

COMPREHENSIVE
ANNUAL

*Financial
Report*

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT



WAKE COUNTY
BOARD OF EDUCATION
RALEIGH • NORTH CAROLINA

WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2009

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INTRODUCTION

COMPREHENSIVE ANNUAL

Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT



October 31, 2009

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, 2009, 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 2008-09 the school system was the 18th largest system in the nation and the largest in North Carolina. It served 137,706 students from kindergarten through 12th grade in 99 elementary schools, 30 middle schools, 23 high schools, and 4 special/optional schools.

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

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

The school system has over 17,500 full-time and part-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. Most students are assigned to and attend their "base school" -- the school assigned based on the parent's or guardian's home address. In some instances, the base school may be a magnet school since these schools have base populations in addition to accepting applications. Transportation is provided for students living at least 1-½ miles from the base school. For the magnet program, the same guidelines apply if the child is accepted into the program.

Thirty-three of the school system's 156 schools are magnet schools, which offer unique educational alternatives. All students are eligible to apply, and the network features the following distinct programs: active learning and technology; Spanish language/IB PYP; creative arts and science; early college; engineering; gifted and talented; gifted and talented/AG basics; GT/IB center for humanities, sciences and the arts; international baccalaureate; international studies; leadership; leadership and technology; Montessori; museums; and university connections and leadership. The magnet network was established to offer a choice in

instructional opportunities, to fill inner-city schools, and to help balance schools. The program has proven to be highly successful and contributes to Wake County's stature as a leader in education.

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

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

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

The Research Triangle Park, straddled on the Wake and Durham County line, was organized in 1959. It encompasses 6,800 acres of land set aside for research and research-oriented manufacturing. With the attractiveness of the Research Triangle Park and its proximity to three major research universities, it is no accident that medical and electronic industries flourish in the region.

The quantity and quality of the instructional programs of the school system are directly dependent on the funding provided and on effective management and efficient use of those funds. We recognize the important trust and responsibility we are given in the management of public resources and continue to be vigilant and trustworthy in fulfilling that responsibility. During the last several years we have aggressively pursued ways to reduce costs and improve efficiency by limiting administrative overtime, restricting special projects that cross fiscal years, and implementing workers' compensation and dental self-insurance. Such efforts have allowed the school system to end the 2008-09 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.

Fund Balance Policy

In December 2007, the Board of Education adopted an undesignated fund balance policy. The policy provides formal guidelines to the Board on amounts of undesignated fund balance to accumulate, amounts it can appropriate to a future year's budget, and how to manage possible funds that accumulate in excess of targets. The policy states that the goal of the Board is to maintain an undesignated fund balance in the general fund of six percent of the following year's county appropriation. The new policy directs that undesignated fund balance in the general fund exceeding six percent be remitted to the county. This allows the school system to be fiscally responsible with spending patterns while maintaining a limited fund balance. As part of this policy, the Board will designate fund balance to balance the general fund budget at no more

than fifty percent of the prior year's undesignated fund balance. This action provides protection against decreasing resources in a year where funding may be insufficient or emergencies occur.

SAT Scores

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,585. This is twenty points higher than the combined score for 2007-08.

Participation of the Wake County Public School System was 64 percent. National participation was 46 percent and the state participation rate was 63 percent.

Wake's score was 99 points above the North Carolina average of 1,486 and 76 points above the national average of 1,509. Wake students scored an average of 548 on math, 526 on critical reading and 511 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, 2008. This was the twentieth 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.

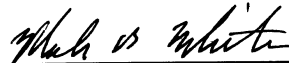
Respectfully submitted,



Del Burns, Ed.D.
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, 2008

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 handwritten signature in black ink, appearing to read "M. L. R. R.", is written above the title.

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is written above the title.

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, 2008

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

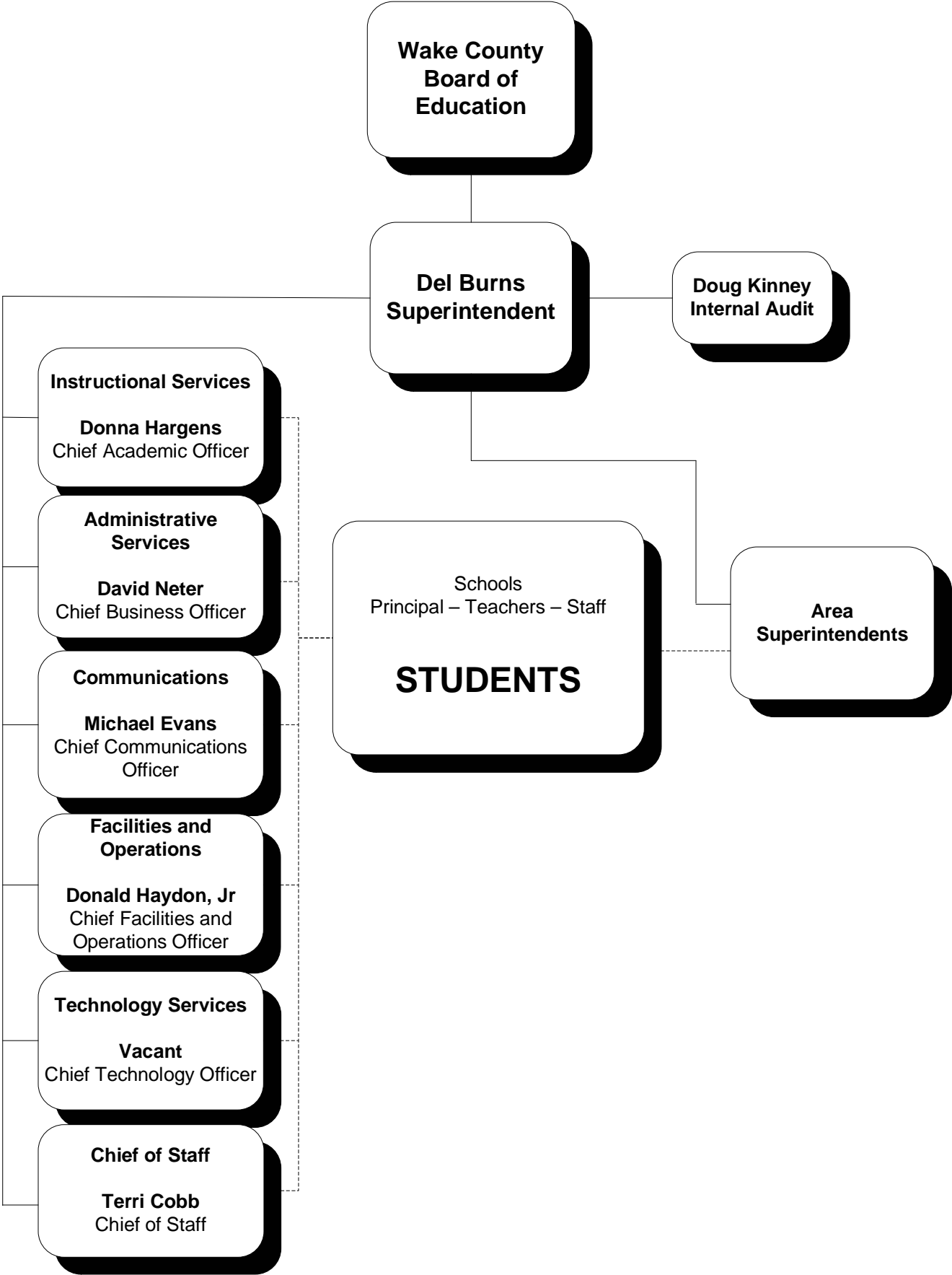
Angela Peteman

President

John D. Messer

Executive Director

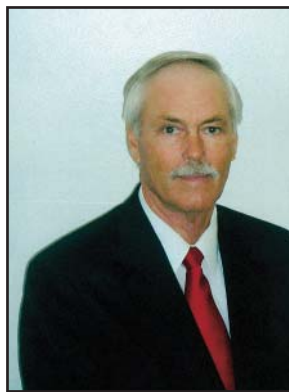
Organizational Chart



Board of Education and Leadership Team



Kevin Hill (District 3)
Chair



Horace Tart (District 2)
Vice Chair



Lori Millberg (District 1)



Keith Sutton (District 4)



Anne McLaurin (District 5)



Carolyn Morrison (District 6)



Patti Head (District 7)



Ron Margiotta (District 8)



Eleanor Goette (District 9)



Dr. Del Burns
Superintendent

Leadership Team

Dr. Del Burns, Ed. D., Superintendent

Chief Officers

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

Finance

Mark Winters, Finance Officer

Area Superintendents

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

Assistant Superintendents

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

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FINANCIAL SECTION

COMPREHENSIVE ANNUAL

Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT



Independent Auditors' Report

Wake County Board of Education
Raleigh, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education ("the Board") as of and for the year ended June 30, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the State Public School Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

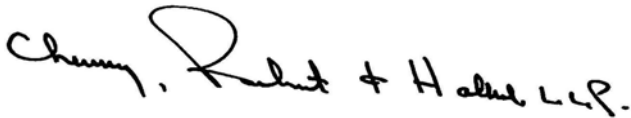
In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Board. The supplementary information and combining and individual fund statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards for the year ended June 30, 2009 as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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 31, 2009

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, 2009. 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 3,704 students (or 2.8%) from the previous year.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$2,439,596,592.
- The government's total net assets increased by \$258,190,665 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 \$42,460,187, a decrease of \$8,068,436 in comparison with the prior year. Approximately 48.5 percent of this total amount, or \$20,603,291, 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 \$2,413,822,555 as of June 30, 2009. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$2,432,805,178.

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

Condensed Statements of Net Assets June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 116,114	\$ 149,682	\$ 22,152	\$ 21,269	\$ 138,266	\$ 170,951
Capital assets	2,437,130	2,163,315	7,571	6,895	2,444,701	2,170,210
Total assets	2,553,244	2,312,997	29,723	28,164	2,582,967	2,341,161
Long-term liabilities outstanding	17,358	16,446	366	373	17,724	16,819
Other liabilities	122,063	139,502	3,583	3,434	125,646	142,936
Total liabilities	139,421	155,948	3,949	3,807	143,370	159,755
Net assets						
Invested in capital assets, net of related debt	2,432,805	2,163,063	7,571	6,895	2,440,376	2,169,958
Restricted	8,296	8,523	-	-	8,296	8,523
Unrestricted	(27,278)	(14,537)	18,203	17,462	(9,075)	2,925
Total net assets	\$ 2,413,823	\$ 2,157,049	\$ 25,774	\$ 24,357	\$ 2,439,597	\$ 2,181,406

Note that net assets for governmental activities increased by approximately \$256,774,000 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, 2009 and 2008**

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,142	\$ 853	\$ 32,420	\$ 31,863	\$ 33,562	\$ 32,716
Operating grants and contributions	793,580	756,604	22,100	19,628	815,680	776,232
Capital grants and contributions	2,617	7,388	-	-	2,617	7,388
General Revenues:						
Unrestricted county appropriations - operating	308,551	296,965	-	-	308,551	296,965
Unrestricted county appropriations - capital	291,439	280,961	-	-	291,439	280,961
Unrestricted state appropriations- capital	8,828	14,853	-	-	8,828	14,853
Other	13,699	11,721	553	918	14,252	12,639
Total revenues	<u>1,419,856</u>	<u>1,369,345</u>	<u>55,073</u>	<u>52,409</u>	<u>1,474,929</u>	<u>1,421,754</u>
Expenses:						
Governmental activities:						
Instructional services	890,577	852,323	-	-	890,577	852,323
System-wide support services	227,799	224,697	-	-	227,799	224,697
Ancillary services	344	254	-	-	344	254
Nonprogram charges	11,186	9,743	-	-	11,186	9,743
Depreciation	31,830	30,404	-	-	31,830	30,404
Business-type activities:						
Food services	-	-	46,468	45,846	46,468	45,846
Tuition programs	-	-	8,534	7,897	8,534	7,897
Total expenses	<u>1,161,736</u>	<u>1,117,421</u>	<u>55,002</u>	<u>53,743</u>	<u>1,216,738</u>	<u>1,171,164</u>
Increase in net assets before transfers	258,120	251,924	71	(1,334)	258,191	250,590
Transfers	(1,346)	(1,014)	1,346	1,014	-	-
Increase in net assets after transfers	<u>256,774</u>	<u>250,910</u>	<u>1,417</u>	<u>(320)</u>	<u>258,191</u>	<u>250,590</u>
Net assets, July 1	<u>2,157,049</u>	<u>1,906,139</u>	<u>24,357</u>	<u>24,677</u>	<u>2,181,406</u>	<u>1,930,816</u>
Net assets, June 30	<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>

Total governmental activities generated revenues of \$1.4 billion while expenses in this category totaled \$1.2 billion. While the Board did experience growth in enrollment, there was not a significant increase in revenues nor expenses due to mid-year budget reductions from both the county and the state. The increase in net assets stands at \$256.8 million. This is mainly due to the increase in capital assets from our building program.

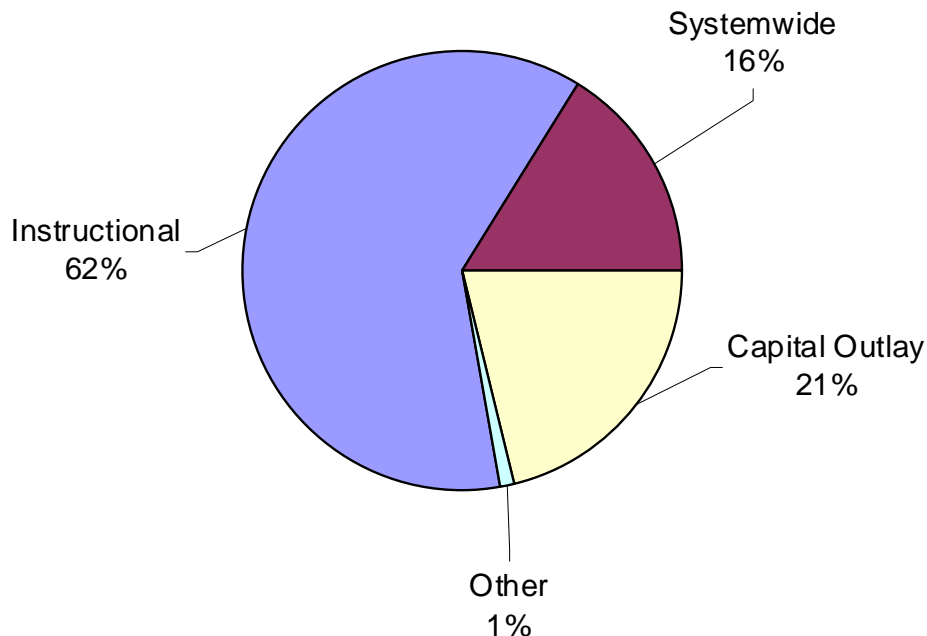
Business-type activities generated revenue of \$55 million and had expenses of \$55 million. Business-type revenues increased due to the increase in USDA grants; however, expenditures also increased due to increases in salary and benefit costs. This resulted in the increase of net assets for business-type of \$1.4 million.

Financial Analysis of the District's Funds

The Board's governmental funds reported a combined fund balance of \$42,460,187, a \$8,068,436 decrease over last year. Three sources of funding increased over the prior year: State funding increased approximately \$27.8 million and County funding increased by \$22 million. Both increases were due mainly to the building program and growth of the system. Federal funding increased by \$5.7 million with the award of the IDEA-Early Intervention Services grant and the ARRA grants.

