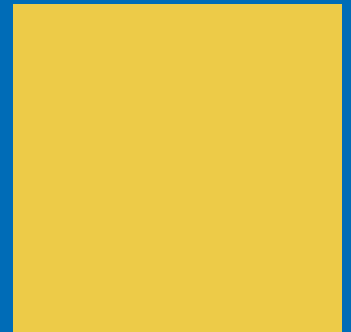


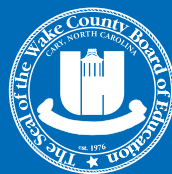
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL YEAR
ENDED JUNE 30, 2011



Prepared by the Finance Department



WAKE COUNTY
BOARD OF EDUCATION
Cary, North Carolina

WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

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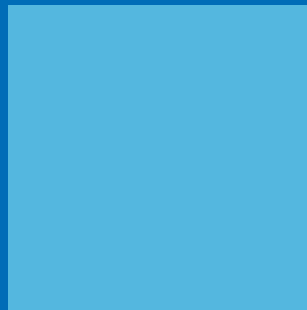
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I N T R O D U C T I O N

INTRODUCTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL
YEAR ENDED
JUNE 30, 2011



Prepared by the Finance Department



WAKE COUNTY
BOARD OF EDUCATION
Cary, North Carolina



October 26, 2011

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

We are pleased to submit the comprehensive annual financial report of the Wake County Board of Education (Board) for the year ended June 30, 2011, 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 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 presentation of the comprehensive annual financial report is 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. The management's discussion and analysis contains further discussion of the financial statements and financial standing of the Board. This letter of transmittal complements and should be read in conjunction with the management's discussion and analysis.

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, elected by the public, 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. In July 1976, the former Wake County and Raleigh City public school systems merged to create the WCPSS. For 2010-11 the school system was the largest in North Carolina and the 18th largest system in the nation. It served 143,299 students from kindergarten through 12th grade in 103 elementary schools, 32 middle schools, 24 high schools, and 4 special/optional schools. The school system has over 16,600 full-time employees and is the second largest employer in Wake County. The system has over 9,000 regular classroom teachers, not including media specialists, counselors, psychologists, etc.

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

Thirty-two of the school system's 163 schools are magnet schools, which offer unique educational alternatives. All students are eligible to apply, and the network features the following distinct programs: engineering; museum; creative arts and science; leadership; active learning and technology; international baccalaureate; gifted and talented/AG basics; center for Spanish language/IB PYP; Montessori; gifted and talented; international studies; university connections and leadership; GT/IB center for humanities, sciences and the arts; center for leadership and technology; and early college. The Board established the magnet network to offer a choice in instructional opportunities, maximize use of school facilities, and 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. Low rolling hills in the northwest changing gradually to level land in the southeast is the character of the County's topography. 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 presence of state and local government employment markets, the college and university employment markets, and the Research Triangle Park research facilities, stabilize the economy of the area, as well as offer substantial employment opportunities to the County's population. No major specialized industry dominates the economy of the County.

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

The Research Triangle Park, organized in 1959, straddles on the Wake and Durham County line. 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 implementing workers' compensation and dental self-insurance, and by working collaboratively with Wake County Government to minimize legal costs for workers' compensation claims and real estate transactions. The school system managed costs by reducing staff and adjusting formulas for non-personnel resources supporting schools and

departments. We believe that continuation of these financial management practices coupled with appropriate planning should 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 March of 2011, the Wake County Board of Education adopted a Mission, Vision and Core Beliefs to sustain academic growth for Wake County's elementary, middle, and high school students.

The mission states, "The Wake County Public School System will significantly increase achievement for all students by providing a world-class education that equips students with the knowledge and expertise to become successful, productive citizens."

The vision states, "WCPSS will serve as the national standard for increasing student achievement in the 21st century. Highly effective teachers and principals are empowered to raise the achievement of all children and will provide students with high quality classroom instruction that fosters intellectual development.

WCPSS recognizes children have different needs and is committed to ensuring all are challenged to reach their full potential. Students will graduate in increasingly high percentages and compete successfully as productive citizens. WCPSS will continue this community's proud tradition of education leadership and academic excellence with a proactive school staff, effectively supported by the Board of Education and Central Services."

