229 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$118,283 to the General Fund to fund the costs of additional positions in the schools.

#### **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.

##### Subsequent Events

The Board has evaluated subsequent events through October 31, 2010 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

## 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 Grants Fund – The Direct Grants Fund is used to account for grant monies received directly from the grantors.

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.

WAKE COUNTY BOARD OF EDUCATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
<b>ASSETS</b>				
Cash	\$ 738,857	\$ 6,394	\$ 2,384,993	\$ 3,130,244
Due from other governments	395,163	1,361,422	899,747	2,656,332
Accounts receivable	269,691	-	394,851	664,542
	<u>1,403,711</u>	<u>1,367,816</u>	<u>3,679,591</u>	<u>6,451,118</u>
Total assets	<u>\$ 1,403,711</u>	<u>\$ 1,367,816</u>	<u>\$ 3,679,591</u>	<u>\$ 6,451,118</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Salaries and benefits payable	\$ 18,146	\$ 894,410	\$ 861	\$ 913,417
Accounts payable	410,073	370,362	40,849	821,284
Due to other funds	27	103,044	18	103,089
Deferred revenues	975,465	-	3,637,863	4,613,328
	<u>1,403,711</u>	<u>1,367,816</u>	<u>3,679,591</u>	<u>6,451,118</u>
Total liabilities	<u>1,403,711</u>	<u>1,367,816</u>	<u>3,679,591</u>	<u>6,451,118</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,403,711</u>	<u>\$ 1,367,816</u>	<u>\$ 3,679,591</u>	<u>\$ 6,451,118</u>

WAKE COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
<b>REVENUES:</b>				
Federal	\$ 3,110,461	\$ 94,791,029	\$ -	\$ 97,901,490
State	132,537	-	-	132,537
Other	1,720,982	-	7,739,726	9,460,708
Total revenues	<u>4,963,980</u>	<u>94,791,029</u>	<u>7,739,726</u>	<u>107,494,735</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular instructional	2,029,118	1,504,128	-	3,533,246
Special populations	38,722	24,327,162	226,806	24,592,690
Alternative programs	908,268	25,714,470	46,642	26,669,380
School leadership	30,159	9,810,459	-	9,840,618
Co-curricular	13,261	-	-	13,261
School-based support	451,111	9,318,154	-	9,769,265
Systemwide support services				
Support and development	858,698	2,476,216	178,423	3,513,337
Special populations support and development	1,221	209,019	-	210,240
Alternative programs and services support and development	134,469	445,212	-	579,681
Technology support	-	-	76,894	76,894
Operational support	1,641	17,824,137	7,162,196	24,987,974
Financial and human resource	183,635	509,237	-	692,872
Systemwide pupil support	27,525	185,950	48,765	262,240
Ancillary services	188,712	109,618	-	298,330
Non-program charges	97,440	2,357,267	-	2,454,707
Total expenditures	<u>4,963,980</u>	<u>94,791,029</u>	<u>7,739,726</u>	<u>107,494,735</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010		Variance-	2009
	Budget	Actual	Positive (Negative)	Actual
<b>REVENUES:</b>				
Wake County:				
County appropriation	\$ 311,373,608	\$ 311,373,607	\$ (1)	\$ 308,550,944
State: other	77,531	58,503	(19,028)	16,310
Federal:				
ROTC	175,000	250,756	75,756	213,620
Other	10,000	-	(10,000)	9,037
Total	185,000	250,756	65,756	222,657
Other:				
Fines and forfeitures	4,374,000	3,835,957	(538,043)	4,862,031
Interest	2,800,000	823,749	(1,976,251)	2,136,659
Indirect cost	-	-	-	5,136,422
Other local	1,574,155	1,904,437	330,282	4,333,738
Total	8,748,155	6,564,143	(2,184,012)	16,468,850
Total revenues	320,384,294	318,247,009	(2,137,285)	325,258,761
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		71,468,007		83,966,750
CTE curricular		3,935,481		4,137,417
	78,127,387	75,403,488	2,723,899	88,104,167
Special populations services				
Children with disabilities curricular		17,988,886		17,316,281
Children with disabilities CTE curricular		1,438,918		1,589,208
Pre-K children with disabilities curricular		1,587,015		1,214,963
Speech and language pathology		2,808,524		3,184,271
Audiology		669,889		620,210
Academically/intellectually gifted curricular		1,006,686		1,122,234
Limited English proficiency		1,570,267		1,518,212
	28,736,115	27,070,185	1,665,930	26,565,379
Alternative programs and services				
Alternative instructional K-12		762,847		889,014
Attendance and social work		690,542		691,490
Remedial and supplemental K-12		10,499,522		11,289,090
Pre-K readiness/remedial and supplemental		1,776,559		1,754,843
Extended day/year instructional		941,301		763,489
	15,398,430	14,670,771	727,659	15,387,926

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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)  
(Continued)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
School leadership	\$ 27,709,914	\$ 27,240,716	\$ 469,198	\$ 25,795,751
Co-Curricular services	7,176,435	6,721,009	455,426	6,943,123
School-based support services				
Educational media		4,974,282		5,502,321
Student accounting		2,313,358		921,219
Guidance		5,242,620		5,675,577
Health		397,621		355,521
Safety and security		95,687		61,612
Instructional technology		155,362		241,386
Staff Development Unallocated		483,387		-
Parent involvement		145,817		183,745
Special		-		644,309
	<u>15,064,842</u>	<u>13,808,134</u>	<u>1,256,708</u>	<u>13,585,690</u>
Support and development services				
Regular curricular support and development		4,683,713		4,869,273
CTE curricular support and development		194,885		221,409
	<u>5,597,250</u>	<u>4,878,598</u>	<u>718,652</u>	<u>5,090,682</u>
Special population support and development services	4,192,204	4,077,462	114,742	3,639,018
Alternative programs and services support and development services	780,408	655,671	124,737	886,980
Technology support services	14,083,787	13,723,806	359,981	15,095,082
Operational support services				
Communication		438,157		859,882
Printing and copying		58,748		78,715
Public utility and energy		21,150,677		27,234,857
Custodial/housekeeping		9,711,476		11,112,649
Transportation		16,296,319		20,632,403
Warehouse and delivery		470,204		290,003
Facilities planning		2,184,250		7,206,391
Maintenance		25,844,498		26,787,535
	<u>87,475,343</u>	<u>76,154,329</u>	<u>11,321,014</u>	<u>94,202,435</u>
Financial and human resource services				
Financial		8,518,438		9,037,345
Human resource		6,179,637		6,585,481
	<u>15,987,144</u>	<u>14,698,075</u>	<u>1,289,069</u>	<u>15,622,826</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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)  
(Continued)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,336,101	\$ -	\$ 1,449,661
Planning, research development and program evaluation		882,646		844,002
	<u>2,451,333</u>	<u>2,218,747</u>	<u>232,586</u>	<u>2,293,663</u>
Systemwide pupil support services				
Educational media support		137,378		143,380
Student accounting support		1,165,617		1,362,030
Guidance support		438,742		444,975
Health support		58,005		42,713
Safety and security support		1,967,399		2,002,440
Instructional technology support		10,871		46,028
	<u>3,979,098</u>	<u>3,778,012</u>	<u>201,086</u>	<u>4,041,566</u>
Policy, leadership and public relations services				
Board of education		225,641		229,570
Legal		937,172		885,756
Audit		619,206		579,406
Leadership		3,674,266		3,815,023
Public relations and marketing		1,531,776		1,622,191
	<u>8,130,781</u>	<u>6,988,061</u>	<u>1,142,720</u>	<u>7,131,946</u>
Ancillary services				
Nutrition services		434		1,490
Adult services		101,196		84,127
	<u>101,878</u>	<u>101,630</u>	<u>248</u>	<u>85,617</u>
Nonprogram charges:				
Debt service principal		15,407		13,385
Debt service interest		1,206		3,228
Payments to charter schools		13,188,410		10,761,253
	<u>14,637,633</u>	<u>13,205,023</u>	<u>1,432,610</u>	<u>10,777,866</u>
Total expenditures	<u>329,629,982</u>	<u>305,393,717</u>	<u>24,236,265</u>	<u>335,249,717</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(9,245,688)</u>	<u>12,853,292</u>	<u>22,098,980</u>	<u>(9,990,956)</u>
OTHER FINANCING SOURCES:				
Appropriated fund balance	9,125,556	-	(9,125,556)	-
Transfers in	120,132	118,283	(1,849)	6,385,320
Total other financing sources	<u>9,245,688</u>	<u>118,283</u>	<u>(9,127,405)</u>	<u>6,385,320</u>
Net change in fund balance	<u>\$ -</u>	<u>12,971,575</u>	<u>\$ 12,971,575</u>	<u>(3,605,636)</u>
Fund balance, beginning of year		32,785,791		37,016,641
Increase (decrease) in reserve for inventories		<u>351,055</u>		<u>(625,214)</u>
Fund balance, end of year		<u>\$ 46,108,421</u>		<u>\$ 32,785,791</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
STATE PUBLIC SCHOOL FUND  
YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 674,380,124	\$ 661,524,657	\$ (12,855,467)	\$ 721,365,214
Total revenues	674,380,124	661,524,657	(12,855,467)	721,365,214
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		379,022,401		397,620,033
CTE curricular		30,028,091		28,013,780
	416,566,843	409,050,492	7,516,351	425,633,813
Special populations services				
Children with disabilities curricular		85,061,446		84,944,839
Children with disabilities CTE curricular		3,089,590		3,086,605
Pre-K children with disabilities curricular		4,436,722		3,291,334
Speech and language pathology		3,048,212		2,147,567
Audiology		365,849		360,955
Academically/intellectually gifted curricular		6,779,587		6,840,605
Limited English proficiency		10,714,360		9,754,066
	114,146,644	113,495,766	650,878	110,425,971
Alternative programs and services				
Alternative instructional K-12		3,957,464		4,642,743
Attendance and social work		4,175,107		4,194,324
Remedial and supplemental K-12		8,797,137		12,478,371
Extended day/year instructional		190,450		687,600
	18,586,857	17,120,158	1,466,699	22,003,038
School leadership	26,978,172	25,807,927	1,170,245	38,195,165
Co-Curricular services	377	-	377	7,624
School-based support services				
Educational media		14,069,930		15,336,820
Student accounting		7,103		5,946,198
Guidance		22,278,294		24,174,321
Health		865,016		845,259
Safety and security		832,436		832,436
Instructional technology		364,977		745,101
Parent involvement		396,535		564,399
Special		546,451		701,453
	39,774,836	39,360,742	414,094	49,145,987
Support and development services				
Regular curricular support and development		1,540,202		1,651,618
CTE curricular support and development		1,156,639		1,194,821
	2,741,993	2,696,841	45,152	2,846,439