The total fund balance in the general fund decreased by \$4,230,850. The underlying reason for this decrease is the mid-year budget reductions and state spending restrictions. The undesignated fund balance in the general fund decreased to \$12,125,691. This level of undesignated fund balance equals 3.5 percent of the general fund budget (\$342,431,194) and .97 percent of the total operating budget (state, local funds, grant, and enterprise \$1,249,536,536). The Board appropriated \$8.7 million from fund balance to support the 2009-10 budget. The total fund balance in the capital projects fund decreased by \$3,609,663, and the undesignated fund balance decreased to \$182,271. These decreases were due to the purchase of additional buses and the mid-year budget reductions.

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 \$1,416,612. The Child Nutrition Program reflected an increase in net assets over the last year of \$732,618. This was due to the increase in USDA grants. Tuition Programs reflected an increase in net assets over last year of \$683,994. This was due to the increased participation in the tuition programs.

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 \$333,876. This was mainly due to the mid-year reduction in county appropriation requested by Wake County.

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals \$2,444,700,526 (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, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 121,244	\$ 96,807	\$ -	\$ -	\$ 121,244	\$ 96,807
Land Improvements	3,527	2,119	-	-	3,527	2,119
Buildings	1,110,646	1,134,991	-	-	1,110,646	1,134,991
Equipment	6,835	6,930	7,364	6,624	14,199	13,554
Vehicles	21,717	14,371	207	271	21,924	14,642
Construction in progress	1,173,161	908,097	-	-	1,173,161	908,097
Total	<u>\$ 2,437,130</u>	<u>\$ 2,163,315</u>	<u>\$ 7,571</u>	<u>\$ 6,895</u>	<u>\$ 2,444,701</u>	<u>\$ 2,170,210</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 increased by \$8,870,235 and the business-type activities debt increased by \$43,188. The increase in the government-type debt was due to the purchase of additional buses through the installment agreement. 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 page 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 County's unemployment rate increased from 3.47% at June 30, 2008 to 8.3% at June 30, 2009. The areas diverse employment opportunities allowed the County's

unemployment rate to stay below the national average of 9.5% and the state average of 11%.

- The total assessed value of property in the County increased to \$116.6 billion for the fiscal year ended June 30, 2009, a 40 percent increase over the prior fiscal year. This large increase is due in part to the revaluation of real property. Property tax rates decreased as a result of the revaluation. Even with the rate decrease, the total property taxes collected for fiscal year 2009 was \$632,353,732, a 9.7% increase over the prior fiscal year.

Requests for Information

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

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

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WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 60,472,173	\$ 18,236,974	\$ 78,709,147
Due from other governments	50,731,357	1,449,434	52,180,791
Internal balances	(209,700)	209,700	-
Receivables	1,434,934	80,921	1,515,855
Inventory and prepaid expenses	3,685,124	2,175,072	5,860,196
Total current assets	<u>116,113,888</u>	<u>22,152,101</u>	<u>138,265,989</u>
Noncurrent assets:			
Land and construction in progress	1,294,405,306	-	1,294,405,306
Capital assets, net of accumulated depreciation	1,142,724,532	7,570,688	1,150,295,220
	<u>2,437,129,838</u>	<u>7,570,688</u>	<u>2,444,700,526</u>
 TOTAL ASSETS	 <u>2,553,243,726</u>	 <u>29,722,789</u>	 <u>2,582,966,515</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	14,013,577	1,185,749	15,199,326
Accounts payable	55,977,837	1,746,950	57,724,787
Unearned revenue	3,096,605	-	3,096,605
Current portion of long-term obligations	48,974,631	650,000	49,624,631
Total current liabilities	<u>122,062,650</u>	<u>3,582,699</u>	<u>125,645,349</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	17,358,521	366,053	17,724,574
 TOTAL LIABILITIES	 <u>139,421,171</u>	 <u>3,948,752</u>	 <u>143,369,923</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,432,805,178	7,570,688	2,440,375,866
Restricted for:			
Individual school activities	8,295,329	-	8,295,329
Unrestricted	(27,277,952)	18,203,349	(9,074,603)
 TOTAL NET ASSETS	 <u>\$ 2,413,822,555</u>	 <u>\$ 25,774,037</u>	 <u>\$ 2,439,596,592</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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional programs:				
Regular	\$ 520,736,969	\$ 1,106,269	\$ 430,711,628	\$ -
Special populations	162,672,147	-	136,370,501	-
Alternative programs and services	56,432,546	-	41,426,092	-
School leadership	64,582,811	-	38,243,575	-
Co-curricular	19,741,681	-	12,898,512	-
School-based support services	66,411,122	-	51,014,946	-
Systemwide support services				
Support and development	11,519,131	-	7,237,584	-
Special populations support and development	5,497,400	-	1,836,370	-
Alternative programs and services support and development	1,921,084	-	1,025,146	-
Technology support	28,033,386	-	2,748,057	-
Operational support	148,788,642	-	67,223,267	2,616,770
Financial and human resource	16,726,131	-	916,003	-
Accountability	2,508,241	-	179,952	-
Systemwide pupil support	4,517,008	-	368,874	-
Policy, leadership and public relations	8,287,942	-	1,075,704	-
Ancillary services	344,305	35,352	304,213	-
Nonprogram charges	11,185,748	-	-	-
Depreciation - unallocated *	31,830,062	-	-	-
Total governmental activities	1,161,736,356	1,141,621	793,580,424	2,616,770
Business-type activities:				
Food services	46,467,797	23,417,878	22,099,991	-
Tuition programs	8,534,329	9,001,762	-	-
Total business-type activities	55,002,126	32,419,640	22,099,991	-
Total school district	\$ 1,216,738,482	\$33,561,261	\$ 815,680,415	\$ 2,616,770

General Revenues

Unrestricted county appropriations - operating
Unrestricted county appropriations - capital
Unrestricted state 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
\$ (88,919,072)		\$ (88,919,072)
(26,301,646)		(26,301,646)
(15,006,454)		(15,006,454)
(26,339,236)		(26,339,236)
(6,843,169)		(6,843,169)
(15,396,176)		(15,396,176)
(4,281,547)		(4,281,547)
(3,661,030)		(3,661,030)
(895,938)		(895,938)
(25,285,329)		(25,285,329)
(78,948,605)		(78,948,605)
(15,810,128)		(15,810,128)
(2,328,289)		(2,328,289)
(4,148,134)		(4,148,134)
(7,212,238)		(7,212,238)
(4,740)		(4,740)
(11,185,748)		(11,185,748)
(31,830,062)		(31,830,062)
<u>(364,397,541)</u>		<u>(364,397,541)</u>
	\$ (949,928)	(949,928)
	<u>467,433</u>	<u>467,433</u>
	<u>(482,495)</u>	<u>(482,495)</u>
(364,397,541)	(482,495)	(364,880,036)
308,550,944	-	308,550,944
291,438,862	-	291,438,862
8,828,382	-	8,828,382
2,224,118	553,080	2,777,198
11,475,315	-	11,475,315
(1,346,027)	1,346,027	-
<u>621,171,594</u>	<u>1,899,107</u>	<u>623,070,701</u>
256,774,053	1,416,612	258,190,665
<u>2,157,048,502</u>	<u>24,357,425</u>	<u>2,181,405,927</u>
<u>\$ 2,413,822,555</u>	<u>\$ 25,774,037</u>	<u>\$ 2,439,596,592</u>

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WAKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 43,648,568	\$ 3,642,534	\$ 8,864,543	\$ 1,364,092	\$ 2,952,436	\$ 60,472,173
Due from other governments	867,071	8,983,511	48,220	39,878,760	953,795	50,731,357
Accounts receivable	1,191,794	-	46,360	-	196,780	1,434,934
Due from other funds	9,869	-	617	-	-	10,486
Inventories	3,119,442	-	-	-	-	3,119,442
Total assets	<u>\$ 48,836,744</u>	<u>\$ 12,626,045</u>	<u>\$ 8,959,740</u>	<u>\$ 41,242,852</u>	<u>\$ 4,103,011</u>	<u>\$ 115,768,392</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 4,525,561	\$ 8,983,511	\$ -	\$ -	\$ 504,505	\$ 14,013,577
Accounts payable	11,343,434	3,642,534	450,899	39,861,319	679,651	55,977,837
Due to other funds	1,737	-	213,512	2,466	2,471	220,186
Deferred revenues	180,221	-	-	-	2,916,384	3,096,605
Total liabilities	<u>16,050,953</u>	<u>12,626,045</u>	<u>664,411</u>	<u>39,863,785</u>	<u>4,103,011</u>	<u>73,308,205</u>
Fund balances:						
Reserved for:						
Inventories	3,119,442	-	-	-	-	3,119,442
Encumbrances	-	-	-	21,024	-	21,024
By State statute	2,058,865	-	-	-	-	2,058,865
Special projects	701,625	-	-	-	-	701,625
Restricted contributions	-	-	-	808,053	-	808,053
Self-insurance	5,147,789	-	-	-	-	5,147,789
Unreserved:						
Designated for flexible benefits plan	966,779	-	-	-	-	966,779
Designated for subsequent year's expenditures	8,665,600	-	-	367,719	-	9,033,319
Undesignated	12,125,691	-	8,295,329	182,271	-	20,603,291
Total fund balances	<u>32,785,791</u>	<u>-</u>	<u>8,295,329</u>	<u>1,379,067</u>	<u>-</u>	<u>42,460,187</u>
Total liabilities and fund balances	<u>\$ 48,836,744</u>	<u>\$ 12,626,045</u>	<u>\$ 8,959,740</u>	<u>\$ 41,242,852</u>	<u>\$ 4,103,011</u>	

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 2,437,129,838

Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds. 565,682

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

Capital leases payable	\$ (15,407)
Workers' compensation self-insurance	(2,288,634)
Compensated absences (vacation)	(59,366,780)
Termination Benefits	(353,078)
Installment Purchase	(4,309,253)
	<u>(66,333,152)</u>

Total net assets - governmental activities \$ 2,413,822,555

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, 2009

	General Fund	State Public School Fund	Individual Schools Fund
REVENUES:			
County	\$ 308,550,944	\$ -	\$ -
State	16,310	721,365,214	-
Federal	222,657	-	-
Other Local	16,468,850	-	12,845,163
Total Revenues	325,258,761	721,365,214	12,845,163
EXPENDITURES:			
Current operations:			
Instructional services:			
Regular	88,104,167	425,633,813	-
Special populations	26,565,379	110,425,971	-
Alternative programs and services	15,387,926	22,003,038	-
School leadership	25,795,751	38,195,165	-
Co-curricular	6,943,123	7,624	12,830,998
School-based support services	13,585,690	49,145,987	-
Systemwide support services			
Support and development	5,090,682	2,846,439	-
Special populations support and development	3,639,018	1,646,384	-
Alternative programs and services support and development	886,980	388,371	-
Technology support	15,095,082	2,360,212	-
Operational support	94,202,435	66,851,284	-
Financial and human resource	15,622,826	228,509	-
Accountability	2,293,663	179,952	-
Systemwide pupil support	4,041,566	370,251	-
Policy, leadership and public relations	7,131,946	1,075,703	-
Ancillary services	85,617	6,511	-
Nonprogram charges	10,761,253	-	-
Debt Service:			
Principal	13,385	-	-
Interest	3,228	-	-
Capital outlay:			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Vehicles	-	-	-
Total Expenditures	335,249,717	721,365,214	12,830,998
Excess (deficiency) of revenues over expenditures	(9,990,956)	-	14,165
OTHER FINANCING SOURCES (USES):			
Transfers in	6,385,320	-	-
Transfers out	-	-	(242,088)
Total other financing sources (uses)	6,385,320	-	(242,088)
Net change in fund balance	(3,605,636)	-	(227,923)
Fund balances, beginning of year	37,016,641	-	8,523,252
Decrease in reserve for inventories	(625,214)	-	-
Fund Balances, end of the year	\$ 32,785,791	\$ -	\$ 8,295,329

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 291,438,862	\$ -	\$ 599,989,806
12,731,149	323,872	734,436,545
-	55,558,764	55,781,421
2,946,097	2,766,307	35,026,417
<u>307,116,108</u>	<u>58,648,943</u>	<u>1,425,234,189</u>
-	4,534,373	518,272,353
-	25,184,242	162,175,592
-	18,800,319	56,191,283
-	39,951	64,030,867
-	45,725	19,827,470
-	2,228,627	64,960,304
-	3,745,276	11,682,397
-	189,986	5,475,388
-	631,530	1,906,881
-	327,882	17,783,176
-	205,884	161,259,603
-	687,542	16,538,877
-	-	2,473,615
-	101,172	4,512,989
-	-	8,207,649
-	258,736	350,864
-	1,667,698	12,428,951
3,902,767	-	3,916,152
-	-	3,228
297,360,940	-	297,360,940
317,650	-	317,650
3,001,182	-	3,001,182
<u>304,582,539</u>	<u>58,648,943</u>	<u>1,432,677,411</u>
<u>2,533,569</u>	<u>-</u>	<u>(7,443,222)</u>
-	-	6,385,320
<u>(6,143,232)</u>	<u>-</u>	<u>(6,385,320)</u>
<u>(6,143,232)</u>	<u>-</u>	<u>-</u>
(3,609,663)	-	(7,443,222)
4,988,730	-	50,528,623
-	-	(625,214)
<u>\$ 1,379,067</u>	<u>\$ -</u>	<u>\$ 42,460,187</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, 2009

Total net change in fund balances - governmental funds \$ (7,443,222)

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	\$ 308,197,747	
	Depreciation expense	<u>(34,199,437)</u>	273,998,310

The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net assets. (183,167)

In the statement of activities compensated absences (vacations) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation earned was more than the amounts used by \$4,259,610. (4,259,610)

Some of the capital assets acquired this year were financed through installment purchase. The amount financed by the installment purchase is reported in the governmental funds as a source of financing. On the other hand, the installment purchases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (7,989,002)

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	13,385	
	Installment purchase payments	<u>3,902,767</u>	3,916,152

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 \$184,697. (184,697)

The estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the district-wide statements. (353,078)

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 \$102,419. (102,419)

Adjustment due to the use of the consumption method of recording inventory in the district-wide statements. (625,214)