The core beliefs are:

1. All children, regardless of socio-economic circumstances, can be high achieving students.
2. Academic achievement gaps can and will be eliminated by aggressively challenging students at all achievement levels.
3. Highly effective principals and teachers are the key to improving growth in student achievement.
4. The Board of Education and Central Services promote an environment of continuous improvement that results in a high performing organization and is 100% focused on student achievement.
5. Supportive and passionate parents, families, student mentors, and other members of the multi-cultural Wake County community are active participants in the education of our students.

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

SAT Scores

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,568. This is three points lower than the combined score for 2009-10.

Participation of the Wake County Public School System was 74 percent. National participation was 50 percent and the state participation rate was 67 percent.

Wake's score was 93 points above the North Carolina average of 1,475 and 68 points above the national average of 1,500. Wake students scored an average of 544 on math, 521 on critical reading and 503 on writing.

FINANCIAL INFORMATION

The state primarily finances the cost of public education in North Carolina and establishes minimum programs. Local boards of county commissioners appropriate local funds, in varying amounts by district, to supplement the basic program. 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 provides reasonable, but not absolute, assurance in meeting these objectives. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits 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 mandate a uniform budget format and the adoption of an annual balanced budget resolution by July 1 each year. The Board adopts budgets 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 financial section reflects the final budget, as amended for the fiscal year.

The school system also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, WCPSS generally re-appropriates outstanding encumbrances considered to be continuing contracts 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 Board selected the firm Cherry, Bekaert & Holland, L.L.P. In addition to meeting the requirements set forth in state statutes, the auditor designed their audit 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, 2010. This was the twenty-second 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

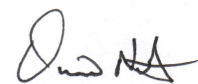
The efficient and dedicated services of the entire staff of the finance division were essential in the preparation of this report. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report and to the Board's independent certified 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.

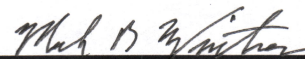
Respectfully submitted,



Anthony J. Tata
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, 2010

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



A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

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)

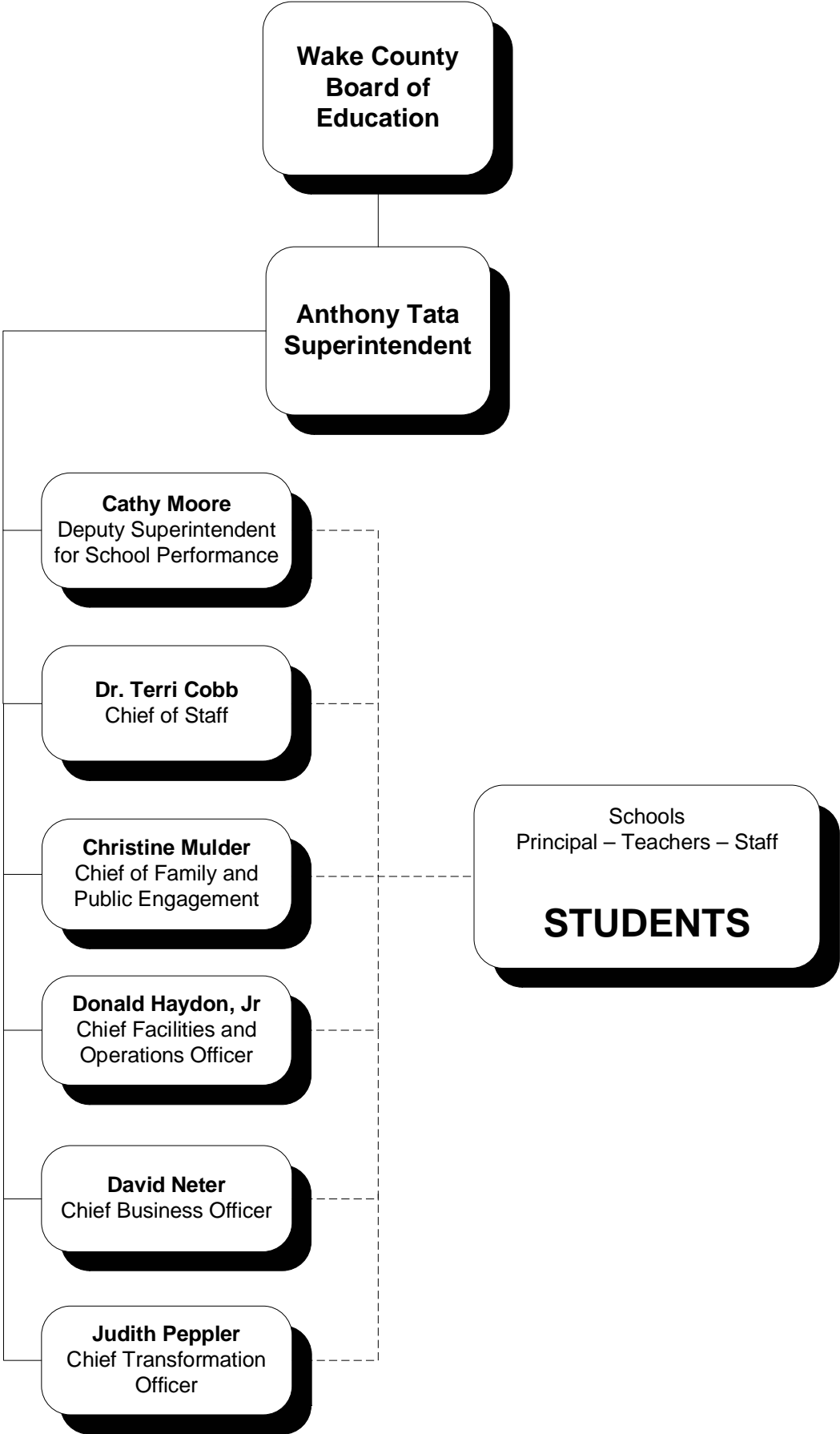
For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