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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)  
(Continued)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
Special population support and development services	\$ 1,181,225	\$ 1,110,534	\$ 70,691	\$ 1,646,384
Alternative programs and services support and development services	532,064	406,905	125,159	388,371
Technology support services	3,853,341	2,687,958	1,165,383	2,360,212
Operational support services				
Communication		-		1,248,831
Custodial/housekeeping		1,453,849		18,812,298
Transportation		46,680,686		46,790,155
Warehouse and delivery		7,172		-
Maintenance		52,067		-
	<u>48,377,002</u>	<u>48,193,774</u>	<u>183,228</u>	<u>66,851,284</u>
Financial and human resource services				
Financial		116,566		121,037
Human resource		66,772		107,472
	<u>218,882</u>	<u>183,338</u>	<u>35,544</u>	<u>228,509</u>
Accountability services				
Student testing	62,922	62,922	-	179,952
Systemwide pupil support services				
Educational media support		112,468		111,249
Student accounting support		-		40,689
Instructional technology support		129,195		218,313
	<u>245,037</u>	<u>241,663</u>	<u>3,374</u>	<u>370,251</u>
Policy, leadership and public relations services				
Leadership	1,055,792	1,050,542	5,250	1,075,703
Ancillary services				
Nutrition services	4,908	1,866	3,042	6,511
 Total expenditures	 <u>674,326,895</u>	 <u>661,471,428</u>	 <u>12,855,467</u>	 <u>721,365,214</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>53,229</u>	<u>53,229</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(53,229)</u>	<u>(53,229)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<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**  
**GRANTS FUNDS**  
**YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)**

	Direct			
	2010		2009	
	Budget	Actual	Variance- Positive (Negative)	Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 152,965	\$ 132,537	\$ 20,428	\$ 323,872
Federal:				
IDEA	-	-	-	-
ESEA	-	-	-	-
Career Technical Education	-	-	-	-
Improving Teacher Quality	-	-	-	-
ARRA	-	-	-	-
Magnet School Assistance	4,336,064	2,423,415	1,912,649	3,232,857
Other federal	1,267,177	687,046	580,131	945,797
Total	<u>5,603,241</u>	<u>3,110,461</u>	<u>2,492,780</u>	<u>4,178,654</u>
Other:				
Medicaid	-	-	-	1,106,919
Other	2,488,658	1,720,982	767,676	1,659,388
Total	<u>2,488,658</u>	<u>1,720,982</u>	<u>767,676</u>	<u>2,766,307</u>
Total Revenues	<u>8,244,864</u>	<u>4,963,980</u>	<u>3,280,884</u>	<u>7,268,833</u>
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		2,029,118		2,654,871
CTE curricular		-		-
	<u>3,529,479</u>	<u>2,029,118</u>	<u>1,500,361</u>	<u>2,654,871</u>
Special populations services				
Children with disabilities curricular		-		206,198
Children with disabilities CTE curricular		390		-
Pre-K children with disabilities curricular		38,332		4,003
Speech and language pathology		-		227,046
Audiology		-		-
Limited English proficiency		-		-
	<u>58,362</u>	<u>38,722</u>	<u>19,640</u>	<u>437,247</u>
Alternative programs and services				
Alternative instructional K-12				
Attendance and social work		583		181,464
Remedial and supplemental K-12		8,833		14,166
Pre-K readiness/remedial and supplemental		805,932		797,077
Extended day/year instructional		92,920		110,075
	<u>1,259,198</u>	<u>908,268</u>	<u>350,930</u>	<u>1,102,782</u>
School leadership	<u>47,173</u>	<u>30,159</u>	<u>17,014</u>	<u>39,951</u>
Co-Curricular services	<u>81,438</u>	<u>13,261</u>	<u>68,177</u>	<u>45,725</u>

Continued on Following Page

State Administered Federal			
2010		2009	
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
27,222,218	17,109,368	10,112,850	20,024,530
30,700,172	19,328,102	11,372,070	16,161,008
1,487,978	1,388,071	99,907	1,356,524
4,684,806	3,261,357	1,423,449	3,560,567
78,817,612	50,963,616	27,853,996	1,411,014
-	-	-	-
4,492,242	2,740,515	1,751,727	8,866,467
<u>147,405,028</u>	<u>94,791,029</u>	<u>52,613,999</u>	<u>51,380,110</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>147,405,028</u>	<u>94,791,029</u>	<u>52,613,999</u>	<u>51,380,110</u>
	151,034		563,600
	1,353,094		1,315,902
<u>1,893,615</u>	<u>1,504,128</u>	<u>389,487</u>	<u>1,879,502</u>
	15,460,561		16,288,379
	32,838		7,714
	1,963,893		1,409,574
	5,370,772		5,399,564
	41,825		13,844
	1,457,273		1,627,920
<u>37,662,485</u>	<u>24,327,162</u>	<u>13,335,323</u>	<u>24,746,995</u>
	-		-
	131,398		164,880
	20,121,831		15,165,870
	3,358,769		942,402
	2,102,472		1,424,385
<u>34,883,380</u>	<u>25,714,470</u>	<u>9,168,910</u>	<u>17,697,537</u>
<u>9,831,038</u>	<u>9,810,459</u>	<u>20,579</u>	-
-	-	-	-

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GRANTS FUNDS  
YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)  
(Continued)

	Direct			
	2010		2009	
	Budget	Actual	Variance- Positive (Negative)	Actual
School-based support services				
Educational media	\$ -	\$ 79,295	\$ -	\$ 240,276
Student Accounting		-		-
Guidance		210,520		389,772
Health		-		358
Safety and security		-		-
Instructional technology		141,563		138,017
Staff development unallocated		16,340		22,808
Parent involvement		3,393		-
Special		-		-
	<u>894,264</u>	<u>451,111</u>	<u>443,153</u>	<u>791,231</u>
Support and development services				
Regular curricular support and development		858,698		1,435,818
CTE curricular support and development		-		1,155
	<u>1,440,512</u>	<u>858,698</u>	<u>581,814</u>	<u>1,436,973</u>
Special population support and development services	<u>1,250</u>	<u>1,221</u>	<u>29</u>	<u>-</u>
Alternative programs and services support and development services	<u>136,000</u>	<u>134,469</u>	<u>1,531</u>	<u>156,843</u>
Technology support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operational support services				
Custodial/housekeeping		-		-
Transportation		1,641		3,855
	<u>2,121</u>	<u>1,641</u>	<u>480</u>	<u>3,855</u>
Financial and human resource services				
Human resource	<u>319,466</u>	<u>183,635</u>	<u>135,831</u>	<u>136,318</u>
Systemwide pupil support services				
Guidance support		27,525		25,000
Health		-		27,819
Instructional technology		-		-
	<u>62,680</u>	<u>27,525</u>	<u>35,155</u>	<u>52,819</u>
Ancillary services				
Community services		188,456		249,939
Nutrition services		256		76
	<u>227,438</u>	<u>188,712</u>	<u>38,726</u>	<u>250,015</u>
Nonprogram charges:				
Indirect cost	<u>185,483</u>	<u>97,440</u>	<u>88,043</u>	<u>160,203</u>
Total expenditures	<u>8,244,864</u>	<u>4,963,980</u>	<u>3,280,884</u>	<u>7,268,833</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Administered			
2010			2009
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ 1,623,661	\$ -	\$ -
	4,820,886		-
	1,239,671		257,094
	21,289		-
	-		-
	73,704		32,341
	1,244,016		-
	294,927		962,718
	-		185,243
<u>14,002,954</u>	<u>9,318,154</u>	<u>4,684,800</u>	<u>1,437,396</u>
	2,476,216		2,308,303
	-		-
<u>3,144,395</u>	<u>2,476,216</u>	<u>668,179</u>	<u>2,308,303</u>
<u>366,093</u>	<u>209,019</u>	<u>157,074</u>	<u>189,986</u>
<u>1,517,198</u>	<u>445,212</u>	<u>1,071,986</u>	<u>474,687</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>327,882</u>
	17,145,457		-
	678,680		202,029
<u>18,374,286</u>	<u>17,824,137</u>	<u>550,149</u>	<u>202,029</u>
<u>773,245</u>	<u>509,237</u>	<u>264,008</u>	<u>551,224</u>
	-		-
	-		-
	185,950		48,353
<u>189,613</u>	<u>185,950</u>	<u>3,663</u>	<u>48,353</u>
	-		-
	109,618		8,721
<u>116,890</u>	<u>109,618</u>	<u>7,272</u>	<u>8,721</u>
<u>24,649,836</u>	<u>2,357,267</u>	<u>22,292,569</u>	<u>1,507,495</u>
<u>147,405,028</u>	<u>94,791,029</u>	<u>52,613,999</u>	<u>51,380,110</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
<b>REVENUES:</b>				
Wake County:				
Appropriation	\$ 2,129,616	\$ 2,129,616	\$ -	\$ 1,949,056
Capital Improvements fund	399,000,078	117,408,587	(281,591,491)	289,489,806
2010B RZEBD Bonds	74,907	74,907	-	-
	<u>401,204,601</u>	<u>119,613,110</u>	<u>(281,591,491)</u>	<u>291,438,862</u>
State				
Passed through Wake County				
Public School Capital Fund - Lottery	-	-	-	8,828,382
LEA Financed Purchase of School Buses	2,522,580	2,522,580	-	3,902,767
	<u>2,522,580</u>	<u>2,522,580</u>	<u>-</u>	<u>12,731,149</u>
Other:				
Sale of school property	85,000	209,664	124,664	110,798
Interest	200,000	8,515	(191,485)	145,628
Other local	2,122,317	2,158,553	36,236	2,689,671
	<u>2,407,317</u>	<u>2,376,732</u>	<u>(30,585)</u>	<u>2,946,097</u>
Total revenues	<u>406,134,498</u>	<u>124,512,422</u>	<u>(281,622,076)</u>	<u>307,116,108</u>
<b>EXPENDITURES:</b>				
Land and buildings:				
Land: Purchase of new sites	29,480,112	4,750	29,475,362	23,699,146
Buildings:				
General contracts		5,727,324		25,723,396
Heating contracts		1,989,413		1,580,219
Plumbing contracts		-		2,913
Electrical contracts		-		23,807
Architect fees		2,732,384		12,162,917
Equipment contracts		14,510,844		25,786,971
Miscellaneous contracts		95,118,050		198,531,072
Lottery				
Wendell Middle		-		3,756,333
Herbert Atkins Road Elementary		-		5,072,049
	<u>369,954,197</u>	<u>120,078,015</u>	<u>249,876,182</u>	<u>272,639,677</u>
Other:				
Library books	3,769,028	1,445,193	2,323,835	1,022,117
	<u>403,203,337</u>	<u>121,527,958</u>	<u>281,675,379</u>	<u>297,360,940</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, 2010  
 (Continued)  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 65,961	\$ -	\$ 48,051
Administrative		28,440		269,599
	<u>143,992</u>	<u>94,401</u>	<u>49,591</u>	<u>317,650</u>
Vehicles:				
Administration		43,345		654,098
Transportation		104,191		2,347,084
	<u>1,359,582</u>	<u>147,536</u>	<u>1,212,046</u>	<u>3,001,182</u>
Debt service:				
Principal	<u>2,522,580</u>	<u>2,522,580</u>	<u>-</u>	<u>3,902,767</u>
Total expenditures	<u>407,229,491</u>	<u>124,292,475</u>	<u>282,937,016</u>	<u>304,582,539</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>(1,094,993)</u>	<u>219,947</u>	<u>(1,314,940)</u>	<u>2,533,569</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	1,094,993	-	1,094,993	-
Transfer out	-	-	-	(6,143,232)
Total other financing sources (uses)	<u>1,094,993</u>	<u>-</u>	<u>1,094,993</u>	<u>(6,143,232)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 219,947</u>	<u>\$ (219,947)</u>	<u>\$ (3,609,663)</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009)