Change in net assets of governmental activities \$ 256,774,053

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, 2009

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 311,300,944	\$ 308,550,944	\$ 308,550,944	\$ -
State	-	52,994	16,310	(36,684)
Federal	185,000	185,000	222,657	37,657
Other local	16,997,140	16,326,996	16,468,850	141,854
Total revenues	<u>328,483,084</u>	<u>325,115,934</u>	<u>325,258,761</u>	<u>142,827</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instructional	91,511,524	88,959,304	88,104,167	855,137
Special populations	25,769,752	26,660,661	26,565,379	95,282
Alternative programs	12,266,148	15,388,001	15,387,926	75
School leadership	24,673,720	26,084,209	25,795,751	288,458
Co-curricular	7,160,347	7,136,141	6,943,123	193,018
School-based support	12,712,710	13,992,017	13,585,690	406,327
Systemwide support services				
Support and development	5,591,271	5,393,112	5,090,682	302,430
Special populations support and development	3,638,140	3,691,124	3,639,018	52,106
Alternative programs and services support and development	922,857	909,883	886,980	22,903
Technology support	16,310,593	15,546,869	15,095,082	451,787
Operational support	97,817,579	95,633,674	94,202,435	1,431,239
Financial and human resource	18,720,855	16,784,418	15,622,826	1,161,592
Accountability	2,515,332	2,408,667	2,293,663	115,004
Systemwide pupil support	4,648,848	4,285,095	4,041,566	243,529
Policy, leadership and public relation	7,976,611	7,696,879	7,131,946	564,933
Ancillary services	3,538	87,344	85,617	1,727
Non-program charges	10,525,245	11,773,796	10,777,866	995,930
Total Expenditures	<u>342,765,070</u>	<u>342,431,194</u>	<u>335,249,717</u>	<u>7,181,477</u>
Revenues over (under) expenditures	<u>(14,281,986)</u>	<u>(17,315,260)</u>	<u>(9,990,956)</u>	<u>7,324,304</u>
Other financing sources (uses):				
Appropriated fund balance	7,500,000	9,890,960	-	(9,890,960)
Transfers in	6,781,986	7,424,300	6,385,320	(1,038,980)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>14,281,986</u>	<u>17,315,260</u>	<u>6,385,320</u>	<u>(10,929,940)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,605,636)</u>	<u>\$ (3,605,636)</u>
Fund balances, beginning of year			37,016,641	
Increase in reserve for inventories			(625,214)	
Fund balances, end of year			<u>\$ 32,785,791</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)
\$ -	\$ -	\$ -	\$ -
756,833,757	749,603,910	721,365,214	(28,238,696)
-	-	-	-
-	-	-	-
<u>756,833,757</u>	<u>749,603,910</u>	<u>721,365,214</u>	<u>(28,238,696)</u>
455,849,225	448,845,631	425,633,813	23,211,818
111,029,615	111,844,635	110,425,971	1,418,664
25,440,343	22,562,832	22,003,038	559,794
39,597,791	38,986,913	38,195,165	791,748
-	7,626	7,624	2
51,047,952	50,536,315	49,145,987	1,390,328
3,073,943	2,894,388	2,846,439	47,949
1,904,768	1,668,019	1,646,384	21,635
360,559	397,124	388,371	8,753
2,273,354	2,910,493	2,360,212	550,281
64,374,659	67,081,405	66,851,284	230,121
223,537	228,613	228,509	104
124,150	180,204	179,952	252
373,778	372,074	370,251	1,823
1,160,083	1,081,127	1,075,703	5,424
-	6,511	6,511	-
-	-	-	-
<u>756,833,757</u>	<u>749,603,910</u>	<u>721,365,214</u>	<u>28,238,696</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		-	
		-	
		<u>\$ -</u>	

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2009

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,582,447	\$ 7,654,527	\$ 18,236,974
Accounts receivable	24,814	56,107	80,921
Due from other governments	1,085,282	364,152	1,449,434
Due from other funds	2,100	208,970	211,070
Prepaid expenses	415	29,836	30,251
Inventory	2,144,821	-	2,144,821
Total current assets	<u>13,839,879</u>	<u>8,313,592</u>	<u>22,153,471</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>7,354,716</u>	<u>215,972</u>	<u>7,570,688</u>
Total assets	<u>21,194,595</u>	<u>8,529,564</u>	<u>29,724,159</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	1,176,157	9,592	1,185,749
Accounts payable	1,387,215	359,735	1,746,950
Due to other funds	642	728	1,370
Current Portion of long-term obligations	595,000	55,000	650,000
Total current liabilities	<u>3,159,014</u>	<u>425,055</u>	<u>3,584,069</u>
Noncurrent liabilities:			
Long-term obligations	<u>324,707</u>	<u>41,346</u>	<u>366,053</u>
Total liabilities	<u>3,483,721</u>	<u>466,401</u>	<u>3,950,122</u>
NET ASSETS			
Invested in capital assets	7,354,716	215,972	7,570,688
Unrestricted	<u>10,356,158</u>	<u>7,847,191</u>	<u>18,203,349</u>
Total net assets	<u>\$ 17,710,874</u>	<u>\$ 8,063,163</u>	<u>\$ 25,774,037</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, 2009

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 23,417,878	\$ -	\$ 23,417,878
Participant fees	-	9,001,762	9,001,762
Total operating revenues	23,417,878	9,001,762	32,419,640
OPERATING EXPENSES:			
Business supporting services:			
Salaries	15,667,205	3,984,893	19,652,098
Food	16,637,951	-	16,637,951
Supplies	1,590,165	1,796,660	3,386,825
Purchased services	1,431,432	1,213,170	2,644,602
Other supporting services:			
Employee benefits	5,385,055	657,410	6,042,465
Donated commodities	2,312,450	-	2,312,450
Indirect costs	2,611,372	851,060	3,462,432
Depreciation	832,167	31,136	863,303
Total operating expenses	46,467,797	8,534,329	55,002,126
Operating income (loss)	(23,049,919)	467,433	(22,582,486)
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	19,660,171	-	19,660,171
USDA Grants - Summer feeding program	126,226	-	126,226
Federal commodities	2,312,450	-	2,312,450
NCDPI kindergarten breakfast	25,831	-	25,831
Interest	336,145	216,935	553,080
Loss on sale of capital assets	(24,313)	(374)	(24,687)
Total non-operating revenues	22,436,510	216,561	22,653,071
Income/(loss) before contributions and transfers	(613,409)	683,994	70,585
Contribution from other funds	1,346,027	-	1,346,027
Change in net assets	732,618	683,994	1,416,612
Net assets, beginning of year	16,978,256	7,379,169	24,357,425
Net assets, end of year	\$ 17,710,874	\$ 8,063,163	\$ 25,774,037

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, 2009

	Major Fund Child Nutrition Program	Non-Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 23,435,993	\$ 9,023,073	\$ 32,459,066
Payments to employees for services	(21,478,490)	(4,645,450)	(26,123,940)
Payments to suppliers for goods and services	(19,845,013)	(3,040,998)	(22,886,011)
Payments for other operating expenses	(2,896,315)	(807,693)	(3,704,008)
Net cash provided by (used by) operating activities	<u>(20,783,825)</u>	<u>528,932</u>	<u>(20,254,893)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	19,660,171	-	19,660,171
USDA Grants - Summer feeding program	126,226	-	126,226
NCDPI kindergarten breakfast	25,831	-	25,831
Net cash provided by non-capital financing activities	<u>19,812,228</u>	<u>-</u>	<u>19,812,228</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(142,916)	(74,540)	(217,456)
Proceeds from sale of equipment	380	-	380
Net cash used for capital and related financing activities	<u>(142,536)</u>	<u>(74,540)</u>	<u>(217,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	336,145	216,935	553,080
Net increase in cash and cash equivalents	(777,988)	671,327	(106,661)
Cash and cash equivalents, beginning of year	11,360,435	6,983,200	18,343,635
Cash and cash equivalents, end of year	<u>\$ 10,582,447</u>	<u>\$ 7,654,527</u>	<u>\$ 18,236,974</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (23,049,919)	\$ 467,433	\$ (22,582,486)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	832,167	31,136	863,303
Decrease (increase) in accounts receivable and due from other governments	(253,020)	73,885	(179,135)
Increase in inventories	(778,089)	-	(778,089)
Decrease (increase) in prepaid expenses	1,543	(11,165)	(9,622)
Increase (decrease) in accounts payable and salaries and benefits payable	105,511	(30,013)	75,498
Increase (decrease) in accrued vacation	45,532	(2,344)	43,188
Donated commodities	2,312,450	-	2,312,450
Total adjustments	<u>2,266,094</u>	<u>61,499</u>	<u>2,327,593</u>
Net cash provided by (used by) operating activities	<u>\$ (20,783,825)</u>	<u>\$ 528,932</u>	<u>\$ (20,254,893)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:			
Donated commodities	\$ 2,312,450	\$ -	\$ 2,312,450
Transfer of equipment from capital projects fund	<u>\$ 1,346,027</u>	<u>\$ -</u>	<u>\$ 1,346,027</u>

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

Wake County Board of Education
Notes to the Basic Financial Statements
Year Ended June 30, 2009

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Wake County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Wake County, North Carolina. Although Wake County levies all taxes, the Board determines how the school system will spend the funds generated for schools. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity.

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, indirect costs, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

The Board reports the following major governmental funds:

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

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

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Wake County appropriations, proceeds of Wake County bonds issued for public school construction, as well as certain State assistance.

The Board reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, state, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Board's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

All governmental and business-type activities of the Board follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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

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

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

During the fiscal year there were budget amendments totaling \$103,204,067 approved by the Board as follows:

General fund	\$ (333,876)
State public school fund	(7,229,847)
Grants funds	34,601,245
Capital projects funds	(133,543,073)
Enterprise fund	3,301,484
	<u>\$ (103,204,067)</u>

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Inventories and Prepaid Expenses

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

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

4. Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1989 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

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

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, 2009 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 2009-2010 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 \$2,371,362,368 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)	\$ 2,825,358,225
Less accumulated depreciation	<u>(388,228,387)</u>
Net capital assets	<u>2,437,129,838</u>
Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds	565,682
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Capital leases payable	(15,407)
Workers' compensation self-insurance	(2,288,634)
Compensated absences	(59,366,780)
Termination benefits	(353,078)
Installment purchase	<u>(4,309,253)</u>
Total adjustments	<u>\$ 2,371,362,368</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 \$264,217,275 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.	\$ 308,197,747
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.	(34,199,437)
The net effect of various miscellaneous transactions involving capital assets (i.e. retirement) is to decrease net assets.	(183,167)
Capital assets acquired through an installment purchase are reported in the fund statement as a source of financing but are reported as long-term liabilities in the government-wide statements	(7,989,002)
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.	3,916,152
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(4,259,610)
Estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the government-wide statements	(353,078)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	(625,214)
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	(184,697)
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>(102,419)</u>
Total adjustments	<u>\$ 264,217,275</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, 2009, the Board's deposits with banks had a carrying amount of \$16,897,805 and with the State Treasurer of \$3,850,192. The bank balances with the financial institutions and the State Treasurer were \$18,672,308 and \$6,337,905, respectively. Of these balances, \$4,000,300 was covered by federal depository insurance and \$21,009,913 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2009, 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	\$ 8,936	Term Portfolio duration of .8	AAAm
State Treasurer's Short Term Investment Fund	<u>57,952,214</u>	Weighted average maturity of 1.80 years	Unrated
Total Investments	<u>\$ 57,961,150</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 1.80 years as of June 30, 2009.

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, 2009. 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.

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

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2009, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 8,132	\$ 867,071	\$ 1,191,794
Other governmental activities	(217,832)	49,864,286	243,140
Total	<u>\$ (209,700)</u>	<u>\$ 50,731,357</u>	<u>\$ 1,434,934</u>
Business-type activities:			
Child Nutrition Program	\$ 1,458	\$ 1,085,282	\$ 24,814
Tuition Programs	208,242	364,152	56,107
Total	<u>\$ 209,700</u>	<u>\$ 1,449,434</u>	<u>\$ 80,921</u>

Due from other governments consists of the following:

Governmental activities		
General Fund	\$ 807,745	Sales tax refund from state
	14,053	Miscellaneous revenue from state
	18,531	Miscellaneous revenue from county
	26,742	Miscellaneous revenue from federal
	<u>867,071</u>	
State Public School Fund	8,983,511	Operating funds from DPI
Individual Schools Fund	48,220	Sales tax refund from state
Capital Outlay Fund	208,068	Sales tax refund from state
		County funds from county
	39,670,692	appropriations
	<u>39,878,760</u>	
Direct Federal Grants Fund	202,501	Federal grant funds
State Administered Federal Grants Fund	751,294	Federal grant funds
Total	<u>\$ 50,731,357</u>	
Business-type activities:		
Child Nutrition Program	\$ 1,045,876	USDA Reimbursement from state
	39,406	Sales tax refund from state
	<u>1,085,282</u>	
Tuition Programs	350,000	Miscellaneous revenue from county
	14,152	Sales tax refund from state
	<u>364,152</u>	
Total	<u>\$ 1,449,434</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, 2009, was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 96,807,403	\$ 24,436,376	\$ -	\$ -	\$ 121,243,779
Construction in Progress	908,096,995	269,281,985	(4,217,453)	-	1,173,161,527
Total capital assets not being depreciated	1,004,904,398	293,718,361	(4,217,453)	-	1,294,405,306
Capital assets being depreciated:					
Land Improvements	6,923,243	1,605,689	-	(327,452)	8,201,480
Buildings	1,457,261,950	6,087	4,217,453	(25,712)	1,461,459,778
Equipment	16,142,726	1,972,800	-	(481,624)	17,633,902
Vehicles and motor equipment	33,712,369	10,894,810	-	(949,420)	43,657,759
Total capital assets being depreciated	1,514,040,288	14,479,386	4,217,453	(1,784,208)	1,530,952,919
Less accumulated depreciation for:					
Land Improvements	4,804,883	188,200	-	(318,705)	4,674,378
Buildings	322,271,413	28,553,581	-	(11,055)	350,813,939
Equipment	9,212,536	1,998,771	-	(412,286)	10,799,021
Vehicles and motor equipment	19,341,159	3,458,885	-	(858,995)	21,941,049
Total accumulated depreciation	355,629,991	34,199,437	-	(1,601,041)	388,228,387
Total capital assets being depreciated, net	1,158,410,297				1,142,724,532
Governmental activity capital assets, net	<u>\$ 2,163,314,695</u>				<u>\$ 2,437,129,838</u>

Business-type Activities:

	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 15,057,732	\$ 1,464,598	\$ (1,849,728)	\$ 14,672,602
Vehicles	806,516	24,345	(57,077)	773,784
Total capital assets being depreciated	15,864,248	1,488,943	(1,906,805)	15,446,386
Less accumulated depreciation for:				
Equipment	8,605,679	748,597	(1,829,984)	7,524,292
Vehicles	535,936	83,570	(52,128)	567,378
Total accumulated depreciation	9,141,615	832,167	(1,882,112)	8,091,670
School food service capital assets, net	6,722,633			7,354,716
Other Business-type activities				
Capital assets being depreciated:				
Equipment	797,927	74,540	(291,663)	580,804
Less accumulated depreciation for:				
Equipment	624,985	31,136	(291,289)	364,832
Other enterprise funds capital assets, net	172,942			215,972
Business-type activities capital assets, net	<u>\$ 6,895,575</u>			<u>\$ 7,570,688</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 31,830,062
Operational support services	<u>2,369,375</u>
Total	<u>\$ 34,199,437</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2009. At year-end, the Board's commitments with contractors for school construction totaled approximately \$135,866,309. 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 69 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, 2009, has been recorded.

The payments due in the fiscal year ended June 30, 2010 are as follows:

Total purchase price, 69 buses	\$5,360,022
Total payments due in fiscal year 2010	1,786,674
Remaining payments due in subsequent years	1,786,674

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 8.14% 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, 2009, 2008, and 2007 were \$61,350,915, \$56,406,617, and \$46,565,368, respectively, equal to the required contributions for each year.

b. Supplemental Retirement Income Plan

All permanent, full-time employees of the Board may participate in a supplemental retirement income plan 401(K), a defined contribution plan. Covered payroll for the year ended June 30, 2009, was \$127,477,636, total payroll was \$753,961,658. Participation is optional, and all contributions to the plan are made by the employees. All participants are immediately vested in their contributions and can increase or decrease their contribution rate at any time.

The voluntary contributions by employees amounted to \$7,105,756 (5.6% of covered payroll) for the year ended June 30, 2009.