Organizational Chart



Board of Education and Leadership Team



Ron Margiotta (District 8)
Chair



Debra Goldman (District 9)
Vice Chair



Chris Malone (District 1)



John Tedesco (District 2)



Kevin Hill (District 3)



Keith Sutton (District 4)



Ann McLaurin (District 5)



Carolyn Morrison (District 6)



Deborah Prickett (District 7)



Anthony Tata
Superintendent

Leadership Team Anthony Tata, *Superintendent*

Chief Officers

Cathy Moore, Deputy Superintendent for School Performance
Dr. Terri Cobb, Chief of Staff
Christine Mulder, Chief of Family and Public Engagement
Donald Haydon Jr., Chief Facilities and Operations Officer
David Neter, Chief Business Officer
Judith Pepler, Chief Transformation Officer

Finance

Mark Winters, Finance Officer

Area Superintendents

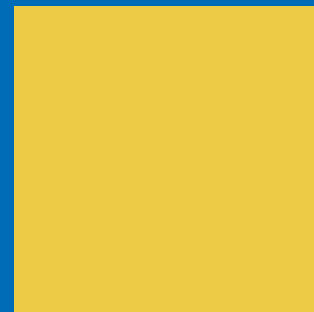
Danny Barnes - Eastern Wake County
Lloyd Gardner - Southern Wake County
Dr. Pamela Kinsey-Barker - Northern Wake County
Andre Smith - Northeastern Wake County
Julye Mizelle - Southwestern Wake County
Jacqueline Ellis - Western Wake County
Kevin Hobbs - Central Wake County

Assistant Superintendents

Sylvia Wilkins - Academics
Stephen Gainey - Human Resources
Joe Desormeaux - Facilities
Lisa Grillo - Special Education
Marvin Connelly - Student Support Services
Vacant - Data and Accountability
Vacant - Technology

FINANCIAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL
YEAR ENDED
JUNE 30, 2011



Prepared by the Finance Department

FINANCIAL SECTION



WAKE COUNTY
BOARD OF EDUCATION
Cary, North Carolina



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, 2011, 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.