	Child Nutrition Program			
	2010		Variance- Positive (Negative)	2009
	Budget	Actual		Actual
<b>REVENUES:</b>				
Federal:				
Regular USDA Grants	\$ 19,720,939	\$ 22,154,588	\$ 2,433,649	\$ 19,660,171
USDA Grants - Summer feeding program	93,498	266,979	173,481	126,226
	<u>19,814,437</u>	<u>22,421,567</u>	<u>2,607,130</u>	<u>19,786,397</u>
Other:				
Food sales	25,423,719	21,716,235	(3,707,484)	23,417,878
Participant fees	-	-	-	-
State of North Carolina	-	-	-	-
Interest	689,538	155,656	(533,882)	336,145
NCDPI kindergarten breakfast	36,665	18,374	(18,291)	25,831
Donation of equipment	-	3,205,962	3,205,962	1,346,027
	<u>26,149,922</u>	<u>25,096,227</u>	<u>(1,053,695)</u>	<u>25,125,881</u>
Total revenues	<u>45,964,359</u>	<u>47,517,794</u>	<u>1,553,435</u>	<u>44,912,278</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries		14,632,385		15,667,205
Food		16,417,957		16,637,951
Supplies		1,465,664		1,590,165
Purchased services		1,464,800		1,431,432
Indirect costs paid		2,291,320		2,611,372
Equipment purchases		78,528		142,916
		<u>40,016,400</u>	<u>3,665,746</u>	<u>38,081,041</u>
Other supporting services:				
Employee benefits	6,001,188	5,596,247	404,941	5,385,055
Total expenditures	<u>46,017,588</u>	<u>41,946,901</u>	<u>4,070,687</u>	<u>43,466,096</u>
Excess of revenues over expenditures	<u>(53,229)</u>	<u>5,570,893</u>	<u>5,624,122</u>	<u>1,446,182</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	53,229	53,229	-	-
Excess of Revenues and Other Financing Sources Over Expenditures - Budgetary (Non-GAAP) Basis	<u>\$ -</u>	<u>5,624,122</u>	<u>\$ 5,624,122</u>	
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		78,528		142,916
Depreciation		(901,193)		(832,167)
Loss on sale of capital assets		(5,456)		(24,313)
Change in Net Assets		<u>\$ 4,796,001</u>		<u>\$ 732,618</u>

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

Tuition Programs			
2010			2009
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
14,877,059	8,881,458	5,995,601	9,001,762
-	-	-	-
-	127,932	(127,932)	216,935
-	-	-	-
-	-	-	-
<u>14,877,059</u>	<u>9,009,390</u>	<u>5,867,669</u>	<u>9,218,697</u>
14,877,059	9,009,390	5,867,669	9,218,697
	3,881,321		3,984,893
	-		-
	1,721,699		1,796,660
	1,113,201		1,213,170
	781,718		851,060
	<u>165,050</u>		<u>74,540</u>
14,005,440	7,662,989	6,342,451	7,920,323
<u>871,619</u>	<u>683,096</u>	<u>188,523</u>	<u>657,410</u>
<u>14,877,059</u>	<u>8,346,085</u>	<u>6,530,974</u>	<u>8,577,733</u>
-	<u>663,305</u>	<u>663,305</u>	<u>640,964</u>
-	-	-	-
<u>\$ -</u>	<u>663,305</u>	<u>\$ 663,305</u>	
	165,050		74,540
	(31,526)		(31,136)
	-		(374)
	<u>\$ 796,829</u>		<u>\$ 683,994</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
OTHER RESTRICTED FUNDS  
YEAR ENDED JUNE 30, 2010

	2010		Variance- Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
Other Local:			
Medicaid	\$ 2,370,098	\$ 500,636	\$ (1,869,462)
Indirect Cost	6,200,000	5,527,744	(672,256)
E-Rate	1,900,000	1,705,001	(194,999)
Interest	-	6,345	6,345
	<hr/>	<hr/>	<hr/>
Total revenues	10,470,098	7,739,726	(2,730,372)
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>			
Special populations services			
Children with disabilities curricular		163,742	
Speech and language pathology		63,064	
	<hr/>	<hr/>	<hr/>
	408,269	226,806	181,463
	<hr/>	<hr/>	<hr/>
Alternative programs and services			
Alternative instructional K-12		46,311	
Attendance and social work		331	
	<hr/>	<hr/>	<hr/>
	68,157	46,642	21,515
	<hr/>	<hr/>	<hr/>
School-based support services - Health	2,000	-	2,000
	<hr/>	<hr/>	<hr/>
Support and development services			
Regular curricular support and development	1,839,575	178,423	1,661,152
	<hr/>	<hr/>	<hr/>
Technology support services	176,901	76,894	100,007
	<hr/>	<hr/>	<hr/>
Operational support services			
Communication		1,634,309	
Public utility and energy		5,527,887	
	<hr/>	<hr/>	<hr/>
	7,923,099	7,162,196	760,903
	<hr/>	<hr/>	<hr/>
Systemwide pupil support services			
Student accounting support		11,230	
Health support		37,535	
	<hr/>	<hr/>	<hr/>
	52,097	48,765	3,332
	<hr/>	<hr/>	<hr/>
Total expenditures	10,470,098	7,739,726	2,730,372
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2010

	Fund Balance June 30, 2009	Revenues	Expenditures	Fund Balance June 30, 2010
<b>HIGH SCHOOLS:</b>				
Apex	396,787	401,731	363,177	435,341
Athens	90,243	333,708	281,584	142,367
Broughton	298,658	454,551	384,350	368,859
Cary	54,153	295,857	262,613	87,397
East Wake (includes 4 schools)	104,171	154,657	164,800	94,028
Enloe	425,179	635,701	552,567	508,313
Fuquay-Varina	326,750	199,105	305,566	220,289
Garner	94,131	201,006	232,424	62,713
Green Hope	275,818	369,428	420,901	224,345
Holly Springs	40,907	282,256	228,708	94,455
Knightdale	40,762	250,034	180,759	110,037
Leesville Road	349,242	289,886	391,849	247,279
Middle Creek	203,765	359,670	296,787	266,648
Millbrook	269,978	376,479	415,021	231,436
Panther Creek	37,086	401,231	328,404	109,913
Sanderson	226,961	362,853	398,175	191,639
Southeast Raleigh	181,117	135,362	200,844	115,635
Wake Early	(45,731)	72,116	15,033	11,352
Wake Forest-Rolesville	162,966	321,146	356,091	128,021
Wakefield	246,153	424,701	452,714	218,140
	<u>3,779,096</u>	<u>6,321,478</u>	<u>6,232,367</u>	<u>3,868,207</u>
<b>MIDDLE SCHOOLS:</b>				
Apex	93,010	155,563	135,393	113,180
Carnage	45,626	96,023	102,331	39,318
Carroll	56,931	40,714	43,610	54,035
Centennial	47,153	74,381	70,055	51,479
Daniels	47,307	160,635	151,904	56,038
Davis Drive	42,195	72,599	81,696	33,098
Dillard Drive	73,065	36,929	52,978	57,016
Durant Road	30,277	78,170	71,392	37,055
East Cary	8,714	24,617	18,662	14,669
East Garner	74,830	96,356	77,550	93,636
East Millbrook	18,826	133,851	124,616	28,061
East Wake	40,693	41,101	57,845	23,949
Fuquay-Varina	42,180	80,794	77,154	45,820
Heritage	90,006	131,956	152,235	69,727
Holly Ridge	107,345	75,457	73,628	109,174
Leesville Road	88,676	133,572	89,117	133,131
Ligon	48,282	163,337	162,339	49,280
Lufkin Road	50,773	60,988	67,509	44,252
Martin	53,642	72,150	61,025	64,767
Moore Square	24,171	26,173	27,262	23,082
North Garner	61,082	79,269	90,930	49,421
Reedy Creek	55,159	39,883	53,292	41,750
Salem	36,648	188,565	182,704	42,509
Wake Forest-Rolesville	115,718	97,490	116,915	96,293
Wakefield	72,428	77,012	76,259	73,181

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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, 2010  
(Continued)

	Fund Balance June 30, 2009	Revenues	Expenditures	Fund Balance June 30, 2010
Wendell	13,201	32,728	22,695	23,234
West Cary	26,270	48,037	36,910	37,397
West Lake	73,968	117,201	106,719	84,450
West Millbrook	59,406	60,855	52,873	67,388
Zebulon	70,256	36,661	43,040	63,877
	<u>1,667,838</u>	<u>2,533,067</u>	<u>2,480,638</u>	<u>1,720,267</u>

**ELEMENTARY SCHOOLS:**

Adams	24,401	35,155	35,526	24,030
Akins	-	13,147	6,521	6,626
Apex	51,709	42,700	41,644	52,765
Aversboro	19,295	28,985	38,367	9,913
Baileywick	32,209	30,771	31,043	31,937
Ballentine	75,076	23,745	16,403	82,418
Banks	-	33,400	28,072	5,328
Barwell Road	20,369	22,851	26,912	16,308
Baucom	81,382	30,057	38,981	72,458
Brassfield	42,932	69,233	65,203	46,962
Brentwood	26,577	10,760	17,375	19,962
Briarcliff	19,853	32,267	26,174	25,946
Brier Creek	26,154	27,656	49,260	4,550
Brooks	35,368	29,712	21,044	44,036
Bugg	8,581	26,701	27,607	7,675
Carpenter	26,643	37,886	15,015	49,514
Carver	61,003	25,261	33,530	52,734
Cary	42,862	26,993	25,299	44,556
Cedar Fork	22,668	23,651	28,993	17,326
Combs	10,744	93,063	90,120	13,687
Conn	7,167	44,269	40,712	10,724
Creech Road	15,472	15,097	11,915	18,654
Davis Drive	28,899	36,262	38,743	26,418
Dillard Drive	50,818	24,900	34,636	41,082
Douglas	14,032	36,563	34,700	15,895
Douglas Discretionary Funds	6,870	2,128	-	8,998
Durant Road	24,035	39,186	48,513	14,708
East Garner	3,806	12,160	7,625	8,341
Farmington Woods	23,098	40,373	53,510	9,961
Forest Pines	18,350	28,581	30,277	16,654
Forestville	9,525	34,265	27,712	16,078
Fox Road	28,127	33,159	35,077	26,209
Fuller	30,546	25,858	22,212	34,192
Fuquay-Varina	6,874	56,089	49,284	13,679
Green	13,528	14,385	17,798	10,115
Green Hope	46,454	41,969	37,166	51,257
Harris Creek	26,242	47,900	45,128	29,014
Heritage	19,114	24,161	25,951	17,324
Highcroft	17,840	69,166	82,070	4,936

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, 2010  
(Continued)