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

c. 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, 2009, 2008, and 2007, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$30,901,358, \$29,536,032, and \$24,782,689, respectively. These contributions represented 4.1%, 4.1%, and 3.8% 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, 2009, 2008, and 2007, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,919,196, \$3,746,033, and \$3,391,315, 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, 2009, were as follows:

	Vendors	Salaries and benefits
Governmental Activities		
General	\$ 11,343,434	\$ 4,525,561
Other Governmental	44,634,403	9,488,016
Total Governmental activities	<u>\$ 55,977,837</u>	<u>\$ 14,013,577</u>
Business-type Activities		
Child Nutrition Program	\$ 1,387,215	\$ 1,176,157
Tuition Programs	359,735	9,592
Total Business-type activities	<u>\$ 1,746,950</u>	<u>\$ 1,185,749</u>

4. Unearned Revenue

The balance in unearned revenue at year-end is composed of grants not yet earned of \$3,096,605.

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 \$2,000,000 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 8/1/2008-09 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 insurers, who participate in the property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake with a \$5,000,000 maximum payable 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 Dishonest 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 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Estimated claims payable, beginning of year	\$ 2,103,937	\$ 2,174,002
Current year claims and changes in estimates	1,056,610	975,281
Claim payments	<u>(871,913)</u>	<u>(1,045,346)</u>
Estimated claims payable, end of year	<u>\$ 2,288,634</u>	<u>\$ 2,103,937</u>

6. Contingent Liabilities

At June 30, 2009, 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 \$4,141,353 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 3,998,079
2011	3,328,779
2012	1,858,279
2013	515,303
2014 and after	<u>2,923,509</u>
Total	<u>\$ 12,623,949</u>

b. Capital Leases

As authorized in State law [G.S. 115C-528(a)], the Board has one outstanding capital lease with Xerox for a printer. The term of the lease is five years, ending in June of 2010, with monthly payments of \$1,384. The lease agreement qualifies it as a capital lease for accounting purposes; therefore, the obligations have been recorded at the present value of the future minimum lease payments as of the date of their inception.

At June 30, 2009, assets recorded under the capital leases were as follows:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computers/computer equipment	\$ 60,000	\$ 47,999	\$ 12,001

The following is a schedule of the future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2009:

Year Ending June 30	Governmental Activities
2010	\$ 16,612
Less: amount representing interest	1,205
Present value of the minimum lease payments	<u>\$ 15,407</u>

c. 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, 2009 is \$353,078. This liability consists of 78 terminations.

d. 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 \$1,471,808 for the year ended June 30, 2009. The final payment of \$735,905 is due in the year ending 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 cost for this installment purchase was \$5,360,022 for the year ended June 30, 2009. The subsequent payments of \$1,786,674 are due in the years ending June 30, 2010 and 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, 2009:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$55,107,170	\$49,706,446	\$45,446,836	\$59,366,780	\$45,000,000
Capital leases	28,792	-	13,385	15,407	15,407
Worker's compensation	2,103,937	1,056,610	871,913	2,288,634	1,083,568
Terminated employee benefits	-	353,078	-	353,078	353,078
Installment purchase	223,018	7,989,002	3,902,767	4,309,253	2,522,578
Total	<u>\$57,462,917</u>	<u>\$59,105,136</u>	<u>\$50,234,901</u>	<u>\$66,333,152</u>	<u>\$48,974,631</u>

Business-type activities:	Compensated
	<u>Absences</u>
Beginning balance	\$ 972,865
Increases	697,829
Decreases	<u>654,641</u>
Ending Balance	<u>\$1,016,053</u>
Due within one year	<u>\$ 650,000</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, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Administered Federal Grants Fund	\$ 2,351
General Fund	Capital Projects Fund	2,466
General Fund	Tuition Program	728
General Fund	Individual Schools Fund	3,562
General Fund	Direct Grants Fund	120
General Fund	Child Nutrition Program	642
Tuition Program	Individual Schools Fund	208,970
Child Nutrition Program	General Fund	1,120
Child Nutrition Program	Individual Schools Fund	980
Individual Schools Fund	General Fund	<u>617</u>
		<u>\$ 221,556</u>

Most interfund balances are due to allocation of printing costs or catering fees. The Individual Schools Fund owes \$208,970 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, 2009:

<u>Transfers From:</u>	<u>Transfers To:</u>
	<u>General Fund</u>
Governmental activities:	
Capital Projects Fund	\$ 6,143,232
Individual Schools Fund	242,088
Total	<u>\$ 6,385,320</u>

During the year, the Capital Projects Fund transferred \$6,143,232 to the General Fund for salaries paid that were related to the Board's building program. The Individual School Fund transferred \$242,088 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.

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.

Enterprise Funds

Tuition Programs Fund

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

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WAKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Direct Grants	State Administered Federal Grants	Total
ASSETS			
Cash	\$ 2,744,779	\$ 207,657	\$ 2,952,436
Due from other governments	202,501	751,294	953,795
Accounts receivable	196,780	-	196,780
Total assets	\$ 3,144,060	\$ 958,951	\$ 4,103,011
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salaries and benefits payable	\$ 18,829	\$ 485,676	\$ 504,505
Accounts payable	208,727	470,924	679,651
Due to other funds	120	2,351	2,471
Deferred revenues	2,916,384	-	2,916,384
Total liabilities	3,144,060	958,951	4,103,011
Fund balances	-	-	-
Total liabilities and fund balances	\$ 3,144,060	\$ 958,951	\$ 4,103,011

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Direct Federal Grants	State Administered Federal Grants	Total
REVENUES:			
Federal	\$ 4,178,654	\$ 51,380,110	\$ 55,558,764
State	323,872	-	323,872
Other	2,766,307	-	2,766,307
Total revenues	<u>7,268,833</u>	<u>51,380,110</u>	<u>58,648,943</u>
EXPENDITURES:			
Instructional services:			
Regular instructional	2,654,871	1,879,502	4,534,373
Special populations	437,247	24,746,995	25,184,242
Alternative programs	1,102,782	17,697,537	18,800,319
School leadership	39,951	-	39,951
Co-curricular	45,725	-	45,725
School-based support	791,231	1,437,396	2,228,627
Systemwide support services			
Support and development	1,436,973	2,308,303	3,745,276
Special populations support and development	-	189,986	189,986
Alternative programs and services support and development	156,843	474,687	631,530
Technology support	-	327,882	327,882
Operational support	3,855	202,029	205,884
Financial and human resource	136,318	551,224	687,542
Systemwide pupil support	52,819	48,353	101,172
Ancillary services	250,015	8,721	258,736
Non-program charges	160,203	1,507,495	1,667,698
Total expenditures	<u>7,268,833</u>	<u>51,380,110</u>	<u>58,648,943</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
REVENUES:				
Wake County:				
County appropriation	\$ 308,550,944	\$ 308,550,944	\$ -	\$ 296,964,799
State: other	52,994	16,310	(36,684)	-
Federal:				
ROTC	175,000	213,620	38,620	191,573
Other	10,000	9,037	(963)	9,335
Total	185,000	222,657	37,657	200,908
Other:				
Fines and forfeitures	4,074,000	4,862,031	788,031	4,163,007
Interest	2,500,000	2,136,659	(363,341)	3,475,399
Indirect cost	5,500,000	5,136,422	(363,578)	5,398,455
Other local	4,252,996	4,333,738	80,742	3,355,528
Total	16,326,996	16,468,850	141,854	16,392,389
Total revenues	325,115,934	325,258,761	142,827	313,558,096
EXPENDITURES:				
Regular instructional services				
Regular curricular		83,966,750		84,582,888
CTE curricular		4,137,417		3,693,750
	88,959,304	88,104,167	855,137	88,276,638
Special populations services				
Children with disabilities curricular		17,316,281		16,539,557
Children with disabilities CTE curricular		1,589,208		1,391,111
Pre-K children with disabilities curricular		1,214,963		558,415
Speech and language pathology		3,184,271		2,646,530
Audiology		620,210		566,743
Academically/intellectually gifted curricular		1,122,234		999,704
Limited English proficiency		1,518,212		1,856,142
	26,660,661	26,565,379	95,282	24,558,202
Alternative programs and services				
Alternative instructional K-12		889,014		938,875
Attendance and social work		691,490		665,948
Remedial and supplemental K-12		11,289,090		7,499,290
Pre-K readiness/remedial and supplemental		1,754,843		1,688,848
Extended day/year instructional		763,489		1,235,038
	15,388,001	15,387,926	75	12,027,999

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, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)
(Continued)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
School leadership	\$ 26,084,209	\$ 25,795,751	\$ 288,458	\$ 24,706,858
Co-Curricular services	7,136,141	6,943,123	193,018	6,867,257
School-based support services				
Educational media		5,502,321		5,111,595
Student accounting		921,219		697,013
Guidance		5,675,577		5,534,053
Health		355,521		384,829
Safety and security		61,612		-
Instructional technology		241,386		312,360
Parent involvement		183,745		153,988
Special		644,309		534,641
	<u>13,992,017</u>	<u>13,585,690</u>	<u>406,327</u>	<u>12,728,479</u>
Support and development services				
Regular curricular support and development		4,869,273		4,727,588
CTE curricular support and development		221,409		223,149
	<u>5,393,112</u>	<u>5,090,682</u>	<u>302,430</u>	<u>4,950,737</u>
Special population support and development services	<u>3,691,124</u>	<u>3,639,018</u>	<u>52,106</u>	<u>3,382,450</u>
Alternative programs and services support and development services	<u>909,883</u>	<u>886,980</u>	<u>22,903</u>	<u>888,752</u>
Technology support services	<u>15,546,869</u>	<u>15,095,082</u>	<u>451,787</u>	<u>15,602,647</u>
Operational support services				
Communication		859,882		760,005
Printing and copying		78,715		16,652
Public utility and energy		27,234,857		25,967,185
Custodial/housekeeping		11,112,649		11,432,256
Transportation		20,632,403		17,279,909
Warehouse and delivery		290,003		406,075
Facilities planning		7,206,391		7,010,536
Maintenance		26,787,535		27,386,408
	<u>95,633,674</u>	<u>94,202,435</u>	<u>1,431,239</u>	<u>90,259,026</u>
Financial and human resource services				
Financial		9,037,345		8,947,132
Human resource		6,585,481		6,480,445
	<u>16,784,418</u>	<u>15,622,826</u>	<u>1,161,592</u>	<u>15,427,577</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, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)
(Continued)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,449,661	\$ -	\$ 1,328,213
Planning, research development and program evaluation		844,002		747,523
	<u>2,408,667</u>	<u>2,293,663</u>	<u>115,004</u>	<u>2,075,736</u>
Systemwide pupil support services				
Educational media support		143,380		139,658
Student accounting support		1,362,030		1,380,957
Guidance support		444,975		450,060
Health support		42,713		-
Safety and security support		2,002,440		2,106,562
Instructional technology support		46,028		63,048
	<u>4,285,095</u>	<u>4,041,566</u>	<u>243,529</u>	<u>4,140,285</u>
Policy, leadership and public relations services				
Board of education		229,570		211,975
Legal		885,756		988,345
Audit		579,406		615,769
Leadership		3,815,023		3,744,390
Public relations and marketing		1,622,191		1,542,939
	<u>7,696,879</u>	<u>7,131,946</u>	<u>564,933</u>	<u>7,103,418</u>
Ancillary services				
Nutrition services		1,490		-
Adult services		84,127		3,025
	<u>87,344</u>	<u>85,617</u>	<u>1,727</u>	<u>3,025</u>
Nonprogram charges:				
Debt service principal		13,385		11,628
Debt service interest		3,228		4,985
Payments to charter schools		10,761,253		9,737,816
	<u>11,773,796</u>	<u>10,777,866</u>	<u>995,930</u>	<u>9,754,429</u>
Total expenditures	<u>342,431,194</u>	<u>335,249,717</u>	<u>7,181,477</u>	<u>322,753,515</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(17,315,260)</u>	<u>(9,990,956)</u>	<u>7,324,304</u>	<u>(9,195,419)</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	9,890,960	-	(9,890,960)	-
Transfers in	7,424,300	6,385,320	(1,038,980)	5,988,235
Transfers out			-	(13,540)
Total other financing sources (uses)	<u>17,315,260</u>	<u>6,385,320</u>	<u>(10,929,940)</u>	<u>5,974,695</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,605,636)</u>	<u>\$ (3,605,636)</u>	<u>(3,220,724)</u>
Fund balance, beginning of year		37,016,641		40,328,510
Decrease in reserve for inventories		<u>(625,214)</u>		<u>(91,145)</u>
Fund balance, end of year		<u>\$ 32,785,791</u>		<u>\$ 37,016,641</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 749,603,910	\$ 721,365,214	\$ (28,238,696)	\$ 689,966,461
Total revenues	<u>749,603,910</u>	<u>721,365,214</u>	<u>(28,238,696)</u>	<u>689,966,461</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		397,620,033		380,747,227
CTE curricular		28,013,780		27,267,002
	<u>448,845,631</u>	<u>425,633,813</u>	<u>23,211,818</u>	<u>408,014,229</u>
Special populations services				
Children with disabilities curricular		84,944,839		81,267,787
Children with disabilities CTE curricular		3,086,605		2,812,376
Pre-K children with disabilities curricular		3,291,334		382,021
Speech and language pathology		2,147,567		2,009,094
Audiology		360,955		315,070
Academically/intellectually gifted curricular		6,840,605		6,452,262
Limited English proficiency		9,754,066		8,308,360
	<u>111,844,635</u>	<u>110,425,971</u>	<u>1,418,664</u>	<u>101,546,970</u>
Alternative programs and services				
Alternative instructional K-12		4,642,743		5,321,411
Attendance and social work		4,194,324		4,106,307
Remedial and supplemental K-12		12,478,371		13,930,339
Extended day/year instructional		687,600		494,470
	<u>22,562,832</u>	<u>22,003,038</u>	<u>559,794</u>	<u>23,852,527</u>
School leadership	<u>38,986,913</u>	<u>38,195,165</u>	<u>791,748</u>	<u>35,854,205</u>
Co-Curricular services	<u>7,626</u>	<u>7,624</u>	<u>2</u>	<u>-</u>
School-based support services				
Educational media		15,336,820		16,013,549
Student accounting		5,946,198		5,748,670
Guidance		24,174,321		23,509,542
Health		845,259		876,137
Safety and security		832,436		833,848
Instructional technology		745,101		789,814
Parent involvement		564,399		526,271
Special		701,453		744,786
	<u>50,536,315</u>	<u>49,145,987</u>	<u>1,390,328</u>	<u>49,042,617</u>
Support and development services				
Regular curricular support and development		1,651,618		1,491,512
CTE curricular support and development		1,194,821		1,110,552
	<u>2,894,388</u>	<u>2,846,439</u>	<u>47,949</u>	<u>2,602,064</u>