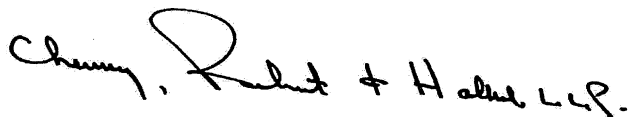
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the State Public School Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements as a whole. The introductory section, combining and individual financial statements and schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis 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, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory information and the statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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

Raleigh, North Carolina
October 26, 2011

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, 2011. 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 3,410 students (or 2.44%) from the previous year.
- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$2,626,926,559.
- The government's total net assets increased by \$84,066,214 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 \$74,981,113, an increase of \$18,866,905 in comparison with the prior year. Approximately 45 percent of this total amount, or \$33,875,157, 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, Other Restricted Funds 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 \$2,591,547,000 as of June 30, 2011. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$2,581,406,000.

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

Condensed Statements of Net Assets June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 129,880	\$ 101,072	\$ 30,381	\$ 25,058	\$ 160,261	\$ 126,130
Capital assets	2,588,642	2,518,592	9,264	10,080	2,597,906	2,528,672
Total assets	<u>2,718,522</u>	<u>2,619,664</u>	<u>39,645</u>	<u>35,138</u>	<u>2,758,167</u>	<u>2,654,802</u>
Long-term liabilities outstanding	23,650	18,171	204	356	23,854	18,527
Other liabilities	103,326	90,000	4,061	3,415	107,387	93,415
Total liabilities	<u>126,976</u>	<u>108,171</u>	<u>4,265</u>	<u>3,771</u>	<u>131,241</u>	<u>111,942</u>
Net assets						
Invested in capital assets, net of related debt	2,581,406	2,516,805	9,264	10,080	2,590,670	2,526,885
Restricted	13,199	8,406	-	-	13,199	8,406
Unrestricted	(3,058)	(13,718)	26,116	21,287	23,058	7,569
Total net assets	<u>\$ 2,591,547</u>	<u>\$ 2,511,493</u>	<u>\$ 35,380</u>	<u>\$ 31,367</u>	<u>\$ 2,626,927</u>	<u>\$ 2,542,860</u>

Note that net assets for governmental activities increased by approximately \$80,054,000 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, 2011 and 2010**

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,162	\$ 1,142	\$ 31,221	\$ 30,598	\$ 32,383	\$ 31,740
Operating grants and contributions	803,822	772,481	27,741	24,726	831,563	797,207
Capital grants and contributions	787	2,147	-	-	787	2,147
General Revenues:						
Unrestricted county appropriations - operating	312,060	311,374	-	-	312,060	311,374
Unrestricted county appropriations - capital	97,823	119,613	-	-	97,823	119,613
Other	17,125	11,833	217	284	17,342	12,117
Total revenues	<u>1,232,779</u>	<u>1,218,590</u>	<u>59,179</u>	<u>55,608</u>	<u>1,291,958</u>	<u>1,274,198</u>
Expenses:						
Governmental activities:						
Instructional services	891,567	858,931	-	-	891,567	858,931
System-wide support services	215,518	215,692	-	-	215,518	215,692
Ancillary services	171	419	-	-	171	419
Nonprogram charges	8,432	10,170	-	-	8,432	10,170
Depreciation	36,920	32,449	-	-	36,920	32,449
Business-type activities:						
Food services	-	-	45,662	45,061	45,662	45,061
Tuition programs	-	-	9,621	8,213	9,621	8,213
Total expenses	<u>1,152,608</u>	<u>1,117,661</u>	<u>55,283</u>	<u>53,274</u>	<u>1,207,891</u>	<u>1,170,935</u>
Increase in net assets before transfers	80,171	100,929	3,896	2,334	84,067	103,263
Transfers	(117)	(3,259)	117	3,259	-	-
Increase in net assets after transfers	<u>80,054</u>	<u>97,670</u>	<u>4,013</u>	<u>5,593</u>	<u>84,067</u>	<u>103,263</u>
Net assets, July 1	<u>2,511,493</u>	<u>2,413,823</u>	<u>31,367</u>	<u>25,774</u>	<u>2,542,860</u>	<u>2,439,597</u>
Net assets, June 30	<u>\$ 2,591,547</u>	<u>\$ 2,511,493</u>	<u>\$ 35,380</u>	<u>\$ 31,367</u>	<u>\$ 2,626,927</u>	<u>\$ 2,542,860</u>

Total governmental activities generated revenues of \$1.23 billion while expenses in this category totaled \$1.15 billion. This was a result of spending restrictions put in place by the Board. These restrictions included freezing non essential vacant positions, purchasing restrictions, and a reduction in force. The increase in net assets stands at \$80.1 million. This is mainly due to the increase in capital assets from our building program.