	Fund Balance June 30, 2009	Revenues	Expenditures	Fund Balance June 30, 2010
Hilburn	46,449	21,571	38,961	29,059
Hodge Road	13,794	46,762	45,215	15,341
Holly Grove	18,995	39,012	35,779	22,228
Holly Ridge	48,994	41,462	33,464	56,992
Holly Springs	19,599	36,655	37,579	18,675
Hunter	39,313	34,683	29,022	44,974
Jeffreys Grove	19,378	18,425	15,656	22,147
Jones Dairy	24,914	55,518	57,068	23,364
Joyner	9,489	55,933	53,269	12,153
Kingswood	17,008	22,490	18,340	21,158
Knightdale	16,329	16,918	12,519	20,728
Lacy	30,029	35,481	51,489	14,021
Lake Myra	-	9,908	1,872	8,036
Laurel Park	4,344	38,500	28,318	14,526
Lead Mine	22,179	28,443	29,844	20,778
Leesville Road	52,416	38,323	39,374	51,365
Lincoln Heights	25,126	22,851	26,224	21,753
Lockhart	40,525	23,204	18,468	45,261
Lynn Road	16,263	16,795	14,448	18,610
Middle Creek	23,060	21,533	21,985	22,608
Millbrook	9,134	24,927	23,428	10,633
Mills Park	1,881	55,725	41,439	16,167
Morrisville	26,079	53,478	45,127	34,430
North Forest Pines	18,048	46,140	46,474	17,714
North Ridge	18,943	25,444	23,189	21,198
Northwoods	32,101	25,757	41,612	16,246
Oak Grove	24,098	69,715	63,257	30,556
Olds	32,421	28,493	34,631	26,283
Olive Chapel	105,922	85,124	71,611	119,435
Partnership Primary	12,590	17,987	20,711	9,866
Penny Road	42,739	45,299	53,218	34,820
Pleasant Union	40,217	41,373	45,337	36,253
Poe	8,343	10,945	13,000	6,288
Powell	12,897	11,582	10,026	14,453
Rand Road	41,971	39,812	40,750	41,033
Reedy Creek	32,356	46,434	51,980	26,810
River Bend	20,024	15,478	31,924	3,578
Rolesville	55,766	61,833	58,318	59,281
Root	15,171	93,897	90,768	18,300
Salem	70,199	59,958	36,330	93,827
Sanford Creek	7,415	32,309	23,693	16,031
Smith	11,553	15,015	19,623	6,945
Stough	12,955	31,891	37,563	7,283
Swift Creek	27,330	24,964	27,834	24,460
Sycamore Creek	9,216	26,209	23,895	11,530
Timber Drive	37,387	37,520	35,146	39,761
Turner Creek	41,106	46,822	71,843	16,085
Underwood	14,264	19,077	29,778	3,563

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, 2010  
(Continued)

	Fund Balance June 30, 2009	Revenues	Expenditures	Fund Balance June 30, 2010
Vance	11,169	22,399	19,482	14,086
Vandora Springs	62,511	26,342	23,196	65,657
Wake Forest	66,576	30,210	35,958	60,828
Wakefield	24,524	43,122	45,661	21,985
Wakelon	15,138	11,803	13,148	13,793
Washington	55,470	58,636	59,601	54,505
Weatherstone	46,487	21,051	22,267	45,271
Wendell	13,696	29,892	34,490	9,098
West Lake	67,951	39,178	37,770	69,359
Wilburn	22,432	25,578	26,544	21,466
Wildwood Forest	3,116	52,517	50,696	4,937
Wiley	56,787	21,682	16,241	62,228
Willow Springs	29,536	59,904	54,304	35,136
Yates Mill	31,129	16,217	20,093	27,253
York	15,352	20,447	20,684	15,115
Zebulon	8,211	12,636	14,984	5,863
	<u>2,819,038</u>	<u>3,499,754</u>	<u>3,522,636</u>	<u>2,796,156</u>
<b>OTHER:</b>				
Longview School	18,506	13,345	15,575	16,276
Mt. Vernon	1,742	13,468	13,551	1,659
Phillips High School	6,842	10,188	15,205	1,825
River Oaks	2,267	317	201	2,383
	<u>29,357</u>	<u>37,318</u>	<u>44,532</u>	<u>22,143</u>
<b>TOTAL</b>	<u>\$ 8,295,329</u>	<u>\$ 12,391,617</u>	<u>\$ 12,280,173</u>	<u>\$ 8,406,773</u>



# Comprehensive Annual **FINANCIAL REPORT**



**WAKE COUNTY**  
**BOARD OF EDUCATION**  
RALEIGH • NORTH CAROLINA

## Statistical Section

This section of the Board's Comprehensive Annual Financial Report presents detailed information for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial position.

Contents:

### Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial position has changed over time.

### Revenue Capacity

Since the Board's revenues are primarily provided by Wake County, these schedules contain information to help the reader access Wake County's major revenue sources.

### Debt Capacity

Since the Board's construction funding is primarily provided by Wake County, these schedules present information to help the reader assess the affordability of Wake County's current levels of outstanding debt and their ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

### Operating Information

These schedules contain staffing, key operating statistics comparisons and capital asset data to help the reader understand how the information in the Board's financial report related to the services the Board provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports and budget documents for the relevant year. The Board implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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WAKE COUNTY BOARD OF EDUCATION

NET ASSETS BY COMPONENT  
LAST NINE 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
2010	\$ 2,516,805,009	\$8,406,773	\$(13,718,304)	\$ 2,511,493,478	\$ 10,080,094	\$ 21,286,773	\$ 31,366,867
2009	2,432,805,178	8,295,329	(27,277,985)	2,413,822,522	7,570,688	18,203,349	25,774,037
2008	2,163,062,885	8,523,252	(14,537,635)	2,157,048,502	6,895,575	17,461,850	24,357,425
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 NINE YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2010	2009	2008	2007
<b>Expenses</b>				
Governmental activities:				
Instructional programs				
Regular	\$ 488,546,948	\$ 520,736,969	\$ 499,787,125	\$ -
Special populations	165,788,455	162,672,147	154,036,707	-
Alternative programs and services	58,426,846	56,432,546	51,795,462	-
School leadership	62,680,216	64,582,811	60,295,993	-
Co-curricular	18,982,397	19,741,681	19,897,732	-
School-based support services	64,506,361	66,411,122	66,510,312	-
Systemwide support services				
Support and development	10,612,453	11,519,131	10,788,721	-
Special populations support and development	5,287,193	5,497,400	6,095,269	-
Alternative programs and services support and development	1,533,361	1,921,084	2,001,281	-
Technology support	16,624,585	28,033,386	26,328,759	-
Operational support	151,786,145	148,788,642	148,183,392	-
Financial and human resource	15,472,245	16,726,131	16,757,435	-
Accountability	2,255,479	2,508,241	2,147,180	-
Systemwide pupil support	4,205,184	4,517,008	3,844,828	-
Policy, leadership and public relations	7,915,174	8,287,942	8,550,793	-
Ancillary Services	418,998	344,305	253,544	-
Instruction	-	-	-	709,746,607
Support services	-	-	-	269,002,952
Nonprogram charges	10,169,808	11,185,748	9,742,580	9,497,563
Interest on long-term debt	-	-	-	780
Depreciation - unallocated	32,449,321	31,830,062	30,404,042	26,695,661
Total governmental activities expenses	<u>1,117,661,169</u>	<u>1,161,736,356</u>	<u>1,117,421,155</u>	<u>1,014,943,563</u>
Business-type activities:				
Food service	45,061,386	46,467,797	45,846,155	40,130,227
Tuition programs	8,212,561	8,534,329	7,897,470	7,776,611
Print shop	-	-	-	-
Total business-type activities	<u>53,273,947</u>	<u>55,002,126</u>	<u>53,743,625</u>	<u>47,906,838</u>
Total school district expenses	<u>1,170,935,116</u>	<u>1,216,738,482</u>	<u>1,171,164,780</u>	<u>1,062,850,401</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services	1,142,068	1,141,621	853,103	910,472
Operating grants and contributions	772,481,123	793,580,424	756,603,642	688,176,379
Capital grants and contributions	2,146,595	2,616,770	7,387,758	3,440,673
Total governmental activities program revenues	<u>775,769,786</u>	<u>797,338,815</u>	<u>764,844,503</u>	<u>692,527,524</u>
Business-type activities:				
Charges for services -food services	21,716,235	23,417,878	22,800,190	22,738,873
Charges for services-tuition programs	8,881,458	9,001,762	9,063,099	8,087,758
Operating grants and contributions	24,726,305	22,099,991	19,628,148	17,396,233
Total business-type activities program revenues	<u>55,323,998</u>	<u>54,519,631</u>	<u>51,491,437</u>	<u>48,222,864</u>
Total school district program revenues	<u>831,093,784</u>	<u>851,858,446</u>	<u>816,335,940</u>	<u>740,750,388</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(341,891,383)	(364,397,541)	(352,576,652)	(322,416,039)
Business-type activities	2,050,051	(482,495)	(2,252,188)	316,026
Total school district net expense	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</u>	<u>\$ (354,828,840)</u>	<u>\$ (322,100,013)</u>

All years prepared under full accrual basis are presented. The Board implemented GASB 34 in fiscal year 2002. Significant changes in function-level expenses coding classification occurred in fiscal year 2008.

Fiscal Year				
2006	2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
626,497,392	581,298,217	526,728,536	499,686,781	480,884,934
259,029,601	236,913,262	222,483,556	213,078,903	204,269,106
9,017,665	7,747,097	7,077,757	5,649,370	4,482,626
487,882	1,230,508	1,334,307	1,455,731	243,491
24,952,001	24,032,883	23,960,590	21,167,432	20,071,300
<u>919,984,541</u>	<u>851,221,967</u>	<u>781,584,746</u>	<u>741,038,217</u>	<u>709,951,457</u>
36,208,155	32,275,494	30,472,447	28,662,693	27,597,101
8,583,453	6,683,746	6,669,789	5,148,918	4,546,443
-	1,725	636,617	590,661	651,909
<u>44,791,608</u>	<u>38,960,965</u>	<u>37,778,853</u>	<u>34,402,272</u>	<u>32,795,453</u>
<u>964,776,149</u>	<u>890,182,932</u>	<u>819,363,599</u>	<u>775,440,489</u>	<u>742,746,910</u>
1,094,629	929,092	1,101,657	780,885	2,671,904
616,013,072	560,329,447	515,294,495	486,341,647	470,791,212
10,502,567	62,587	436,798	67,685	104,774
<u>627,610,268</u>	<u>561,321,126</u>	<u>516,832,950</u>	<u>487,190,217</u>	<u>473,567,890</u>
28,879,946	26,898,296	25,834,374	24,866,619	21,780,687
16,066,026	14,007,917	12,679,641	10,714,253	10,307,000
44,945,972	40,906,213	38,514,015	35,580,872	32,087,687
<u>672,556,240</u>	<u>602,227,339</u>	<u>555,346,965</u>	<u>522,771,089</u>	<u>505,655,577</u>
(292,374,273)	(289,900,841)	(264,751,796)	(253,848,000)	(236,383,567)
154,364	1,945,248	735,162	1,178,600	(707,766)
<u>\$ (292,219,909)</u>	<u>\$ (287,955,593)</u>	<u>\$ (264,016,634)</u>	<u>\$ (252,669,400)</u>	<u>\$ (237,091,333)</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS  
LAST NINE YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2010	2009	2008	2007
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)
Business-type activities	2,050,051	(482,495)	(2,252,188)	316,026
Total school district net expense	<u>(339,841,332)</u>	<u>(364,880,036)</u>	<u>(354,828,840)</u>	<u>(322,100,013)</u>
<b>General revenues and other changes in Net Assets</b>				
Governmental activities:				
Unrestricted county appropriations- operating	311,373,607	308,550,944	296,964,799	274,229,013
Unrestricted county appropriations - capital	119,613,110	291,438,862	280,960,672	227,836,179
Unrestricted state appropriation - capital	-	8,828,382	14,853,397	-
Investment earnings, unrestricted	838,609	2,224,118	3,686,700	3,724,919
Miscellaneous, unrestricted	10,996,171	11,475,315	8,034,792	6,161,693
Transfer	(3,259,191)	(1,346,027)	(1,014,145)	(4,566,460)
Total governmental activities	<u>439,562,306</u>	<u>621,171,594</u>	<u>603,486,215</u>	<u>507,385,344</u>
Business-type activities:				
Investment earnings, unrestricted	283,588	553,080	918,242	951,692
Loss on sale of capital assets	-	-	-	(69,289)
Transfer	3,259,191	1,346,027	1,014,145	4,566,460
Total business-type activities	<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>
Total school district	<u>443,105,085</u>	<u>623,070,701</u>	<u>605,418,602</u>	<u>512,834,207</u>
<b>Change in net assets</b>				
Governmental activities	97,670,923	256,774,053	250,909,563	184,969,305
Business-type activities	5,592,830	1,416,612	(319,801)	5,764,889
Total school district	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>	<u>\$ 250,589,762</u>	<u>\$ 190,734,194</u>