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WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)
(Continued)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
Special population support and development services	\$ 1,668,019	\$ 1,646,384	\$ 21,635	\$ 1,970,164
Alternative programs and services support and development services	397,124	388,371	8,753	389,189
Technology support services	2,910,493	2,360,212	550,281	1,288,695
Operational support services				
Communication		1,248,831		1,312,536
Custodial/housekeeping		18,812,298		17,685,952
Transportation		46,790,155		44,645,731
Maintenance		-		18,569
	67,081,405	66,851,284	230,121	63,662,788
Financial and human resource services				
Financial		121,037		118,320
Human resource		107,472		102,974
	228,613	228,509	104	221,294
Accountability services				
Student testing		179,952		38,954
Planning, research development and program evaluation		-		2,810
	180,204	179,952	252	41,764
Systemwide pupil support services				
Educational media support		111,249		107,494
Student accounting support		40,689		46,682
Instructional technology support		218,313		212,827
	372,074	370,251	1,823	367,003
Policy, leadership and public relations services				
Leadership	1,081,127	1,075,703	5,424	1,112,952
Ancillary services				
Nutrition services	6,511	6,511	-	-
Total expenditures	749,603,910	721,365,214	28,238,696	689,966,461
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUNDS
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	Direct			
	2009		2008	
	Budget	Actual	Variance- Positive (Negative)	Actual
REVENUES:				
State of North Carolina	\$ 440,854	\$ 323,872	\$ 116,982	\$ 368,736
Federal:				
IDEA	-	-	-	-
IASA	-	-	-	-
Vocational Education Program Improvement	-	-	-	-
Improving Teacher Quality	-	-	-	-
Language Acquisition	-	-	-	-
Magnet School Assistance	5,082,521	3,232,857	1,849,664	1,038,751
Other federal	1,816,857	945,797	871,060	1,816,101
Total	<u>6,899,378</u>	<u>4,178,654</u>	<u>2,720,724</u>	<u>2,854,852</u>
Other:				
Medicaid	2,816,634	1,106,919	1,709,715	743,280
Other	2,491,758	1,659,388	832,370	1,933,413
Total	<u>5,308,392</u>	<u>2,766,307</u>	<u>2,542,085</u>	<u>2,676,693</u>
Total Revenues	<u>12,648,624</u>	<u>7,268,833</u>	<u>5,379,791</u>	<u>5,900,281</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		2,654,871		1,257,388
CTE curricular		-		3,416
	<u>4,197,615</u>	<u>2,654,871</u>	<u>1,542,744</u>	<u>1,260,804</u>
Special populations services				
Children with disabilities curricular		206,198		71,347
Children with disabilities CTE curricular		-		97,732
Pre-K children with disabilities curricular		4,003		12,389
Speech and language pathology		227,046		206,126
Audiology		-		-
Limited English proficiency		-		-
	<u>578,713</u>	<u>437,247</u>	<u>141,466</u>	<u>387,594</u>
Alternative programs and services				
Alternative instructional K-12				10,749
Attendance and social work		181,464		14,291
Remedial and supplemental K-12		14,166		29,036
Pre-K readiness/remedial and supplemental		797,077		921,348
Extended day/year instructional		110,075		123,177
	<u>1,716,730</u>	<u>1,102,782</u>	<u>613,948</u>	<u>1,098,601</u>
School leadership	53,251	39,951	13,300	1,437
Co-Curricular services	118,104	45,725	72,379	14,262

Continued on Following Page

State Administered			
2009			2008
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
21,527,354	20,024,530	1,502,824	24,750,604
25,861,980	16,161,008	9,700,972	15,178,829
1,412,518	1,356,524	55,994	1,250,878
4,729,972	3,560,567	1,169,405	3,093,795
1,469,886	1,411,014	58,872	1,298,650
-	-	-	-
29,486,921	8,866,467	20,620,454	1,493,995
84,488,631	51,380,110	33,108,521	47,066,751
-	-	-	-
-	-	-	-
-	-	-	-
84,488,631	51,380,110	33,108,521	47,066,751
	563,600		576,003
	1,315,902		1,206,565
2,103,900	1,879,502	224,398	1,782,568
	16,288,379		17,933,020
	7,714		-
	1,409,574		436,464
	5,399,564		5,532,232
	13,844		18,821
	1,627,920		1,422,653
29,773,394	24,746,995	5,026,399	25,343,190
	-		-
	164,880		161,211
	15,165,870		11,732,620
	942,402		782,953
	1,424,385		622,500
30,247,529	17,697,537	12,549,992	13,299,284
-	-	-	-
-	-	-	-

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUNDS
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)
(Continued)

	Direct			2008 Actual
	2009		Variance- Positive (Negative)	
	Budget	Actual		
School-based support services				
Educational media	\$ -	\$ 240,276	\$ -	\$ 79,337
Guidance		389,772		252,994
Health		358		3,660
Safety and security				147,453
Instructional technology		138,017		56,139
Staff development unallocated		22,808		
Parent involvement				1,121
Special				268,886
	<u>1,440,450</u>	<u>791,231</u>	<u>649,219</u>	<u>809,590</u>
Support and development services				
Regular curricular support and development		1,435,818		1,521,405
CTE curricular support and development		1,155		
	<u>3,446,100</u>	<u>1,436,973</u>	<u>2,009,127</u>	<u>1,521,405</u>
Special population support and development services	-	-	-	-
Alternative programs and services support and development services	<u>164,218</u>	<u>156,843</u>	<u>7,375</u>	<u>212,143</u>
Technology support services	-	-	-	-
Operational support services - transportation	<u>8,690</u>	<u>3,855</u>	<u>4,835</u>	<u>11,478</u>
Financial and human resource services				
Human resource	<u>265,133</u>	<u>136,318</u>	<u>128,815</u>	<u>133,642</u>
Accountability services				
Planning, research development and program evaluation	-	-	-	25,567
Systemwide pupil support services				
Guidance support		25,000		3,319
Health		27,819		-
Safety and security support		-		19,805
Instructional technology		-		-
	<u>123,203</u>	<u>52,819</u>	<u>70,384</u>	<u>23,124</u>
Ancillary services				
Community services		249,939		249,222
Nutrition services		76		498
	<u>268,091</u>	<u>250,015</u>	<u>18,076</u>	<u>249,720</u>
Nonprogram charges:				
Indirect cost	268,326	160,203	108,123	150,914
Unbudgeted funds	-	-	-	-
	<u>268,326</u>	<u>160,203</u>	<u>108,123</u>	<u>150,914</u>
Total expenditures	<u>12,648,624</u>	<u>7,268,833</u>	<u>5,379,791</u>	<u>5,900,281</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Administered			
2009		2008	
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ 4,655
	257,094		416,024
	-		-
	32,341		-
	962,718		264,406
	185,243		948,647
<u>4,993,468</u>	<u>1,437,396</u>	<u>3,556,072</u>	<u>1,633,732</u>
2,943,183	2,308,303	634,880	2,063,136
<u>2,943,183</u>	<u>2,308,303</u>	<u>634,880</u>	<u>2,063,136</u>
221,013	189,986	31,027	206,736
531,095	474,687	56,408	358,396
361,513	327,882	33,631	178,773
688,725	202,029	486,696	134,154
770,434	551,224	219,210	434,903
-	-	-	-
	-		-
	-		-
	-		-
	48,353		-
<u>51,794</u>	<u>48,353</u>	<u>3,441</u>	<u>-</u>
	-		-
	8,721		764
<u>104,238</u>	<u>8,721</u>	<u>95,517</u>	<u>764</u>
2,211,564	1,507,495	704,069	1,631,115
9,486,781	-	9,486,781	-
<u>11,698,345</u>	<u>1,507,495</u>	<u>10,190,850</u>	<u>1,631,115</u>
84,488,631	51,380,110	33,108,521	47,066,751
-	-	-	-
-	-	-	-
<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, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 1,949,056	\$ 1,949,056	\$ -	\$ 3,779,301
Capital Improvements fund	692,508,322	289,489,806	(403,018,516)	277,181,371
	<u>694,457,378</u>	<u>291,438,862</u>	<u>(403,018,516)</u>	<u>280,960,672</u>
State				
Passed through Wake County				
Public School Building Capital Fund	-	-	-	7,067,905
Public School Capital Fund - Lottery	8,828,382	8,828,382	-	7,785,492
LEA Financed Purchase of School Buses	3,902,767	3,902,767	-	1,398,800
	<u>12,731,149</u>	<u>12,731,149</u>	<u>-</u>	<u>16,252,197</u>
Other:				
Sale of school property	109,365	110,798	1,433	490,994
Interest	146,950	145,628	(1,322)	203,533
Other local	2,700,646	2,689,671	(10,975)	7,186,784
	<u>2,956,961</u>	<u>2,946,097</u>	<u>(10,864)</u>	<u>7,881,311</u>
Total revenues	<u>710,145,488</u>	<u>307,116,108</u>	<u>(403,029,380)</u>	<u>305,094,180</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	56,270,161	23,699,146	32,571,015	14,647,515
Buildings:				
General contracts		25,723,396		37,377,298
Heating contracts		1,580,219		3,021,236
Plumbing contracts		2,913		40,975
Electrical contracts		23,807		6,647
Architect fees		12,162,917		13,564,031
Equipment contracts		25,786,971		23,066,179
Miscellaneous contracts		198,531,072		193,207,206
Lottery				
Wendell Middle		3,756,333		-
Herbert Atkins Road Elementary		5,072,049		-
East Millbrook Middle		-		2,000,000
East Wake High		-		2,000,000
Heritage High		-		2,000,000
Lynn Road Elementary		-		1,785,492
	<u>640,051,607</u>	<u>272,639,677</u>	<u>367,411,930</u>	<u>278,069,064</u>
Other:				
Library books	3,659,952	1,022,117	2,637,835	2,130,617
	<u>699,981,720</u>	<u>297,360,940</u>	<u>402,620,780</u>	<u>294,847,196</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, 2009
 (Continued)
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	2009		Variance- Positive (Negative)	2008
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 48,051	\$ -	\$ 183,878
Administrative		269,599		364,669
	<u>319,912</u>	<u>317,650</u>	<u>2,262</u>	<u>548,547</u>
Vehicles:				
Administration		654,098		384,281
Transportation		2,347,084		221,692
	<u>3,026,198</u>	<u>3,001,182</u>	<u>25,016</u>	<u>605,973</u>
Debt service:				
Principal	3,902,767	3,902,767	-	1,398,800
Total expenditures	<u>707,230,597</u>	<u>304,582,539</u>	<u>402,648,058</u>	<u>297,400,516</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>2,914,891</u>	<u>2,533,569</u>	<u>(381,322)</u>	<u>7,693,664</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	4,274,099	-	(4,274,099)	-
Transfer out	(7,188,990)	(6,143,232)	1,045,758	(5,905,650)
Total other financing sources (uses)	<u>(2,914,891)</u>	<u>(6,143,232)</u>	<u>(3,228,341)</u>	<u>(5,905,650)</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (3,609,663)</u>	<u>\$ (3,609,663)</u>	<u>\$ 1,788,014</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008)

	Child Nutrition Program			
	2009		2008	
	Budget	Actual	Variance- Positive (Negative)	Actual
REVENUES:				
Federal:				
Regular USDA Grants	\$ 18,675,659	\$ 19,660,171	\$ 984,512	\$ 17,524,774
USDA Grants - Summer feeding program	93,290	126,226	32,936	-
	<u>18,768,949</u>	<u>19,786,397</u>	<u>1,017,448</u>	<u>17,524,774</u>
Other:				
Food sales	25,541,105	23,417,878	(2,123,227)	22,800,190
Participant Fees	-	-	-	-
State of North Carolina	-	-	-	-
Interest	772,976	336,145	(436,831)	612,750
NCDPI kindergarten breakfast	39,677	25,831	(13,846)	32,582
Donation of Equipment	-	1,346,027	1,346,027	1,014,145
	<u>26,353,758</u>	<u>25,125,881</u>	<u>(1,227,877)</u>	<u>24,459,667</u>
Total revenues	<u>45,122,707</u>	<u>44,912,278</u>	<u>(210,429)</u>	<u>41,984,441</u>
EXPENDITURES:				
Business supporting services:				
Salaries		15,667,205		15,310,949
Food		16,637,951		16,297,770
Supplies		1,590,165		1,854,546
Purchased services		1,431,432		1,940,840
Indirect costs paid		2,611,372		2,761,685
Equipment purchases		142,916		214,814
	39,667,194	38,081,041	1,586,153	38,380,604
Other supporting services:				
Employee benefits	5,455,513	5,385,055	70,458	4,698,775
Total Expenditures	<u>45,122,707</u>	<u>43,466,096</u>	<u>1,656,611</u>	<u>43,079,379</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	1,446,182	<u>\$ 1,446,182</u>	(1,094,938)
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		142,916		214,814
Depreciation		(832,167)		(829,155)
Loss on sale of capital assets		(24,313)		(77,440)
Change in Net Assets		<u>\$ 732,618</u>		<u>\$ (1,786,719)</u>

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

Tuition Programs			
2009			2008
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
15,241,470	9,001,762	6,239,708	8,718,132
-	-	-	344,967
-	216,935	(216,935)	305,492
-	-	-	-
-	-	-	-
<u>15,241,470</u>	<u>9,218,697</u>	<u>6,022,773</u>	<u>9,368,591</u>
15,241,470	9,218,697	6,022,773	9,368,591
	3,984,893		3,839,189
	-		-
	1,796,660		1,362,321
	1,213,170		1,259,688
	851,060		854,521
	<u>74,540</u>		-
14,351,663	7,920,323	6,431,340	7,315,719
<u>889,807</u>	<u>657,410</u>	<u>232,397</u>	<u>562,208</u>
<u>15,241,470</u>	<u>8,577,733</u>	<u>6,663,737</u>	<u>7,877,927</u>
<u>\$ -</u>	640,964	<u>\$ 640,964</u>	1,490,664
	74,540		-
	(31,136)		(19,543)
	<u>(374)</u>		<u>(4,203)</u>
	<u>\$ 683,994</u>		<u>\$ 1,466,918</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2009

	Fund Balance June 30, 2008	Revenues	Expenditures	Fund Balance June 30, 2009
HIGH SCHOOLS:				
Apex	\$ 419,052	\$ 399,405	\$ 421,670	\$ 396,787
Athens	186,840	304,902	401,499	90,243
Broughton	318,178	450,960	470,480	298,658
Cary	97,771	274,413	318,031	54,153
East Wake (includes 4 schools)	76,554	554,225	526,608	104,171
Enloe	503,930	230,954	309,705	425,179
Fuquay-Varina	364,653	258,409	296,312	326,750
Garner	107,129	406,946	419,944	94,131
Green Hope	253,791	269,678	247,651	275,818
Holly Springs	24,517	178,595	162,205	40,907
Knightdale	80,227	376,104	415,569	40,762
Leesville Road	313,974	274,716	239,448	349,242
Middle Creek	250,017	379,425	425,677	203,765
Millbrook	228,120	339,253	297,395	269,978
Panther Creek	58,874	376,144	397,932	37,086
Sanderson	299,757	209,457	282,253	226,961
Southeast Raleigh	178,778	11,357	9,018	181,117
Wake Early	705	373,999	420,435	(45,731)
Wake Forest-Rolesville	182,889	493,591	513,514	162,966
Wakefield	223,389	166,405	143,641	246,153
	<u>4,169,145</u>	<u>6,328,938</u>	<u>6,718,987</u>	<u>3,779,096</u>
MIDDLE SCHOOLS:				
Apex	86,001	175,830	168,821	93,010
Carnage	50,845	79,638	84,857	45,626
Carroll	71,629	52,002	66,700	56,931
Centennial	38,029	91,609	82,485	47,153
Daniels	46,757	149,742	149,192	47,307
Davis Drive	54,202	112,376	124,383	42,195
Dillard Drive	102,980	65,458	95,373	73,065
Durant Road	30,504	114,386	114,613	30,277
East Cary	1,152	26,114	18,552	8,714
East Garner	67,521	68,355	61,046	74,830
East Millbrook	10,607	130,184	121,965	18,826
East Wake	41,622	40,503	41,432	40,693
Fuquay-Varina	49,325	85,979	93,124	42,180
Heritage	54,567	139,549	104,110	90,006
Holly Ridge	85,385	91,776	69,816	107,345
Leesville Road	61,618	130,815	103,757	88,676
Ligon	48,642	121,895	122,255	48,282
Lufkin Road	53,194	94,957	97,378	50,773
Martin	53,974	75,902	76,234	53,642
Moore Square	25,558	15,748	17,135	24,171
North Garner	34,024	102,944	75,886	61,082
Reedy Creek	56,602	42,348	43,791	55,159
Salem	41,948	178,101	183,401	36,648
Wake Forest-Rolesville	135,969	89,746	109,997	115,718
Wakefield	73,055	105,618	106,245	72,428