Business-type activities generated revenue of \$59 million and had expenses of \$55 million. Business-type revenues increased due to an increase in USDA grants. Expenses also increased due to an increase in supply costs and employee benefits. This resulted in the increase of net assets for business-type activities of \$4 million.

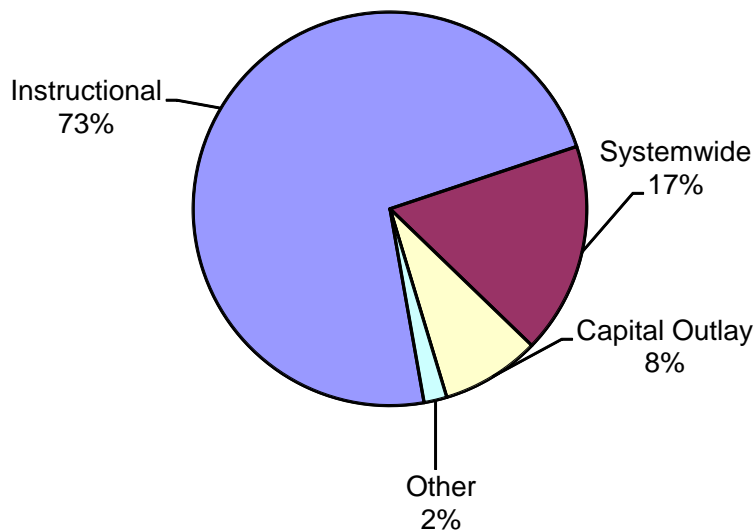
Financial Analysis of the District's Funds

The Board's governmental funds reported a combined fund balance of \$74,981,113, a \$18,866,905 increase over last year. County funding decreased over the prior year by \$21

million. This decrease was due mainly to the building program. State funding increased approximately \$14 million and federal funding increased by approximately \$19 million. State funding increased due to the payments for the bus installment purchases and increased appropriations due to growth. Federal funding increase was due to the ARRA grants.

The total fund balance in the general fund increased by \$19,335,120. The underlying reason for this increase is the system's adoption of a spending restriction. The undesignated fund balance in the general fund increased to \$33,875,157. This level of undesignated fund balance equals 10.3 percent of the general fund budget (\$328,338,697) and 2.6 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,290,123,226). The Board appropriated \$16 million from fund balance to support the 2011-12 budget. The total fund balance in the capital projects fund decreased by \$172,211, and the restricted fund balance for capital expenditures decreased to \$685,615. This decrease was mainly due to a decrease in sale of school property revenues and the expenditures related to restricted contributions received in the prior year.

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



The Board's business-type funds reflected a total net gain of \$4,012,636. The Child Nutrition Program reflected an increase in net assets over the last year of \$3,537,891. This was mainly due to the increase USDA grants. Tuition Programs reflected an increase in net assets over last year of \$474,745. This was due to the increased revenues from participant fees.

Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases and decreases in appropriations that become necessary to maintain services. Total amendments to the general fund increased revenues by approximately \$3.7 million. This was mainly due to an unexpected increase in fines and forfeitures due to a single case in which the plea arrangement included a \$3 million fine. Under state law, the public school system receives all fines, less handling costs.