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

Fiscal Year				
2006	2005	2004	2003	2002
\$ (292,374,273)	\$ (289,900,841)	\$ (264,751,796)	\$ (253,848,000)	\$ (236,383,567)
154,364	1,945,248	735,162	1,178,600	(707,766)
<u>(292,219,909)</u>	<u>(287,955,593)</u>	<u>(264,016,634)</u>	<u>(252,669,400)</u>	<u>(237,091,333)</u>
251,247,744	233,570,793	223,700,000	202,999,990	194,529,610
227,358,357	142,056,287	153,394,820	167,596,189	131,388,257
-	1,368,603	4,338,486	5,244,967	9,525,356
2,528,306	1,843,816	1,906,244	2,470,238	3,236,177
10,831,136	10,571,156	6,551,451	7,115,900	7,557,832
(75,762)	(75,841)	(820,830)	(67,423)	-
<u>491,889,781</u>	<u>389,334,814</u>	<u>389,070,171</u>	<u>385,359,861</u>	<u>346,237,232</u>
560,405	393,999	348,134	348,014	383,950
-	-	-	-	-
75,762	75,841	820,830	67,423	-
<u>636,167</u>	<u>469,840</u>	<u>1,168,964</u>	<u>415,437</u>	<u>383,950</u>
<u>492,525,948</u>	<u>389,804,654</u>	<u>390,239,135</u>	<u>385,775,298</u>	<u>346,621,182</u>
199,515,508	99,433,973	124,318,375	131,511,861	109,853,665
790,531	2,415,088	1,904,126	1,594,037	(323,816)
<u>\$ 200,306,039</u>	<u>\$ 101,849,061</u>	<u>\$ 126,222,501</u>	<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				
	2010	2009	2008	2007	2006
General fund					
Reserved	\$ 13,031,546	\$ 11,027,721	\$ 11,396,146	\$ 11,498,660	\$ 12,007,123
Unreserved					
Designated	7,167,105	9,632,379	8,289,294	13,496,165	8,433,413
Undesignated	25,909,770	12,125,691	17,331,201	15,333,685	22,208,771
Total general fund	<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>
All other governmental funds					
Reserved	\$ 503,582	\$ 829,077	\$ 2,621,011	\$ 2,886,995	\$ 9,365,049
Unreserved					
Designated					
Capital projects fund	91,135	367,719	-	-	587,412
Undesignated					
Individual schools fund	8,406,773	8,295,329	8,523,252	8,203,443	8,185,487
Capital projects fund	1,004,297	182,271	2,367,719	313,721	673,596
Total all other governmental funds	<u>\$ 10,005,787</u>	<u>\$ 9,674,396</u>	<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>

Fiscal Year				
2005	2004	2003	2002	2001
\$ 12,956,900	\$ 14,175,112	\$ 14,937,801	\$ 12,222,449	\$ 16,586,685
8,066,696	15,511,983	8,372,177	11,204,829	7,129,374
15,893,117	9,980,752	17,192,374	16,121,162	12,278,509
<u>\$ 36,916,713</u>	<u>\$ 39,667,847</u>	<u>\$ 40,502,352</u>	<u>\$ 39,548,440</u>	<u>\$ 35,994,568</u>
\$ 4,897,467	\$ 6,548,059	\$ 1,597,379	\$ 1,565,227	\$ 3,701,428
2,000,000	-	-	-	3,441,573
7,563,138	7,006,723	6,967,157	6,947,428	6,708,122
587,412	2,229,032	4,058,638	3,164,465	742,592
<u>\$ 15,048,017</u>	<u>\$ 15,783,814</u>	<u>\$ 12,623,174</u>	<u>\$ 11,677,120</u>	<u>\$ 14,593,715</u>

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL REVENUES BY SOURCE

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>
2010	\$ 664,237,277	\$ 313,503,223	\$ 117,483,494	\$ 3,835,957	\$ 98,153,246
2009	734,436,545	310,500,000	289,489,806	4,862,031	55,781,421
2008	706,587,394	300,744,100	277,181,371	4,163,007	50,122,511
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

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 838,609	\$ 26,118,634	\$ 1,224,170,440
2,282,287	27,882,099	1,425,234,189
3,678,932	32,477,591	1,374,954,906
3,674,519	25,460,444	1,208,110,585
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

WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
PER PUPIL AND IN TOTAL  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Average Daily Membership	Instructional Services	Systemwide Support Services	Ancillary Services	Nonprogram Charges	Instruction	Pupil and Instructional Services
2010	139,599	\$ 856,329,738	\$ 214,130,476	\$ 401,826	\$ 15,643,117	\$ -	\$ -
		6,134	1,534	3	112	-	-
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	-	-
		6,430	1,669	3	90	-	-
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	-	-
		6,314	1,648	2	86	-	-
2007	128,070	-	-	-	-	5,511	97
		-	-	-	-	705,787,033	12,374,956
2006	120,379	-	-	-	-	5,185	95
		-	-	-	-	624,139,541	11,421,250
2005	114,068	-	-	-	-	5,049	105
		-	-	-	-	575,904,309	11,979,497
2004	108,970	-	-	-	-	4,851	95
		-	-	-	-	528,620,374	10,376,118
2003	104,373	-	-	-	-	4,749	79
		-	-	-	-	495,712,741	8,227,984
2002	101,397	-	-	-	-	4,745	83
		-	-	-	-	481,081,186	8,379,383
2001	97,583	-	-	-	-	4,724	75
		-	-	-	-	461,023,202	7,325,884

Significant changes in function-level expenses coding classification occurred in fiscal year 2008.

Administration and Business	Debt Service Principal	Debt Service Interest	Other	Total Operating	Capital Outlay	Total
-	18	-	-	7,801	872	8,674
\$ -	\$ 2,537,987	\$ 1,206	\$ -	\$ 1,089,044,350	\$ 121,769,895	\$ 1,210,814,245
-	28	-	-	8,220	2,183	10,404
-	3,916,152	3,228	-	1,131,997,639	300,679,772	1,432,677,411
-	11	-	-	8,060	2,209	10,270
-	1,410,428	4,985	-	1,080,066,091	296,001,716	1,376,067,807
1,514	6	-	566	7,693	1,832	9,525
193,889,905	715,689	9,712	72,424,079	985,201,374	234,655,146	1,219,856,520
1,441	16	-	572	7,309	1,968	9,277
173,463,534	1,965,025	38,420	68,828,783	879,856,553	236,915,221	1,116,771,774
1,411	11	1	555	7,132	1,276	8,408
160,969,303	1,257,170	108,642	63,339,246	813,558,167	145,514,650	959,072,817
1,383	11	2	528	6,870	1,481	8,351
150,673,320	1,192,333	199,274	57,582,450	748,643,869	161,367,459	910,011,328
1,347	13	1	534	6,724	1,690	8,414
140,572,412	1,366,739	136,908	55,769,882	701,786,666	176,360,895	878,147,561
1,331	17	2	521	6,698	1,414	8,112
134,949,602	1,687,246	225,650	52,813,289	679,136,356	143,424,082	822,560,438
1,240	33	3	524	6,600	1,144	7,744
121,024,690	3,234,109	339,045	51,120,747	644,067,677	111,659,932	755,727,609

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)

Fiscal Year Ended June 30,	Excess of Revenues over (under) Expenditures	Transfers In	Transfers out	Installment Purchase and Capitalized Leases	Total Other Financing Sources (Uses)	Net Change In Fund Balance	Debt Service As A Percentage of Noncapital Expenditures
2010	\$ 13,356,195	\$ 118,283	\$ (171,512)	\$ -	\$ (53,229)	\$ 13,302,966	0.2330%
2009	(7,443,222)	6,385,320	(6,385,320)	-	-	(7,443,222)	0.3460%
2008	(1,112,901)	6,001,775	(6,001,775)	-	-	(1,112,901)	0.1306%
2007	(11,745,935)	4,814,767	(4,814,767)	1,932,850	1,932,850	(9,813,085)	0.0726%
2006	9,239,488	10,429,873	(10,429,873)	-	-	9,239,488	0.2233%
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%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Salaries</u>	<u>Benefits</u>	<u>Food</u>	<u>Donated</u> <u>Commodities</u>	<u>Indirect</u> <u>Costs</u>	<u>Other</u>	<u>Total</u>
2010	\$ 18,513,706	\$ 6,279,343	\$ 16,417,957	\$ 2,291,820	\$ 3,073,038	\$ 6,698,083	\$ 53,273,947
2009	19,652,098	6,042,465	16,637,951	2,312,450	3,462,432	6,894,730	55,002,126
2008	19,150,138	5,260,983	16,297,770	2,152,435	3,616,206	7,266,093	53,743,625
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

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
2010	\$ 21,716,235	36.89%	\$ 8,881,458	15.09%	\$ 22,421,567	38.09%	\$ 2,291,820	3.89%
2009	23,417,878	41.51	9,001,762	15.96	19,660,171	34.85	2,312,450	4.10
2008	22,800,190	42.68	9,063,099	16.96	17,524,774	32.80	2,152,435	4.03
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

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 3,259,191	5.54%	\$ 296,506	0.50%	\$ 58,866,777	100%
1,346,027	2.39	680,450	1.21	56,418,738	100
1,014,145	1.9	869,181	1.63	53,423,824	100
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

WAKE COUNTY BOARD OF EDUCATION

LONG-TERM DEBT  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Compensated</u> <u>Absences (1)</u>	<u>Capital</u> <u>Leases</u>	<u>Worker's</u> <u>Compensation</u>	<u>Installment</u> <u>Purchase</u>	<u>Mortgage</u> <u>Payable</u>	<u>Terminated</u> <u>Employee</u> <u>Benefits</u>	<u>Total</u>
2010	\$ 59,810,539	\$ -	\$ 2,818,415	\$ 1,786,673	\$ -	\$ 222,243	\$ 64,637,870
2009	60,382,833	15,407	2,288,634	4,309,253	-	353,078	67,349,205
2008	56,080,035	28,792	2,103,937	223,018	-	-	58,435,782
2007	51,350,280	40,420	2,174,002	1,621,818	-	-	55,186,520
2006	46,509,697	91,925	2,153,011	305,296	47,856	-	49,107,785
2005	42,391,392	405,994	2,512,162	1,751,749	116,966	-	47,178,263
2004	37,278,306	1,595,512	2,079,118	-	184,618	-	41,137,554
2003	37,967,334	2,478,701	741,469	-	249,268	-	41,436,772
2002	31,493,828	1,201,332	-	-	309,226	-	33,004,386
2001	31,121,550	2,637,336	-	-	363,386	-	34,122,272

Notes:

(1) Compensated Absences includes the debt for both the governmental and business-type activities

WAKE COUNTY BOARD OF EDUCATION

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

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total</u>	<u>County-wide Tax Rate (3)</u>	<u>Special Tax Districts Tax Rate (3)</u>	<u>Average County Tax Rate (3)</u>
2010	\$ 103,093,250,199	\$13,015,000,000	\$3,050,000,000	\$ 119,158,250,199	\$0.534	\$ 0.080	\$0.614
2009	99,568,342,254	14,058,926,692	2,983,256,554	116,610,525,500	0.534	0.080	0.614
2008	66,679,502,469	13,556,157,155	2,887,291,656	83,122,951,280	0.678	0.100	0.778
2007	62,996,405,923	12,506,221,915	3,341,976,693	78,844,604,531	0.634	0.100	0.734
2006	59,644,957,346	12,084,539,414	3,405,223,801	75,134,720,561	0.604	0.100	0.704
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	0.564	0.100	0.664
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

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 fiscal year 2009.