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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, 2009
(Continued)

	Fund Balance June 30, 2008	Revenues	Expenditures	Fund Balance June 30, 2009
Wendell	\$ 2,320	\$ 18,120	\$ 7,239	\$ 13,201
West Cary	27,430	53,411	54,571	26,270
West Lake	73,448	125,059	124,539	73,968
West Millbrook	52,942	55,822	49,358	59,406
Zebulon	70,860	66,076	66,680	70,256
	<u>1,602,710</u>	<u>2,700,063</u>	<u>2,634,935</u>	<u>1,667,838</u>

ELEMENTARY SCHOOLS:

Adams	26,835	40,611	43,045	24,401
Apex	52,280	48,573	49,144	51,709
Aversboro	27,246	34,718	42,669	19,295
Baileywick	27,883	33,256	28,930	32,209
Ballentine	66,115	25,422	16,461	75,076
Baucom	74,867	32,642	26,127	81,382
Barwell Road	14,758	24,497	18,886	20,369
Brassfield	39,692	72,030	68,790	42,932
Brentwood	23,429	14,451	11,303	26,577
Briarcliff	11,415	36,304	27,866	19,853
Brier Creek	24,395	26,642	24,883	26,154
Brooks	34,560	25,664	24,856	35,368
Bugg	11,735	33,677	36,831	8,581
Carpenter	18,843	26,783	18,983	26,643
Carver	43,550	30,831	13,378	61,003
Cary	49,736	25,369	32,243	42,862
Cedar Fork	22,257	32,706	32,295	22,668
Combs	10,856	100,453	100,565	10,744
Conn	7,424	37,462	37,719	7,167
Creech Road	9,691	20,789	15,008	15,472
Davis Drive	32,922	49,424	53,447	28,899
Dillard Drive	47,466	26,523	23,171	50,818
Douglas	28,388	39,583	53,939	14,032
Douglas Discretionary Funds	4,869	2,306	305	6,870
Durant Road	19,067	59,299	54,331	24,035
East Garner	3,849	9,266	9,309	3,806
Farmington Woods	27,707	41,774	46,383	23,098
Forestville	3,811	29,876	24,162	9,525
Forest Pines	18,900	25,676	26,226	18,350
Fox Road	30,295	38,165	40,333	28,127
Fuller	26,380	30,907	26,741	30,546
Fuquay-Varina	12,593	68,379	74,098	6,874
Green	23,153	15,066	24,691	13,528
Green Hope	65,762	47,033	66,341	46,454
Harris Creek	29,896	48,684	52,338	26,242
Heritage	16,642	37,897	35,425	19,114
Highcroft	24,812	53,996	60,968	17,840
Hilburn	41,437	22,255	17,243	46,449
Hodge Road	6,144	48,171	40,521	13,794

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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, 2009
(Continued)

	Fund Balance June 30, 2008	Revenues	Expenditures	Fund Balance June 30, 2009
Holly Grove	\$ 8,959	\$ 54,353	\$ 44,317	\$ 18,995
Holly Ridge	52,633	43,002	46,641	48,994
Holly Springs	32,543	26,982	39,926	19,599
Hunter	46,810	33,934	41,431	39,313
Jeffreys Grove	18,339	27,969	26,930	19,378
Jones Dairy	24,851	48,579	48,516	24,914
Joyner	6,391	47,424	44,326	9,489
Kingswood	13,663	13,301	9,956	17,008
Knightdale	15,430	12,487	11,588	16,329
Lacy	29,866	95,416	95,253	30,029
Laurel Park	-	18,178	13,834	4,344
Lead Mine	28,829	40,726	47,376	22,179
Leesville Road	48,574	55,844	52,002	52,416
Lincoln Heights	25,946	50,176	50,996	25,126
Lockhart	40,871	21,544	21,890	40,525
Lynn Road	10,405	19,799	13,941	16,263
Middle Creek	11,925	50,278	39,143	23,060
Millbrook	10,563	27,299	28,728	9,134
Mills Park	-	43,393	41,512	1,881
Morrisville	18,761	51,810	44,492	26,079
North Forest Pines	12,141	39,552	33,645	18,048
North Ridge	19,060	38,870	38,987	18,943
Northwoods	22,335	40,502	30,736	32,101
Oak Grove	27,998	67,698	71,598	24,098
Olds	37,415	21,923	26,917	32,421
Olive Chapel	92,995	88,485	75,558	105,922
Partnership Primary	12,794	18,186	18,390	12,590
Penny Road	31,581	66,532	55,374	42,739
Pleasant Union	17,463	63,839	41,085	40,217
Poe	11,991	16,438	20,086	8,343
Powell	7,541	12,268	6,912	12,897
Rand Road	34,856	50,632	43,517	41,971
Reedy Creek	41,381	55,772	64,797	32,356
River Bend	11,388	17,300	8,664	20,024
Rolesville	75,803	56,518	76,555	55,766
Root	10,229	14,051	9,109	15,171
Salem	58,149	62,417	50,367	70,199
Sanford Creek	2,213	30,117	24,915	7,415
Smith	15,682	8,146	12,275	11,553
Stough	25,608	20,800	33,453	12,955
Swift Creek	25,397	34,045	32,112	27,330
Sycamore Creek	-	35,335	26,119	9,216
Timber Drive	54,066	41,107	57,786	37,387
Turner Creek	40,141	63,720	62,755	41,106
Underwood	14,698	29,013	29,447	14,264
Vance	17,470	17,942	24,243	11,169
Vandora Springs	57,029	21,136	15,654	62,511
Wake Forest	70,926	25,797	30,147	66,576
Wakefield	23,402	61,482	60,360	24,524

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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, 2009
(Continued)

	Fund Balance July 1, 2008	Revenues	Expenditures	Fund Balance June 30, 2009
Wakelon	\$ 7,390	\$ 19,217	\$ 11,469	\$ 15,138
Washington	46,161	48,928	39,619	55,470
Weatherstone	48,445	36,975	38,933	46,487
Wendell	12,637	34,243	33,184	13,696
West Lake	58,063	65,863	55,975	67,951
Wilburn	23,516	20,893	21,977	22,432
Wildwood Forest	1,449	75,194	73,527	3,116
Wiley	50,542	19,964	13,719	56,787
Willow Springs	28,276	49,554	48,294	29,536
Yates Mill	31,947	27,387	28,205	31,129
York	26,991	20,546	32,185	15,352
Zebulon	5,318	18,806	15,913	8,211
	<u>2,719,506</u>	<u>3,756,847</u>	<u>3,657,315</u>	<u>2,819,038</u>
OTHER:				
Longview School	20,399	23,746	25,639	18,506
Mt. Vernon	1,171	16,531	15,960	1,742
Phillips High School	9,236	17,245	19,639	6,842
River Oaks	1,085	1,793	611	2,267
	<u>31,891</u>	<u>59,315</u>	<u>61,849</u>	<u>29,357</u>
TOTAL	<u>\$ 8,523,252</u>	<u>\$ 12,845,163</u>	<u>\$ 13,073,086</u>	<u>\$ 8,295,329</u>

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STATISTICAL SECTION

COMPREHENSIVE ANNUAL

Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT

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 EIGHT 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
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 EIGHT YEARS
 (accrual basis of accounting)

	Fiscal Year			
	2009	2008	2007	2006
Expenses				
Governmental activities:				
Instructional programs				
Regular	\$ 520,736,969	\$ 499,787,125	\$ -	\$ -
Special populations	162,672,147	154,036,707	-	-
Alternative programs and services	56,432,546	51,795,462	-	-
School leadership	64,582,811	60,295,993	-	-
Co-curricular	19,741,681	19,897,732	-	-
School-based support services	66,411,122	66,510,312	-	-
Systemwide support services				
Support and development	11,519,131	10,788,721	-	-
Special populations support and development	5,497,400	6,095,269	-	-
Alternative programs and services support and development	1,921,084	2,001,281	-	-
Technology support	28,033,386	26,328,759	-	-
Operational support	148,788,642	148,183,392	-	-
Financial and human resource	16,726,131	16,757,435	-	-
Accountability	2,508,241	2,147,180	-	-
Systemwide pupil support	4,517,008	3,844,828	-	-
Policy, leadership and public relations	8,287,942	8,550,793	-	-
Ancillary Services	344,305	253,544	-	-
Instruction	-	-	709,746,607	626,497,392
Support services	-	-	269,002,952	259,029,601
Nonprogram charges	11,185,748	9,742,580	9,497,563	9,017,665
Interest on long-term debt	-	-	780	487,882
Depreciation - unallocated	31,830,062	30,404,042	26,695,661	24,952,001
Total governmental activities expenses	<u>1,161,736,356</u>	<u>1,117,421,155</u>	<u>1,014,943,563</u>	<u>919,984,541</u>
Business-type activities:				
Food service	46,467,797	45,846,155	40,130,227	36,208,155
Tuition programs	8,534,329	7,897,470	7,776,611	8,583,453
Print shop	-	-	-	-
Total business-type activities	<u>55,002,126</u>	<u>53,743,625</u>	<u>47,906,838</u>	<u>44,791,608</u>
Total school district expenses	<u>1,216,738,482</u>	<u>1,171,164,780</u>	<u>1,062,850,401</u>	<u>964,776,149</u>
Program revenues				
Governmental activities:				
Charges for services	1,141,621	853,103	910,472	1,094,629
Operating grants and contributions	793,580,424	756,603,642	688,176,379	616,013,072
Capital grants and contributions	2,616,770	7,387,758	3,440,673	10,502,567
Total governmental activities program revenues	<u>797,338,815</u>	<u>764,844,503</u>	<u>692,527,524</u>	<u>627,610,268</u>
Business-type activities:				
Charges for services -food services	23,417,878	22,800,190	22,738,873	28,879,946
Charges for services-tuition programs	9,001,762	9,063,099	8,087,758	
Operating grants and contributions	22,099,991	19,628,148	17,396,233	16,066,026
Total business-type activities program revenues	<u>54,519,631</u>	<u>51,491,437</u>	<u>48,222,864</u>	<u>44,945,972</u>
Total school district program revenues	<u>851,858,446</u>	<u>816,335,940</u>	<u>740,750,388</u>	<u>672,556,240</u>
Net (expense)/revenue				
Governmental activities	(364,397,541)	(352,576,652)	(322,416,039)	(292,374,273)
Business-type activities	(482,495)	(2,252,188)	316,026	154,364
Total school district net expense	<u>\$ (364,880,036)</u>	<u>\$ (354,828,840)</u>	<u>\$ (322,100,013)</u>	<u>\$ (292,219,909)</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			
2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
581,298,217	526,728,536	499,686,781	480,884,934
236,913,262	222,483,556	213,078,903	204,269,106
7,747,097	7,077,757	5,649,370	4,482,626
1,230,508	1,334,307	1,455,731	243,491
24,032,883	23,960,590	21,167,432	20,071,300
<u>851,221,967</u>	<u>781,584,746</u>	<u>741,038,217</u>	<u>709,951,457</u>
32,275,494	30,472,447	28,662,693	27,597,101
6,683,746	6,669,789	5,148,918	4,546,443
1,725	636,617	590,661	651,909
<u>38,960,965</u>	<u>37,778,853</u>	<u>34,402,272</u>	<u>32,795,453</u>
<u>890,182,932</u>	<u>819,363,599</u>	<u>775,440,489</u>	<u>742,746,910</u>
929,092	1,101,657	780,885	2,671,904
560,329,447	515,294,495	486,341,647	470,791,212
62,587	436,798	67,685	104,774
<u>561,321,126</u>	<u>516,832,950</u>	<u>487,190,217</u>	<u>473,567,890</u>
26,898,296	25,834,374	24,866,619	21,780,687
14,007,917	12,679,641	10,714,253	10,307,000
<u>40,906,213</u>	<u>38,514,015</u>	<u>35,580,872</u>	<u>32,087,687</u>
<u>602,227,339</u>	<u>555,346,965</u>	<u>522,771,089</u>	<u>505,655,577</u>
(289,900,841)	(264,751,796)	(253,848,000)	(236,383,567)
1,945,248	735,162	1,178,600	(707,766)
<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 EIGHT YEARS
 (accrual basis of accounting)

	Fiscal Year			
	2009	2008	2007	2006
Net (expense)/revenue				
Governmental activities	\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)	\$ (292,374,273)
Business-type activities	(482,495)	(2,252,188)	316,026	154,364
Total school district net expense	<u>(364,880,036)</u>	<u>(354,828,840)</u>	<u>(322,100,013)</u>	<u>(292,219,909)</u>
General revenues and other changes in Net Assets				
Governmental activities:				
Unrestricted county appropriations - operating	308,550,944	296,964,799	274,229,013	251,247,744
Unrestricted county appropriations - capital	291,438,862	280,960,672	227,836,179	227,358,357
Unrestricted state appropriation - capital	8,828,382	14,853,397	-	-
Investment earnings, unrestricted	2,224,118	3,686,700	3,724,919	2,528,306
Miscellaneous, unrestricted	11,475,315	8,034,792	6,161,693	10,831,136
Transfer	(1,346,027)	(1,014,145)	(4,566,460)	(75,762)
Total governmental activities	<u>621,171,594</u>	<u>603,486,215</u>	<u>507,385,344</u>	<u>491,889,781</u>
Business-type activities:				
Investment earnings, unrestricted	553,080	918,242	951,692	560,405
Loss on sale of capital assets	-	-	(69,289)	-
Transfer	1,346,027	1,014,145	4,566,460	75,762
Total business-type activities	<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>	<u>636,167</u>
Total school district	<u>623,070,701</u>	<u>605,418,602</u>	<u>512,834,207</u>	<u>492,525,948</u>
Change in net assets				
Governmental activities	256,774,053	250,909,563	184,969,305	199,515,508
Business-type activities	1,416,612	(319,801)	5,764,889	790,531
Total school district	<u>\$ 258,190,665</u>	<u>\$ 250,589,762</u>	<u>\$ 190,734,194</u>	<u>\$ 200,306,039</u>

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

Fiscal Year			
2005	2004	2003	2002
\$ (289,900,841)	\$ (264,751,796)	\$ (253,848,000)	\$ (236,383,567)
1,945,248	735,162	1,178,600	(707,766)
<u>(287,955,593)</u>	<u>(264,016,634)</u>	<u>(252,669,400)</u>	<u>(237,091,333)</u>
233,570,793	223,700,000	202,999,990	194,529,610
142,056,287	153,394,820	167,596,189	131,388,257
1,368,603	4,338,486	5,244,967	9,525,356
1,843,816	1,906,244	2,470,238	3,236,177
10,571,156	6,551,451	7,115,900	7,557,832
(75,841)	(820,830)	(67,423)	-
<u>389,334,814</u>	<u>389,070,171</u>	<u>385,359,861</u>	<u>346,237,232</u>
393,999	348,134	348,014	383,950
-	-	-	-
75,841	820,830	67,423	-
<u>469,840</u>	<u>1,168,964</u>	<u>415,437</u>	<u>383,950</u>
<u>389,804,654</u>	<u>390,239,135</u>	<u>385,775,298</u>	<u>346,621,182</u>
99,433,973	124,318,375	131,511,861	109,853,665
2,415,088	1,904,126	1,594,037	(323,816)
<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				
	2009	2008	2007	2006	2005
General fund					
Reserved	\$ 11,027,721	\$ 11,396,146	\$ 11,498,660	\$ 12,007,123	\$ 12,956,900
Unreserved					
Designated	9,632,379	8,289,294	13,496,165	8,433,413	8,066,696
Undesignated	12,125,691	17,331,201	15,333,685	22,208,771	15,893,117
Total general fund	<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>
All other governmental funds					
Reserved	\$ 829,077	\$ 2,621,011	\$ 2,886,995	\$ 9,365,049	\$ 4,897,467
Unreserved					
Designated					
Capital projects fund	367,719	-	-	587,412	2,000,000
Undesignated					
Individual schools fund	8,295,329	8,523,252	8,203,443	8,185,487	7,563,138
Capital projects fund	182,271	2,367,719	313,721	673,596	587,412
Total all other governmental funds	<u>\$ 9,674,396</u>	<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>