(3) Per \$1000 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010.

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
2010	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2009 (2)	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2008	.678	.080	.758	.53	.40	.42	.54	.52	.575	.53
2007	.634	.100	.734	.53	.40	.42	.49	.52	.575	.53
2006	.604	.100	.704	.50	.40	.42	-	.52	.56	.53
2005	.604	.100	.704	.46	.40	.42	-	.52	.56	.53
2004	.604	.100	.704	-	.40	.42	-	.52	.56	.53
2003	.564	.100	.664	-	.40	.42	-	.52	.56	.53
2002	.564	.090	.654	-	.40	.42	-	.49	.52	.53
2001 (2)	.564	.070	.634	-	.42	.43	-	.49	.52	.53

- 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, 2010.

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
.40	.367	.374	.420	.51	.49	.50
.40	.367	.374	.420	.51	.49	.51
.50	.468	.435	.515	.55	.54	.55
.50	.468	.435	.485	.54	.54	.50
.50	.468	.395	.485	.54	.54	.49
.50	.47	.395	.485	.54	.54	.48
.48	.47	.385	.485	.53	.54	.48
.46	.47	.385	.485	.52	.54	.48
.44	.47	.385	.485	.52	.54	.46
.44	.47	.385	.485	.50	.54	.46

WAKE COUNTY BOARD OF EDUCATION

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

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$1,604,732,768	1	1.35 %	\$ -	-	- %
Cisco Systems, Inc.	512,891,145	2	.43	-	-	-
SAS Institute, Inc	414,106,978	3	.35	211,907,119	6	.18
CVM Holdings LLC	334,450,819	4	.28	170,805,503	7	.14
NC Eastern Municipal Power Agency	327,026,213	5	.27	377,734,679	3	.32
Weeks Realty LP	290,359,176	6	.24	266,522,446	4	.22
Bellsouth Tel Co	280,368,968	7	.24	385,137,193	2	.32
Time Warner Entertainment	275,160,904	8	.23	-	-	-
G&I V LTD Partnership	241,493,575	9	.20	-	-	-
Novartis Vaccines & Diagnostics	213,070,334	10	.18	-	-	-
Carolina Power & Light	-	-	-	1,954,555,733	1	1.64
Highwoods Realty Ltd Partnership	-	-	-	143,765,261	8	.12
Midway Airlines Corp	-	-	-	242,873,696	5	.20
Public Service Co of NC, Inc	-	-	-	142,689,436	9	.12
MCI World Com Network Services	-	-	-	134,489,635	10	.11
	<u>\$4,493,660,880</u>		<u>3.77 %</u>	<u>\$4,030,480,701</u>		<u>3.37 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010.

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
2010	\$ 657,175,469	\$ (7,643,046)	\$ 649,532,423	\$ 640,993,333	98.69%	\$ -	\$ 640,993,333	98.69%
2009	650,217,614	(10,309,075)	639,875,100	630,648,211	98.56%	6,826,753	637,474,964	99.62%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	7,405,928	577,050,943	99.70%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,221,384	513,303,229	99.76%
2006	471,423,336	(4,606,253)	466,817,083	460,044,525	98.55%	5,873,485	465,918,010	99.81%
2005	447,296,073	(2,915,368)	444,380,705	438,197,505	98.61%	5,391,208	443,588,713	99.82%
2004	429,108,412	(2,841,221)	426,267,191	420,310,912	98.60%	5,233,841	425,544,753	99.83%
2003	388,161,413	(2,532,263)	385,629,150	377,914,460	98.00%	6,944,495	384,858,955	99.80%
2002	371,311,309	(4,175,679)	367,135,630	359,727,946	97.98%	5,467,742	365,195,688	99.47%
2001	349,753,540	(3,955,817)	345,797,723	339,854,819	98.28%	5,333,022	345,187,841	99.82%

Notes:

Taxes for the fiscal year ended June 30, 2010 at the collection rate of 98.69% are a composite of the following collections by category:

Vehicle taxes	91.06%
Real and personal property taxes	99.16%

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, 2010.

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	Limited Obligation Bonds	Installment Purchases	Quality Zoning Academy Bonds	Clean Water Revolving Loans
2010	\$ 1,794,370,000	\$ -	\$ 303,480,000	\$ 8,181,909	\$ 1,144,233	\$ -
2009	1,772,370,000	-	-	9,356,965	1,307,694	-
2008	1,434,595,000	-	-	8,472,500	1,471,155	-
2007	1,505,200,000	-	-	7,778,972	1,634,616	-
2006	1,020,850,000	58,250,000	-	7,763,477	1,798,077	237,923
2005	1,049,485,000	-	-	8,570,962	1,961,538	475,843
2004	1,123,210,000	-	-	9,474,957	2,124,999	713,763
2003	926,625,000	-	-	-	2,288,460	951,683
2002	782,130,000	-	-	-	-	1,189,604
2001	637,515,000	-	-	-	-	1,427,525

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, 2010.

			Business- Type Activities			
Capital Leases	Notes Payable	Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 157,095	\$ 299,767	\$ 2,107,633,004	\$ -	\$ 1,803,853,237	4.98%	\$ 1,918.74
328,068	-	1,783,362,727	-	1,783,362,727	5.08%	1,987.67
419,418	-	1,444,958,073	-	1,444,958,073	4.43%	1,667.75
571,090	-	1,515,184,678	-	1,515,184,678	5.14%	1,825.46
733,181	-	1,089,632,658	-	1,089,632,658	4.01%	1,377.17
607,239	-	1,061,100,582	-	1,061,100,582	3.91%	1,408.06
200,710	-	1,135,724,429	-	1,135,724,429	4.18%	1,571.25
118,956	-	929,984,099	6,998,403	936,982,502	3.71%	1,336.53
86,536	-	783,406,140	10,287,604	793,693,744	3.23%	1,166.92
303,265	-	639,245,790	13,441,805	652,687,595	2.68%	990.44

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 Available in Debt Service Fund			
2010	\$ 1,794,370,000	\$ -	\$ 391,870,000	\$ 1,402,500,000	1.18%	\$ 1,491.83
2009	1,772,370,000	-	514,500,000	1,257,870,000	1.08%	1,401.97
2008	1,434,595,000	-	911,000,000	523,595,000	0.63%	604.33
2007	1,505,200,000	-	1,058,390,000	446,810,000	0.57%	538.31
2006	1,020,850,000	58,250,000	718,500,000	360,600,000	0.48%	455.76
2005	1,049,485,000	-	718,510,000	330,975,000	0.47%	439.20
2004	1,123,210,000	-	403,600,000	719,610,000	1.05%	995.56
2003	926,625,000	-	20,000,000	906,625,000	1.36%	1,293.22
2002	782,130,000	-	216,000,000	566,130,000	0.89%	832.35
2001	637,515,000	-	404,000,000	233,515,000	0.39%	354.35

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010.

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY  
AS OF JUNE 30, 2010

Municipality:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Apex	\$ 25,400,000	100%	\$ 25,400,000
Cary	171,793,341	100%	171,793,341
Fuquay-Varina	8,640,000	100%	8,640,000
Garner	5,786,995	100%	5,786,995
Holly Springs	14,511,900	100%	14,511,900
Knightdale	4,128,042	100%	4,128,042
Morrisville	10,279,216	100%	10,279,216
Raleigh	241,140,000	100%	241,140,000
Rolesville	471,500	100%	471,500
Wake Forest	16,790,000	100%	16,790,000
Wendell	-	100%	-
Zebulon	5,290,000	100%	5,290,000
Overlapping debt	504,230,994		504,230,994
Direct debt	2,107,633,004		2,107,633,004
Total direct and overlapping debt	<u>\$ 2,611,863,998</u>		<u>\$ 2,611,863,998</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY  
LAST TEN YEARS

	Fiscal Year			
	2010	2009	2008	2007
Assessed value of property	\$ 119,158,250,199	\$ 116,610,525,500	\$ 83,122,951,280	\$ 78,844,604,531
Debt limit, 8% of assessed value (Statutory Limitation)	9,532,660,016	9,328,842,040	6,649,836,102	6,307,568,362
Amount of debt applicable to limit				
General obligation bonds	1,794,370,000	1,772,370,000	1,434,595,000	1,505,200,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	313,263,004	10,664,659	9,943,655	9,413,588
Bonds Authorized not Issued	391,870,000	514,500,000	911,000,000	1,058,390,000
Total net debt applicable to limit	2,499,503,004	2,297,534,659	2,355,538,655	2,573,003,588
Legal debt margin	\$ 7,033,157,012	\$ 7,031,307,381	\$ 4,294,297,447	\$ 3,734,564,774
Total net debt applicable to limit as a percentage of debt limit	26.22%	24.63%	35.42%	40.79%

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, 2010.

Fiscal Year					
2006	2005	2004	2003	2002	2001
<u>\$ 75,134,720,561</u>	<u>\$ 71,124,912,096</u>	<u>\$ 68,427,053,895</u>	<u>\$ 66,454,852,090</u>	<u>\$ 63,366,830,910</u>	<u>\$ 59,525,494,337</u>
<u>6,010,777,645</u>	<u>5,689,992,968</u>	<u>5,474,164,312</u>	<u>5,316,388,167</u>	<u>5,069,346,473</u>	<u>4,762,039,547</u>
1,020,850,000	1,049,485,000	1,123,210,000	926,625,000	782,130,000	637,515,000
58,250,000	-	-	-	-	-
9,799,477	11,008,343	12,313,719	3,240,143	1,189,604	1,427,525
718,500,000	718,510,000	403,600,000	20,000,000	216,000,000	404,000,000
<u>1,807,399,477</u>	<u>1,779,003,343</u>	<u>1,539,123,719</u>	<u>949,865,143</u>	<u>999,319,604</u>	<u>1,042,942,525</u>
<u>\$ 4,203,378,168</u>	<u>\$ 3,910,989,625</u>	<u>\$ 3,935,040,593</u>	<u>\$ 4,366,523,024</u>	<u>\$ 4,070,026,869</u>	<u>\$ 3,719,097,022</u>
<u>30.07%</u>	<u>31.27%</u>	<u>28.12%</u>	<u>17.87%</u>	<u>19.71%</u>	<u>21.90%</u>

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>
2010	940,122	*	*	139,599	8.5%
2009	897,214	*	*	137,706	8.4%
2008	866,410	\$ 36,190,313	\$ 41,691	134,002	4.6%
2007	830,029	35,134,837	42,242	128,072	3.5%
2006	791,214	32,581,446	41,089	119,306	3.6%
2005	753,589	29,470,723	39,095	113,547	4.1%
2004	722,817	27,164,020	37,566	108,620	4.4%
2003	701,058	25,260,035	36,016	104,373	5.3%
2002	980,159	24,608,879	36,166	101,397	5.6%
2001	658,988	24,395,403	37,012	97,583	4.0%

\* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
State of North Carolina	24,739	1	5.93%	23,230	1	6.40%
Wake County Public Schools	16,755	2	4.01%	12,500	3	3.44%
International Business Machines (IBM)	10,800	3	2.59%	13,000	2	3.58%
North Carolina State University	7,500	4	1.80%	7,787	4	2.15%
WakeMed Health and Hospitals	7,100	5	1.70%	5,000	6	1.38%
GlaxoSmithKline, Inc.	6,000	6	1.44%	5,850	5	1.61%
Rex Healthcare	4,400	7	1.05%	3,779	8	1.04%
SAS Institute, Inc.	4,149	8	0.99%	3,600	9	0.99%
Wake County Government	4,000	9	0.96%	-	-	-
Cisco Systems	4,000	10	0.96%	-	-	-
Nortel	-	-	-	4,848	7	1.34%
Progress Energy	-	-	-	3,428	10	0.94%
	<u>89,443</u>		<u>21.43%</u>	<u>83,022</u>		<u>22.87%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2010

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY  
LAST TEN YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
School & School Based Support										
Principals	159	157	152	147	138	132	125	123	122	118
Assistant Principals, Nonteaching	277	289	286	262	236	228	210	209	184	168
Elementary Teachers	4,059	4,123	4,036	3,274	2,750	2,592	2,416	2,160	3,033	3,032
Secondary Teachers	3,580	3,769	3,517	2,861	2,781	2,660	2,518	2,298	2,741	3,000
Other Teachers	1,638	1,654	1,651	2,467	2,592	2,488	2,320	2,292	598	326
Guidance	411	436	311	296	276	262	260	259	242	225
Psychological	86	88	61	74	72	71	65	56	46	48
Librarian, Audiovisual	359	338	201	195	183	176	168	171	152	141
Consultant, Supervisor	92	89	86	99	103	101	96	108	104	77
Teacher Assistants	2,057	2,383	2,292	2,191	1,907	1,852	1,727	1,700	1,417	1,587
Total School & School Based Support	<u>12,718</u>	<u>13,326</u>	<u>12,593</u>	<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>
Central Services										
Administrators, Managers	19	19	19	16	17	19	19	24	17	16
Technicians	311	322	98	94	106	106	99	124	82	55
Clerical, Secretarial	943	943	1,071	945	899	879	837	878	797	699
Service Workers	1,808	1,788	2,132	2,023	2,016	1,981	1,850	1,844	1,662	1,655
Skilled Crafts	292	289	164	148	130	126	124	175	94	166
Other Professionals	625	582	489	663	648	606	575	556	414	320
Laborers, Unskilled	-	-	-	-	-	-	-	-	63	4
Total Central Services	<u>3,998</u>	<u>3,943</u>	<u>3,973</u>	<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>
Total Full Time Employees	<u>16,716</u>	<u>17,269</u>	<u>16,566</u>	<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>

Source: Wake County Public Schools Human Resources Department

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>
2010	139,599	1.37%	\$ 1,089,044,350	\$ 7,801	-5.10%	159	8,447
2009	137,706	2.76%	1,131,997,639	8,220	1.99%	156	8,286
2008	134,002	4.63%	1,080,066,091	8,060	6.22%	153	7,756
2007	128,072	6.28%	971,842,017	7,588	5.54%	147	7,249
2006	120,504	5.64%	866,404,798	7,190	2.39%	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

Source: Wake County Public Schools Growth Management Department

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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>
2010	\$ 34,462.00	\$ 78,125.70	\$ 46,488.40
2009	34,462.00	78,125.70	46,488.40
2008	33,691.90	77,436.80	45,368.70
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION  
LAST TEN YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Schools						
Elementary						
Buildings	220	217	214	209	204	202
Square feet	8,896,687	8,532,044	8,173,730	7,410,687	7,024,803	6,814,920
Capacity	75,438	72,872	70,674	68,484	55,572	52,575
Enrollment	67,748	67,468	65,641	62,395	58,220	54,741
Mobile classrooms	504	499	696	636	613	402
Middle						
Buildings	105	105	104	102	102	99
Square feet	5,176,364	5,156,547	4,652,335	4,482,347	4,479,713	4,360,162
Capacity	33,317	32,449	32,316	30,818	28,099	27,670
Enrollment	31,482	30,813	29,895	29,031	27,686	26,647
Mobile classrooms	127	127	193	217	173	122
High						
Buildings	210	210	209	209	203	203
Square feet	5,894,216	5,897,099	5,966,408	5,620,679	5,288,295	5,178,676
Capacity	43,056	41,019	41,862	39,607	34,270	33,589
Enrollment	39,994	39,075	38,127	36,295	34,284	32,351
Mobile classrooms	130	130	302	243	221	185
Special						
Buildings	7	7	7	7	7	6
Square feet	195,471	195,471	195,471	195,877	195,877	122,032
Capacity	366	366	422	422	471	418
Enrollment	375	350	339	351	314	329
Mobile classrooms	1	1	1	1	-	-
Administrative						
Buildings	23	23	23	22	21	21
Square Feet	523,725	523,725	523,725	491,868	444,620	444,620
Transportation						
Buses	905	895	874	838	798	767

Source: Wake County Public Schools Facility, Transportation and Growth Management Departments

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
201	192	184	179
6,674,075	6,220,015	5,927,268	5,633,380
49,452	48,925	51,068	50,381
52,221	50,431	49,635	48,514
352	336	312	293
97	96	92	90
4,290,499	4,097,391	3,539,558	3,345,440
27,148	26,436	24,952	24,163
25,947	25,225	24,415	23,166
132	153	125	112
196	192	191	190
4,640,956	4,368,488	4,345,450	4,256,819
30,486	30,382	27,454	27,105
30,433	28,420	27,032	25,661
163	158	121	112
5	4	4	4
122,032	75,294	61,805	61,805
685	481	402	526
369	297	315	242
-	-	-	-
20	20	20	20
432,231	432,231	432,231	432,231
747	731	714	713

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# Comprehensive Annual **FINANCIAL REPORT**



**WAKE COUNTY**  
**BOARD OF EDUCATION**  
RALEIGH • NORTH CAROLINA



**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 Wake County Board of Education (the "Board") as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 28, 2010. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding 10-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

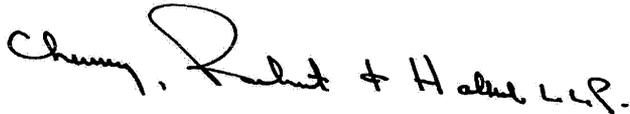
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 response to the finding 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.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina  
October 28, 2010



**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 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 could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2010. 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 on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with 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 findings 10-02 and 10-03.

## Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

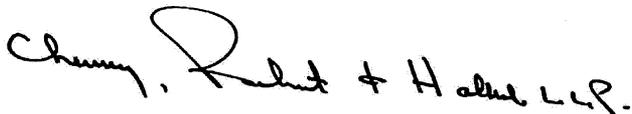
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

This report is intended 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 those specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina  
October 28, 2010



**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 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, 2010. The Board's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the 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 on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. 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 findings 10-04 and 10-05.

## Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

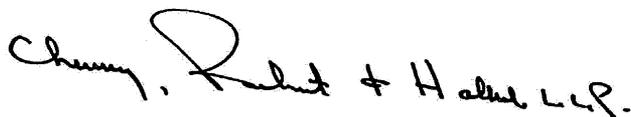
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

This report is intended 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 those specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina  
October 28, 2010

Wake County Board of Education, North Carolina  
 Schedule of Findings And Questioned Costs  
 Year Ended June 30, 2010

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

Financial Statements

Type of auditors' opinion issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes      X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? 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      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 programs: *Unqualified*

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Title I, Part A Cluster
84.010A	Title I – School Improvement
84.389	ARRA – Title I
84.389	ARRA – Title I - School Improvement
84.010	Title I, Low Income
	Special Education Cluster (IDEA)
84.073	Preschool Grants
84.027	Grants to States
84.027	Capacity Building Improvement

Wake County Board of Education, North Carolina  
 Schedule of Findings And Questioned Costs  
 Year Ended June 30, 2010

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

84.027A	IDEA VI-B – Early Intervening Services
84.391	ARRA – IDEA VI-B
84.392	ARRA – IDEA VI-B Pre-School
Education of Homeless Children and Youth Cluster	
84.196	McKinney-Vento Homeless Assistance
84.387	ARRA – McKinney Vento
84.394	ARRA – Education Stabilization
10.579	ARRA – Child Nutrition Equipment

Dollar threshold used to distinguish  
 between Type A and Type B Programs                      \$3,000,000

Auditee qualified as low-risk auditee?                        X   yes                           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 weakness(es)?                           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

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**Section II – Financial Statement Findings**

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**Finding 10-01**

**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 and numerous instances of noncompliance with established school system procedures. Areas of non-compliance include segregation of duties over cash receipts, checks preparation not performed by employee independent of voucher approval and check signing duties, invoices not properly cancelled, and purchasing is not independent from receiving and accounting functions.

**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:** Continued improvement of policies and enforcement of non-compliance with established policies.

**Management Response:** We share the concern over the lack of segregation of duties at the individual schools and have implemented several procedures to minimize this risk. The treasurer cannot be the first person to receipt cash or checks. All receipts flow through the teacher or a check log maintained by an individual other than the treasurer at the school. Principals are required to sign monthly check and receipt registers. Numerous forms have been updated to provide a clearer audit trail. We have implemented a centralized version of the school software that allows more oversight and easier auditing of this area. Unfortunately, current funding levels do not allow for additional financial staff at each school site.

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

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**Finding 10-02**

**NON MATERIAL NONCOMPLIANCE**

N.C. Department of Public Instruction – Federal ARRA funds  
Program Name: ARRA – IDEA VI-B – 84.391  
ARRA Education Stabilization – 84.394  
ARRA – Title I – 84.389

Wake County Board of Education, North Carolina  
Schedule of Findings And Questioned Costs  
Year Ended June 30, 2010

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Criteria:** DPI communicated a request to the schools that the Governor would like all job postings associated with the recovery funds to be posted with Employment Security Commission (ESC).

**Condition:** Wake County Schools instituted policies in the fall of 2009 whereby positions were posted once a month but only included positions posted for the first time on the day of submission. This procedure was later changed and effective August 30, 2010, all vacancies regardless of source, are posted with the ESC weekly.

**Questioned Cost:** None

**Effect:** It is possible that some ARRA funded positions were not posted with the ESC.

**Cause:** Misunderstanding whether this was a recommendation or a requirement.

**Recommendation:** Management should work on systems and/or processes to better comply with the requirement of posting all ARRA funded positions to the ESC.

**Management Response:** Upon learning that the Governor of North Carolina would like all job postings associated with the recovery funds to be posted with the ESC, the human resources department began submitting positions on a monthly basis. Due to the wording of the communication, management was not aware that it was a requirement to post all ARRA funded positions with the ESC. Beginning the week of August 30, 2010, the human resources department began submitting all vacancies, regardless of funding source, once a week. These submissions include any position currently posted at that time, with the exception of non-ARRA funded extra duty positions.