Fiscal Year				
2004	2003	2002	2001	2000
\$ 14,175,112	\$ 14,937,801	\$ 12,222,449	\$ 16,586,685	\$ 11,657,328
15,511,983	8,372,177	11,204,829	7,129,374	1,658,926
9,980,752	17,192,374	16,121,162	12,278,509	17,156,880
<u>\$ 39,667,847</u>	<u>\$ 40,502,352</u>	<u>\$ 39,548,440</u>	<u>\$ 35,994,568</u>	<u>\$ 30,473,134</u>
\$ 6,548,059	\$ 1,597,379	\$ 1,565,227	\$ 3,701,428	\$ 5,600,500
-	-	-	3,441,573	1,516,640
7,006,723	6,967,157	6,947,428	6,708,122	5,254,191
2,229,032	4,058,638	3,164,465	742,592	730,541
<u>\$ 15,783,814</u>	<u>\$ 12,623,174</u>	<u>\$ 11,677,120</u>	<u>\$ 14,593,715</u>	<u>\$ 13,101,872</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>
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
2000	426,076,231	148,440,272	107,370,237	2,489,408	21,226,667

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 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
3,542,454	12,184,611	721,329,880

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
2009	137,706	6,430 \$ 885,457,869	1,669 \$ 229,840,575	3 \$ 350,864	90 \$ 12,428,951	- \$ -
2008	134,002	6,314 846,087,326	1,648 220,789,998	2 253,509	86 11,519,845	- -
2007	128,070	-	-	-	-	5,411 693,044,004
2006	120,379	-	-	-	-	5,085 612,134,239
2005	114,068	-	-	-	-	4,939 563,388,558
2004	108,970	-	-	-	-	4,746 517,131,365
2003	104,373	-	-	-	-	4,639 484,186,512
2002	101,397	-	-	-	-	4,621 468,533,789
2001	97,583	-	-	-	-	4,597 448,605,074
2000	94,353	-	-	-	-	4,331 408,644,251

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

Pupil and Instructional Services	Administration and Business	Debt Service	Other	Total Operating	Capital Outlay	Total
-	-	28	-	8,220	2,183	10,404
\$ -	\$ -	\$ 3,919,380	\$ -	\$ 1,131,997,639	\$ 300,679,772	\$ 1,432,677,411
-	-	11	-	8,060	2,209	10,270
-	-	1,415,413	-	1,080,066,091	296,001,716	1,376,067,807
97	1,514	1	566	7,588	1,832	9,421
12,374,956	193,889,905	109,073	72,424,079	971,842,017	234,655,146	1,206,497,163
95	1,441	5	572	7,197	1,968	9,166
11,421,250	173,463,534	556,992	68,828,783	866,404,798	236,915,221	1,103,320,019
105	1,411	12	555	7,022	1,276	8,298
11,979,497	160,969,303	1,365,812	63,339,246	801,042,416	145,514,650	946,557,066
95	1,383	13	528	6,765	1,481	8,246
10,376,118	150,673,320	1,391,607	57,582,450	737,154,860	161,367,459	898,522,319
79	1,347	14	534	6,613	1,690	8,303
8,227,984	140,572,412	1,503,647	55,769,882	690,260,437	176,360,895	866,621,332
83	1,331	19	521	6,574	1,414	7,989
8,379,383	134,949,602	1,912,896	52,813,289	666,588,959	143,424,082	810,013,041
75	1,240	37	523	6,473	1,144	7,616
7,325,884	121,024,690	3,573,154	51,082,865	631,611,667	111,659,932	743,271,599
69	1,147	33	430	6,010	1,626	7,636
6,553,096	108,178,786	3,073,589	40,591,236	567,040,958	153,437,222	720,478,180

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
2009	\$ (7,443,222)	\$ 6,385,320	\$ (6,385,320)	\$ -	\$ -	\$ (7,443,222)	0.1246%
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)	0.0736%
2006	9,239,488	10,429,873	(10,429,873)	-	-	9,239,488	0.2268%
2005	(3,077,152)	4,033,616	(3,976,078)	-	57,538	(3,019,614)	0.1705%
2004	1,401,041	7,524,462	(7,524,462)	244,494	244,494	1,645,535	0.1888%
2003	(1,155,756)	3,058,105	(3,058,105)	2,584,150	2,584,150	1,428,394	0.2178%
2002	827,068	3,204,753	(3,204,753)	197,082	197,082	1,024,150	0.2870%
2001	4,528,240	3,163,509	(3,163,509)	2,456,150	2,456,150	6,984,390	0.5657%
2000	1,810,577	3,553,827	(3,553,827)	89,082	89,082	1,899,659	0.5420%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Employee Salaries	Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
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
2000	10,974,128	2,892,360	8,800,178	1,022,762	1,973,022	3,471,357	29,133,807

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
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	32.8	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
2000	15,240,881	52.22	5,348,346	18.32	7,132,514	24.44	1,022,762	3.50

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 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
-	-	442,886	1.52	29,187,389	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>
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
2000	27,968,891	336,324	-	-	412,357	-	28,717,572

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>
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
2000	29,470,677,149	9,153,582,837	2,834,533,948	41,458,793,934	0.73	0.085	0.815

Notes:

(1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is subject to special district taxes. The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County except for certain registered motor vehicles which are assessed and collected throughout the year. Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of actual value for personal property. Public service company property is certified by the State of North Carolina at 100% of actual value, with no distinction between real and personal property values.

(2) A revaluation of real property is required by N.C. General Statutes at least every eight years. The last revaluation was completed for tax fiscal year 2009.

(3) Per \$1000 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009.

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
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
2000	.73	.085	.815	-	.52	.54	-	.59	.64	.62

- Notes: (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas is also subject to special district taxes.
(2) A revaluation of real property is required by North Carolina General Statutes at least every eight years. Revaluation was completed for fiscal year 2001.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009.

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	\$.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
.53	.60	.525	.62	.60	.59	.525

WAKE COUNTY BOARD OF EDUCATION

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

Taxpayer	Fiscal Year 2009			Fiscal Year 2000		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$1,650,141,270	1	1.42 %	\$ -	-	- %
Cisco Systems, Inc.	481,975,587	2	0.41	-	-	-
SAS Institute, Inc	426,562,616	3	0.37	249,965,034	4	0.21
CVM Holdings LLC	326,074,540	4	0.28	176,325,531	5	.015
GlaxoSmithKline	287,583,613	5	0.25	-	-	-
Bellsouth Tel Co	292,725,787	6	0.25	386,922,383	3	0.33
Weeks Realty LP	276,806,671	7	0.24	135,346,050	10	0.12
NC Eastern Municipal Power Agency	251,497,555	8	.22	395,223,338	2	0.34
Highwoods Realty Ltd Partnership	232,090,013	9	0.20	160,083,237	6	0.14
Public Service Co of NC, Inc	187,038,756	10	0.16	145,137,382	7	0.12
Carolina Power & Light	-	-	-	1,865,672,832	1	1.60
Midway Airlines Corp	-	-	-	143,171,100	8	0.12
MCI World Com Network Services	-	-	-	138,045,169	9	0.12
	<u>\$4,412,496,408</u>		<u>3.80 %</u>	<u>\$3,795,892,056</u>		<u>3.25 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009.

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
2009	\$650,217,614	\$ (10,342,514)	\$639,875,100	\$ 632,353,732	98.82%	\$ -	\$ 632,353,732	98.82%
2008	582,905,166	(4,123,930)	578,781,236	571,250,089	98.70%	5,135,768	576,385,857	99.59%
2007	518,390,324	(3,827,251)	514,563,073	508,311,272	98.79%	4,815,576	513,126,848	99.72%
2006	471,423,336	(4,606,253)	466,817,083	461,233,986	98.80%	4,608,287	465,842,273	99.79%
2005	447,296,073	(2,915,368)	444,380,705	439,305,034	98.86%	4,241,956	443,546,990	99.81%
2004	429,108,412	(2,841,221)	426,267,191	421,511,979	98.88%	4,008,852	425,520,831	99.82%
2003	388,161,413	(2,532,263)	385,629,150	379,113,991	98.31%	5,721,820	384,835,811	99.79%
2002	371,311,309	(4,175,679)	367,135,630	360,581,007	98.21%	4,562,795	365,165,877	99.46%
2001	349,753,540	(3,955,817)	345,797,723	340,645,895	98.51%	4,584,870	345,187,841	99.82%
2000	309,811,633	(2,110,379)	307,701,254	302,815,101	98.41%	4,221,088	307,036,189	99.78%

Notes:

Taxes for the fiscal year ended June 30, 2009 at the collection rate of 98.70% are a composite of the following collections by category:

Vehicle taxes	94.17%
Real and personal property taxes	99.18%

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, 2009.

WAKE COUNTY BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Governmental Activities					
	General Obligation Bonds	General Obligation Commercial Paper	Installment Purchases	Quality Zoning Academy Bonds	Clean Water Revolving Loans	Capital Leases
2009	\$ 1,772,370,000	\$ -	\$ 9,356,965	\$ 1,307,694	\$ -	\$ 328,068
2008	1,434,595,000	-	8,472,500	1,471,155	-	419,418
2007	1,505,200,000	-	7,778,972	1,634,616	-	571,090
2006	1,020,850,000	58,250,000	7,763,477	1,798,077	237,923	733,181
2005	1,049,485,000	-	8,570,962	1,961,538	475,843	607,239
2004	1,123,210,000	-	9,474,957	2,124,999	713,763	200,710
2003	926,625,000	-	-	2,288,460	951,683	118,956
2002	782,130,000	-	-	-	1,189,604	86,536
2001	637,515,000	-	-	-	1,427,525	303,265
2000	516,895,000	-	143,112	-	1,665,445	605,595

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, 2009.

Total Governmental Activities	Business- Type Activities Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,783,362,727	\$ -	\$ 1,783,362,727	5.15%	\$ 1,975.61
1,444,958,073	-	1,444,958,073	4.58%	1,667.75
1,515,184,678	-	1,515,184,678	5.25%	1,825.46
1,089,632,658	-	1,089,632,658	4.12%	1,377.17
1,061,100,582	-	1,061,100,582	4.01%	1,408.06
1,135,724,429	-	1,135,724,429	4.30%	1,571.25
929,984,099	6,998,403	936,982,502	3.80%	1,336.53
783,406,140	10,287,604	793,693,744	3.30%	1,166.92
639,245,790	13,441,805	652,687,595	2.73%	990.44
519,309,152	16,476,006	535,785,158	2.35%	845.80

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			
2009	\$ 1,772,370,000	\$ -	\$ 514,500,000	\$ 1,257,870,000	1.08%	\$ 1,393.47
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
2000	516,895,000	-	19,000,000	497,895,000	1.20%	785.99

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY
AS OF JUNE 30, 2009

Municipality:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Apex	\$ 19,545,000	100%	\$ 19,545,000
Cary	180,352,961	100%	180,352,961
Fuquay-Varina	6,700,000	100%	6,700,000
Garner	6,469,606	100%	6,469,606
Holly Springs	14,876,900	100%	14,876,900
Knightdale	2,705,000	100%	2,705,000
Morrisville	11,205,000	100%	11,205,000
Raleigh	190,565,000	100%	190,565,000
Rolesville	483,500	100%	483,500
Wake Forest	10,220,000	100%	10,220,000
Wendell	-	100%	-
Zebulon	5,665,000	100%	5,665,000
Overlapping debt	448,787,967		448,787,967
Direct debt	<u>1,783,362,727</u>		<u>1,783,362,727</u>
Total direct and overlapping debt	<u>\$ 2,232,150,694</u>		<u>\$ 2,232,150,694</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY
LAST TEN YEARS

	Fiscal Year			
	2009	2008	2007	2006
Assessed value of property	\$116,610,525,500	\$ 83,122,951,280	\$ 78,844,604,531	\$ 78,844,604,531
Debt limit, 8% of assessed value (Statutory Limitation)	9,328,842,040	6,649,836,102	6,307,568,362	6,307,568,362
Amount of debt applicable to limit				
General obligation bonds	1,772,370,000	1,434,595,000	1,505,200,000	1,505,200,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	10,664,659	9,943,655	9,413,588	9,799,477
Bonds Authorized not Issued	514,500,000	911,000,000	1,058,390,000	718,500,000
Total net debt applicable to limit	2,297,534,659	2,355,538,655	2,573,003,588	2,233,499,477
Legal debt margin	\$ 7,031,307,381	\$ 4,294,297,447	\$ 3,734,564,774	\$ 4,074,068,885
Total net debt applicable to limit as a percentage of debt limit	24.63%	35.42%	40.79%	35.41%

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, 2009.