**Finding 10-03**

**NON MATERIAL NONCOMPLIANCE**

N.C. Department of Public Instruction – Federal ARRA funds

Program Name: ARRA – Title I – 84.389

ARRA – IDEA VI-B – 84.391

**Criteria:** Per Management Directive #3 from the North Carolina Office of Economic Recovery and Investment, the Statewide Interactive Procurement System was to be used by all public agencies to list formal and informal solicitation documents for purchases in excess of \$5,000 when recovery funds were used as payment. Additionally, the use of recovery funds for purchases in excess of \$5,000 must be advertised in local newsprint outlets including minority and women owned outlets.

Wake County Board of Education, North Carolina  
Schedule of Findings And Questioned Costs  
Year Ended June 30, 2010

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**Section III – Federal Award Findings and Questioned Costs (continued)**

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**Condition:** Wake County Schools instituted purchasing policies beginning October 1, 2010 to comply with this directive. Prior to that date all purchases were handled in accordance with North Carolina GS 143-129 and the Wake County Public School System Board policy 8360. Wake Schools Board policy has lower dollar bid requirements than the NC General Statutes. General Statutes have no restrictions on expenditures under \$30,000 and Wake Schools Board policy requires competition on purchases \$2,500 and greater. If the items were listed on a current North Carolina state or federal GSA contract the materials were purchased from the competitively bid state or GSA contract. If items were not on a competitively bid contract and cost \$2,500 or more competition was sought from at least three suppliers. In some cases the materials were copyrighted or services available from only one source and competition was not available. In those cases pricing was confirmed before ordering.

**Questioned Cost:**

ARRA – Title I – 84.389  
Questioned cost - \$126,995  
Total non-payroll expenditures - \$480,160  
Total ARRA Title I expenditures - \$5,835,624

ARRA – IDEA VI-B – 84.391  
Questioned cost - \$20,388  
Total non-payroll expenditures - \$987,285  
Total ARRA IDEA VI-B expenditures - \$9,433,648

**Effect:** ARRA funded expenditures were made in accordance with Wake Schools purchasing policies rather than Management Directive #3 from the North Carolina Office of Economic Recovery and Investment.

**Cause:** Misunderstanding that this Directive superseded the State of North Carolina purchasing policies.

**Recommendation:** Management should work on systems and/or processes to better comply with the ARRA purchasing requirements.

**Management Response:** Once WCPSS received clear directions on the requirements for purchases in excess of \$5,000, additional purchasing policies were developed and implemented as of October 1, 2010. Prior to the October 1, 2010 date, purchases followed the standard WCPSS purchasing policies and procedures, which are more restrictive than state statutes. Process changes subsequent to October 1, 2010 include labeling purchases using ARRA funding at the point of requisition. Buyers are responsible for posting the requisition on the Interactive Purchasing System (IPS), placing advertisements with three newspapers including minority and women owned publications, and completing a checklist to ensure all other requirements are met.

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**Section IV – State Award Findings and Questioned Costs (continued)**

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**Finding 10-04**

**NON MATERIAL NONCOMPLIANCE**

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 and instructional support.

**Questioned Cost:** \$265,225

**Effect:** Wake County Schools had to refund the State 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 2010-11 for the 2009-10 overages. 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.

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**Section IV – State Award Findings and Questioned Costs (continued)**

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**Finding 10-05**

**NON MATERIAL NONCOMPLIANCE**

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

**Criteria:** The North Carolina Department of Public Instruction 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, 2009.

**Questioned Cost:** \$120,967

**Effect:** These salary exceptions are potentially due back to the State if they are not resolved in the School's favor.

**Cause:** Due to the large number of employees, 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 reviewed several options to improve this process. One option under consideration is to automate the internal salary audit form and create an interface for reporting to the State's Budget Utilization and Development system (BUD), which requires programming efforts to match the Department of Public Instruction's requirements. Due to other priorities in technology, this option has not been completed at this time. Compensation Services works with Human Resources to provide information and training to the school sites where these situations occur to help prevent future overpayments.

Wake County Board of Education, North Carolina  
Corrective Action Plan  
Year Ended June 30, 2010

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**Section II – Financial Statement Findings**

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**Finding 10-01**

Name of contact person: Mark Winters

Corrective action: See "Management Response Section" in Section II - Financial Statement Findings.

Proposed Completion Date: Current funding levels do not allow for additional financial staff at each school site.

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

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**Finding 10-02**

Name of contact person: Mark Winters

Corrective action: See "Management Response Section" in Section III – Federal Award Findings and Questioned Costs.

Proposed Completion Date: Immediately

**Finding 10-03**

Name of contact person: Mark Winters

Corrective action: See "Management Response Section" in Section III – Federal Award Findings and Questioned Costs.

Proposed Completion Date: Immediately

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

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**Finding 10-04**

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, North Carolina  
Corrective Action Plan  
Year Ended June 30, 2010

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**Section IV – State Award Findings and Questioned Costs (continued)**

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**Finding 10-05**

Name of contact person: Mark Winters

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

Proposed Completion Date: As soon as possible

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Wake County Board of Education, North Carolina  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010

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**Finding:** 09-01  
**Status:** See current year finding 10-01

**Finding:** 09-02  
**Status:** See current year finding 10-04

**Finding:** 09-03  
**Status:** See current year finding 10-05

**Finding:** 09-04  
**Status:** Corrected

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2010

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:		
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
IDEA VI B - Early Intervening Services	84.027.A	70
ARRA - IDEA VI-B	84.391	144
ARRA - IDEA VI-B Pre-School	84.392	145
Total Special Education Cluster		
Title 1, Part A Cluster:		
Title I - School Improvement	84.010A	105
ARRA - Title 1	84.389	141
ARRA - Title I School Improvement	84.389	142
Title 1, Low Income	84.010	98-50-920
Total Title 1, Part A Cluster		
Educational Technology State Grants Cluster:		
Educational Technology	84.318X	107
ARRA - Education Technology - Formula	84.386	146
Total Educational Technology State Grants Cluster		
Education of Homeless Children and Youth Cluster:		
McKinney-Vento Homeless Assistance	84.196	98-26-920
ARRA - McKinney Vento	84.387	148
Total Education of Homeless Children and Youth Cluster		
Vocational Education: Program Improvement		
Vocational Education: Federal Tech Preparation	84.048	98-17-920
Drug Free Schools and Communities	84.243A	023
Improving Teacher Quality	84.186	98-48-920
Language Acquisition	84.367A	103
Title III Immigrant & Youth	84.365A	104
IDEA VI B - Special Education State Improvement	84.365A	111
21st Century Community Learning Centers	84.323A	082
Emergency Impact Aid - IDEA	84.287C	110
ARRA - Education Stabilization	84.938C	114
ARRA - Education Stabilization	84.394	140
ARRA - Child Nutrition Equipment	10.579	149
Direct Programs:		
Indian Education Act	84.060A	310
Elementary Counseling	84.215E	359
Magnet School	84.165A	317
Transition to Teaching Program	84.350A	346
Total U.S. Department of Education		

Continued on Following Page

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 439,207	\$ 402,293	\$ -	\$ 402,293	\$ -
20,533,294	13,024,873	-	13,024,873	-
404,679	228,560	-	228,560	-
5,825,038	3,453,642	-	3,453,642	-
25,416,946	9,433,648	-	9,433,648	-
1,148,099	271,313	-	271,313	-
	<u>26,814,329</u>	<u>-</u>	<u>26,814,329</u>	<u>-</u>
236,716	170,587	-	170,587	-
16,453,421	5,835,624	-	5,835,624	-
92,301	44,375	-	44,375	-
30,463,455	19,157,515	-	19,157,515	-
	<u>25,208,101</u>	<u>-</u>	<u>25,208,101</u>	<u>-</u>
201,768	190,756	-	190,756	-
388,341	15,372	-	15,372	-
	<u>206,128</u>	<u>-</u>	<u>206,128</u>	<u>-</u>
99,849	53,170	-	53,170	-
83,068	26,908	-	26,908	-
	<u>80,078</u>	<u>-</u>	<u>80,078</u>	<u>-</u>
1,356,645	1,295,915	-	1,295,915	-
131,333	92,156	-	92,156	-
433,256	367,340	-	367,340	-
4,684,806	3,261,357	-	3,261,357	-
1,487,779	729,776	-	729,776	-
1,816,323	987,338	-	987,338	-
99,697	65,373	-	65,373	-
100,000	100,756	-	100,756	-
248,046	246,007	-	246,007	-
35,150,824	35,251,764	-	35,251,764	-
84,611	84,611	-	84,611	-
45,193	44,958	-	44,958	-
524,794	276,844	-	276,844	-
4,336,064	2,423,416	-	2,423,416	-
697,190	366,245	-	366,245	-
	<u>97,902,492</u>	<u>-</u>	<u>97,902,492</u>	<u>-</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2010  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>U.S. Department of Agriculture</u>		
Passed through the N.C. Department of Public Instruction:		
Child Nutrition Cluster:		
Cash Assistance:		
National School Lunch Program	10.555	
School Breakfast Program	10.553	
Summer Food Service Program	10.559	
Cash Assistance Subtotal		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	
Total for Program (Cluster)		
Total U.S. Department of Agriculture		
<u>U.S. Department of Education - Impact Area Grants</u>	84.041	308
<u>Other Federal Assistance:</u>		
U.S. Department of Defense Direct Program - ROTC	12.xxx	301
<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		130
Technology Fund		15
Vocational Education:		
Months of Employment		13
Support Funds		14
Drivers Training		12
State Kindergarten Breakfast		
Project Enlightenment		460
Financed Purchase of School Buses		120
Emergent Literacy		331
Professional Leave Funding		509
Dropout Prevention		419
<u>N. C. Department of Cultural Resources</u>		
LSAT School Library Collection Development		453
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
\$ 17,522,020	\$ 17,522,020	\$ -	\$ 17,522,020	\$ -
4,632,568	4,632,568	-	4,632,568	-
93,498	266,979	-	266,979	-
	<u>22,421,567</u>	<u>-</u>	<u>22,421,567</u>	<u>-</u>
2,291,820	2,291,820	-	2,291,820	-
	<u>24,713,387</u>	<u>-</u>	<u>24,713,387</u>	<u>-</u>
	<u>24,713,387</u>	<u>-</u>	<u>24,713,387</u>	<u>-</u>
10,000	-	-	-	-
175,000	250,756	420,996	250,756	420,996
5,523	-	-	-	-
	<u>122,866,635</u>	<u>420,996</u>	<u>122,866,635</u>	<u>420,996</u>
619,482,961	620,750,244	-	620,750,244	-
1,433,627	1,433,627	-	1,433,627	-
3,123,227	2,011,057	-	2,011,057	-
30,873,575	30,926,832	-	30,926,832	-
3,291,609	3,210,764	-	3,210,764	-
3,319,658	3,192,133	-	3,192,133	-
36,665	18,374	-	18,374	-
12,947	11,990	-	11,990	-
2,522,580	2,522,580	-	2,522,580	-
59,412	39,653	-	39,653	-
77,531	58,503	-	58,503	-
598	598	-	598	-
80,000	79,294	-	79,294	-
	<u>664,255,649</u>	<u>-</u>	<u>664,255,649</u>	<u>-</u>
	<u>\$ 787,122,284</u>	<u>\$ 420,996</u>	<u>\$ 787,122,284</u>	<u>\$ 420,996</u>
<u>\$ 842,027,562</u>				

WAKE COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2010

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 \$2,291,820 were received during the year ended June 30, 2010. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2010.