Fiscal Year					
2005	2004	2003	2002	2001	2000
<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>\$ 41,458,793,931</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>3,316,703,514</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	-	-	-	-	-
11,008,343	12,313,719	3,240,143	1,189,604	1,427,525	1,808,557
718,510,000	403,600,000	20,000,000	216,000,000	404,000,000	19,000,000
<u>1,808,618,343</u>	<u>1,465,398,719</u>	<u>1,146,450,143</u>	<u>1,143,814,604</u>	<u>1,187,557,525</u>	<u>658,323,557</u>
<u>\$ 4,202,159,302</u>	<u>\$ 4,224,594,249</u>	<u>\$ 4,327,714,169</u>	<u>\$ 4,172,573,563</u>	<u>\$ 3,881,788,948</u>	<u>\$ 2,658,379,957</u>
<u>30.09%</u>	<u>25.75%</u>	<u>20.94%</u>	<u>21.51%</u>	<u>23.43%</u>	<u>19.85%</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>
2009	902,689	*	*	137,706	8.3%
2008	866,410	*	*	134,002	4.7%
2007	830,029	\$ 34,623,447	\$ 41,714	128,072	3.5%
2006	791,214	31,580,978	39,915	119,306	3.6%
2005	753,589	28,857,856	38,294	113,547	4.1%
2004	722,817	26,438,008	36,576	108,620	4.4%
2003	701,058	24,634,866	35,140	104,373	5.3%
2002	980,159	24,024,425	35,322	101,397	5.6%
2001	658,988	23,901,757	36,270	97,583	4.0%
2000	633,462	22,767,434	35,941	94,353	2.4%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2009</u>			<u>2000</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	25,458	1	6.16%	23,230	1	6.46%
Wake County Public Schools	16,755	2	4.06%	12,500	3	3.47%
North Carolina State University	8,000	3	1.94%	7,787	4	2.16%
WakeMed Health and Hospitals	6,893	4	1.67%	5,000	6	1.39%
GlaxoSmithKline, Inc.	6,400	5	1.55%	5,850	5	1.63%
Progress Energy	5,000	6	1.21%	3,428	10	0.95%
SAS Institute, Inc.	4,149	7	1.00%	3,600	9	1.00%
Rex Healthcare	4,000	8	0.97%	3,779	8	1.05%
Wake County Government	3,744	9	0.91%	-	-	-
Cisco Systems	3,600	10	0.87%	-	-	-
International Business Machines (IBM)	-	-	-	13,000	2	3.61%
Nortel	-	-	-	4,848	7	1.35%
	<u>83,999</u>		<u>20.34%</u>	<u>83,022</u>		<u>23.07%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2009

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY
LAST TEN YEARS

	<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>	<u>2000</u>
School & School Based Support										
Principals	157	152	147	138	132	125	123	122	118	111
Assistant Principals, Nonteaching	289	286	262	236	228	210	209	184	168	167
Elementary Teachers	4,123	4,036	3,274	2,750	2,592	2,416	2,160	3,033	3,032	2,926
Secondary Teachers	3,769	3,517	2,861	2,781	2,660	2,518	2,298	2,741	3,000	2,873
Other Teachers	1,654	1,651	2,467	2,592	2,488	2,320	2,292	598	326	173
Guidance	436	311	296	276	262	260	259	242	225	220
Psychological	88	61	74	72	71	65	56	46	48	44
Librarian, Audiovisual	338	201	195	183	176	168	171	152	141	141
Consultant, Supervisor	89	86	99	103	101	96	108	104	77	81
Teacher Assistants	2,383	2,292	2,191	1,907	1,852	1,727	1,700	1,417	1,587	1,587
Total School & School Based Support	<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>	<u>8,323</u>
Central Services										
Administrators, Managers	19	19	16	17	19	19	24	17	16	15
Technicians	322	98	94	106	106	99	124	82	55	56
Clerical, Secretarial	943	1,071	945	899	879	837	878	797	699	695
Service Workers	1,788	2,132	2,023	2,016	1,981	1,850	1,844	1,662	1,655	1,636
Skilled Crafts	289	164	148	130	126	124	175	94	166	185
Other Professionals	582	489	663	648	606	575	556	414	320	301
Laborers, Unskilled	-	-	-	-	-	-	-	63	4	5
Total Central Services	<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>	<u>2,893</u>
Total Full Time Employees	<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>	<u>11,216</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>
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	5.43	147	7,249
2006	120,504	5.64%	866,404,798	7,197	2.49	139	6,804
2005	114,068	4.68%	801,042,416	7,022	3.80	132	6,215
2004	108,970	4.40%	737,154,860	6,765	2.30	125	6,071
2003	104,373	2.93%	690,260,437	6,613	0.59	123	5,431
2002	101,397	3.91%	666,588,959	6,574	1.56	122	5,406
2001	97,583	3.42%	631,611,667	6,473	7.70	120	5,140
2000	94,353	3.03%	567,040,958	6,010	7.17	115	4,804

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>
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
2000	26,695.50	62,621.35	37,787.20

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION
LAST TEN YEARS

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

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

2004	2003	2002	2001	2000
201	192	184	179	175
6,674,075	6,220,015	5,927,268	5,633,380	5,517,459
49,452	48,925	51,068	50,381	49,683
52,221	50,431	49,635	48,514	48,151
352	336	312	293	283
97	96	92	90	90
4,290,499	4,097,391	3,539,558	3,345,440	3,345,440
27,148	26,436	24,952	24,163	21,744
25,947	25,225	24,415	23,166	21,848
132	153	125	112	123
196	192	191	190	185
4,640,956	4,368,488	4,345,450	4,256,819	3,972,213
30,486	30,382	27,454	27,105	25,086
30,433	28,420	27,032	25,661	24,622
163	158	121	112	118
5	4	4	4	4
122,032	75,294	61,805	61,805	61,805
685	481	402	526	355
369	297	315	242	229
-	-	-	-	-
20	20	20	20	20
432,231	432,231	432,231	432,231	432,231
747	731	714	713	693

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SINGLE AUDIT SECTION

COMPREHENSIVE ANNUAL

Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Wake County Board of Education
Raleigh, North Carolina

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wake County Board of Education (the "Board") as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 31, 2009. 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 09-01 to be a significant deficiency in internal control over financial reporting.

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

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

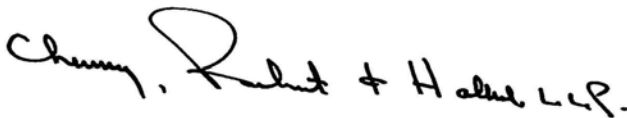
Compliance and Other Matters

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.

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

Raleigh, North Carolina
October 31, 2009



**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 are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

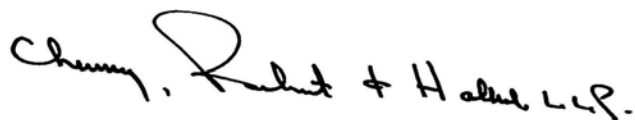
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal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

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

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

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

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 31, 2009



**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, 2009. 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 are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as items 09-02 and 09-03.

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 State 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 State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

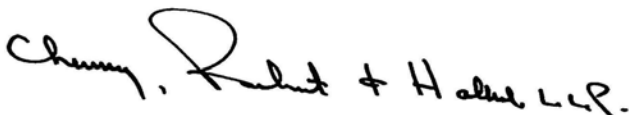
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-04 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the Board's internal control. We did not consider the deficiency described in the accompanying schedules of findings and questioned costs to be a material weakness.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than 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 31, 2009

Wake County Board of Education, North Carolina
 Schedule of Findings And Questioned Costs
 Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? ___yes Xno
- Significant Deficiency(s) identified that are not considered to be material weaknesses? Xyes ___none reported

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes Xno
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___yes Xnone 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? ___yes Xno

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
84.010	Title I
84.027, 84.173	Special Education Cluster
84.027A	IDEA VI-B Early Intervening Services
84.391	ARRA – IDEA VI-B
84.165A	Magnet School
84.367A	Improving Teacher Quality
84.389	ARRA – Title 1

Wake County Board of Education, North Carolina
Schedule of Findings And Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish
between Type A and Type B Programs \$2,336,467

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)? X yes ___ 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
Public School Capital Fund – Lottery

Section II – Financial Statement Findings

Finding 09-01

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.

Wake County Board of Education, North Carolina
Schedule of Findings And Questioned Costs
Year Ended June 30, 2009

Section II – Financial Statement Findings (continued)

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 can not 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.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

Finding 09-02

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: \$34,924.61

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.

Wake County Board of Education, North Carolina
Schedule of Findings And Questioned Costs
Year Ended June 30, 2009

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

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 2009-10 for the 2008-09 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.

Finding 09-03

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: \$115,280.44

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.

Wake County Board of Education, North Carolina
Schedule of Findings And Questioned Costs
Year Ended June 30, 2009

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

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

The original implementation schedule was fiscal year 2006-07. Due to state mandated requirements, the development of this process was reprioritized and will be completed at a future date.

Finding 09-04

SIGNIFICANT DEFICIENCY

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

Criteria: North Carolina State Board of Education Policy Manual policy regarding the transportation of Exceptional Children states that appropriate transportation shall be provided for all special education pupils when shown in their individualized education program that special transportation is required.

Condition: A recent review by the Internal Audit Department, that is still in draft form as of the date of this report, revealed that the controls over the identification of Exceptional Children eligible for transportation services were not in place to assure that only eligible students were transported.

Effect: State Public School funding for the transportation of Exceptional Children may be spent on ineligible students or eligible students may not be receiving transportation.

Cause: Internal controls over the transportation of Exceptional Children were not in place to appropriately identify eligible students and to match the transportation expenses with the eligible students.

Recommendation: Implement internal controls over the transportation of Exceptional Children which will assure that only eligible students are transported.

Wake County Board of Education, North Carolina
Schedule of Findings And Questioned Costs
Year Ended June 30, 2009

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

Management Response: A new Senior Director of Transportation Operations and Finance was appointed March 1, 2009. He immediately focused staff on increased accountability and began putting procedures in place to improve oversight of Exceptional Children (EC) transportation services.

The new Senior Director has made organizational changes and the Director of Operations now has direct oversight of the EC Transportation area. New control processes have also been established to ensure accuracy in eligibility of transported students and in EC contractor invoicing.

The Transportation Department, in collaboration with the Student Support Services Department, began reviewing the existing practices for determination of eligibility for EC student transportation in March of 2009. A formal process has been established and the Student Support Services Department is now clearly established to be in the gatekeeper role in determining student eligibility for EC transportation. The determination is based upon a student's Individual Education Plan (IEP) and the Transportation Department now only provides EC transportation to students identified as eligible by the Student Support Services Department.

Data from the Student Support Services Department, Transportation Information Management System (TIMS), and EC contractor documentation is now reviewed and reconciled on a monthly basis to ensure accuracy of EC contractor invoicing.

A committee comprised of staff from the Transportation and Student Support Services departments continues to make refinements to the internal control processes and reviews EC transportation activity to ensure the controls are effective. The leadership of both departments is committed to enhancing communication and coordination to continuously improve the EC transportation function.

Wake County Board of Education, North Carolina
Corrective Action Plan
Year Ended June 30, 2009

Section II – Financial Statement Findings

Finding 09-01

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.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

Finding 09-02

Name of contact person: Mark Winters

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

Proposed Completion Date: Immediately

Finding 09-03

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

Finding 09-04

Name of contact person: Mark Winters

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

Proposed Completion Date: 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, 2009

Finding: 08-01
Status: See current year finding 09-01

Finding: 08-02
Status: Corrected

Finding: 08-03
Status: See current year finding 09-02

Finding: 08-04
Status: See current year finding 09-03

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>FEDERAL GRANTS:</u>		
<u>U.S. Department of Education</u>		
Passed through the N. C. Department of Public Instruction:		
I.A.S.A., Title I:		
Low Income	84.010	98-50-920
E.S.E.A., Title V - Innovative Education Programs	84.151	98-59-920
Special Education Cluster:		
Preschool Grant	84.173	98-49-920
Grants to States	84.027	98-60-920
Capacity Building Improvement	84.027	99-44-920
Total Special Education Cluster		
Vocational Education: Program Improvement	84.048	98-17-920
Vocational Education: Federal Tech Preparation	84.243A	023
Drug Free Schools and Communities	84.186	98-48-920
Education for Homeless Children	84.196	98-26-920
Educational Technology	84.318X	107
Improving Teacher Quality	84.367A	103
Language Acquisition	84.365A	104
Title III Immigrant & Youth	84.365A	111
Title I - School Improvement	84.010A	105
IDEA VI B - Special Education State Improvement	84.323A	082
IDEA VI B - Early Intervening Services	84.027.A	70
21st Century Community Learning Centers	84.287C	110
Emergency Impact Aid - IDEA	84.938C	114
ARRA - Title 1	84.389	141
ARRA - IDEA VI-B	84.391	144
ARRA - IDEA VI-B Pre-School	84.392	145
ARRA - Child Nutrition Equipment	10.579	149
Direct Programs:		
Indian Education Act	84.060A	310
Project Quest	84.330C	357
Elementary Counseling	84.215E	359
Carol M White Physical Education	84.215	332
NCSU Quest	84.376B	360
Magnet School	84.165A	317
Transition to Teaching Program	84.350A	346
Total U.S. Department of Education		
<u>U.S. Department of Agriculture</u>		
Passed through the N.C. Department of Public Instruction:		
Child Nutrition Cluster:		
Cash Assistance:		
National School Lunch Program	10.555	
School Breakfast Program	10.553	
Summer Food Service Program	10.559	
Cash Assistance Subtotal		

Continued on Following Page

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 25,861,980	\$ 16,161,008	\$ -	\$ 16,161,008	\$ -
5,407	(416)	-	(416)	-
550,871	493,882	-	493,882	-
20,680,149	19,351,441	-	19,351,441	-
296,334	179,207	-	179,207	-
	<u>20,024,530</u>	<u>-</u>	<u>20,024,530</u>	<u>-</u>
1,281,185	1,249,860	-	1,249,860	-
131,333	106,663	-	106,663	-
417,871	382,274	-	382,274	-
69,537	50,550	-	50,550	-
426,061	387,845	-	387,845	-
4,728,972	3,560,567	-	3,560,567	-
1,469,886	1,411,014	-	1,411,014	-
688,532	252,046	-	252,046	-
316,173	177,125	-	177,125	-
95,639	55,259	-	55,259	-
3,475,241	3,453,399	-	3,453,399	-
135,000	59,832	-	59,832	-
285,026	220,252	-	220,252	-
8,228,009	8,920	-	8,920	-
14,584,430	3,719,222	-	3,719,222	-
574,049	-	-	-	-
84,611	-	-	-	-
41,638	41,567	-	41,567	-
178,316	161,106	-	161,106	-
842,007	318,535	-	318,535	-
64,322	54,404	-	54,404	-
25,256	23,384	-	23,384	-
5,082,521	3,232,857	-	3,232,857	-
645,318	348,774	-	348,774	-
	<u>55,460,577</u>	<u>-</u>	<u>55,460,577</u>	<u>-</u>
15,560,121	15,560,121	-	15,560,121	-
4,100,051	4,100,051	-	4,100,051	-
93,290	126,225	-	126,225	-
	<u>19,786,397</u>	<u>-</u>	<u>19,786,397</u>	<u>-</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2009
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
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	
<u>Corporation for National and Community Service - Learn and Serve America</u>	94.004	00-64-920
<u>Other Federal Assistance:</u>		
U.S. Department of Defense Direct Program - ROTC	12.xxx	
<u>U.S. Dept. of Health & 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		
Technology Fund		
Vocational Education:		
Months of Employment		
Support Funds		
Drivers Training		
State Kindergarten Breakfast		
Project Enlightenment		
Financed Purchase of School Buses		120
Reading/Language Development		445
Preschool Literacy Training		331
Professional Leave Funding		509
Early Literacy		331
Dropout Prevention		419
<u>N. C. Department of Cultural Resources</u>		
LSAT School Library Collection Development		453
<u>Office of the Governor</u>		
Governor's Crime Commission: Helping Hands Middle School		442
Public School Capital Fund - Lottery - Passed through Wake County		
Total State Assistance		
TOTAL FINANCIAL ASSISTANCE		
Total Program or Award Amount		

See notes to schedule of expenditures of federal and state awards.

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 2,312,450	\$ 2,312,450	\$ -	\$ 2,312,450	\$ -
	22,098,847	-	22,098,847	-
	22,098,847	-	22,098,847	-
10,000	9,037	-	9,037	-
14,000	13,999	-	13,999	-
175,000	213,620	-	213,620	-
87,334	86,160	-	86,160	-
	77,882,240	-	77,882,240	-
689,459,445	672,927,864	-	672,927,864	-
20,353,137	8,783,183	-	8,783,183	-
3,701,306	3,701,306	-	3,701,306	-
31,155,013	31,155,013	-	31,155,013	-
1,557,203	1,557,203	-	1,557,203	-
3,240,646	3,240,646	-	3,240,646	-
25,831	25,831	-	25,831	-
211,459	198,023	-	198,023	-
3,902,767	3,902,767	-	3,902,767	-
10,536	10,507	-	10,507	-
200,000	(1,974)	-	(1,974)	-
52,994	16,310	-	16,310	-
31,181	6,162	-	6,162	-
157,678	80,689	-	80,689	-
30,000	29,869	-	29,869	-
	(1,377)	-	(1,377)	-
8,828,382	8,828,382	-	8,828,382	-
	734,460,404	-	734,460,404	-
	\$ 812,342,644	\$ -	\$ 812,342,644	\$ -
<u>\$ 876,535,498</u>				

WAKE COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2009

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 \$2,312,450 were received during the year ended June 30, 2009. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2009.