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$2,597,905,899 (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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 132,791	\$ 121,307	\$ -	\$ -	\$ 132,791	\$ 121,307
Land Improvements	3,994	4,092	-	-	3,994	4,092
Buildings	1,342,143	1,356,002	-	-	1,342,143	1,356,002
Equipment	6,454	6,611	9,147	9,962	15,601	16,573
Vehicles	28,167	18,524	117	118	28,284	18,642
Construction in progress	1,075,093	1,012,056	-	-	1,075,093	1,012,056
Total	<u>\$ 2,588,642</u>	<u>\$ 2,518,592</u>	<u>\$ 9,264</u>	<u>\$ 10,080</u>	<u>\$ 2,597,906</u>	<u>\$ 2,528,672</u>

More detailed information on the Board's capital assets is contained on pages 33 through 34 in the notes to the financial statements.

Debt Outstanding

During the year the Board's outstanding government-type debt increased by \$8,779,616 and the business-type activities debt decreased by \$52,509. The increase in the government-type debt was due to additional state replacement bus installment purchase agreements. The decrease in the business-type activities debt was due to the decrease in compensated absences. More detailed information on the Board's outstanding debt is contained on page 40 of the notes to the financial statements. The county holds virtually all debt issued for school capital construction.

Economic Factors

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

- The Unemployment rate in the Raleigh-Cary Metropolitan area decreased from 8.5% at June 30, 2010 to 8.4% at June 30, 2011.

- The total assessed value of property in the County increased to \$119.5 billion for the fiscal year ended June 30, 2011, a .3 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2011 were \$114 million. This is a 9% increase from \$104.4 million in the prior fiscal year.

Requests for Information

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

Mark Winters, Finance Officer
Wake County Board of Education
110 Corning Road, Crossroads II
Cary, NC 27518

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 90,132,144	\$ 26,918,606	\$ 117,050,750
Due from other governments	33,075,225	1,479,996	34,555,221
Internal balances	(215,134)	215,134	-
Receivables	3,099,585	147,535	3,247,120
Inventory and prepaid expenses	3,788,592	1,619,693	5,408,285
Total current assets	<u>129,880,412</u>	<u>30,380,964</u>	<u>160,261,376</u>
Noncurrent assets:			
Land and construction in progress	1,207,883,966	-	1,207,883,966
Capital assets, net of accumulated depreciation	1,380,758,287	9,263,646	1,390,021,933
	<u>2,588,642,253</u>	<u>9,263,646</u>	<u>2,597,905,899</u>
 TOTAL ASSETS	 <u>2,718,522,665</u>	 <u>39,644,610</u>	 <u>2,758,167,275</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	15,666,376	1,219,380	16,885,756
Accounts payable	34,884,672	2,041,773	36,926,445
Unearned revenue	4,063,538	-	4,063,538
Current portion of long-term obligations	48,711,496	800,000	49,511,496
Total current liabilities	<u>103,326,082</u>	<u>4,061,153</u>	<u>107,387,235</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	23,649,527	203,954	23,853,481
 TOTAL LIABILITIES	 <u>126,975,609</u>	 <u>4,265,107</u>	 <u>131,240,716</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,581,406,320	9,263,646	2,590,669,966
Restricted for:			
Individual school activities	8,110,769	-	8,110,769
Capital expenditures	923,200	-	923,200
Stabilization by state statute	4,164,769	-	4,164,769
Unrestricted	(3,058,002)	26,115,857	23,057,855
 TOTAL NET ASSETS	 <u>\$ 2,591,547,056</u>	 <u>\$ 35,379,503</u>	 <u>\$ 2,626,926,559</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, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional programs:				
Regular	\$ 504,048,718	\$ 1,133,966	\$ 416,764,047	\$ -
Special populations	172,013,848	-	145,507,578	-
Alternative programs and services	66,020,928	-	52,612,124	-
School leadership	65,743,983	-	39,607,556	-
Co-curricular	20,795,975	-	13,101,586	-
School-based support services	62,943,658	-	50,549,525	-
Systemwide support services				
Support and development	9,936,030	-	5,736,156	-
Special populations support and development	3,938,268	-	1,374,152	-
Alternative programs and services support and development	2,487,540	-	1,483,909	-
Technology support	16,729,489	-	2,115,279	-
Operational support	152,934,837	-	72,872,538	786,581
Financial and human resource	15,495,361	-	675,174	-
Accountability	2,326,694	-	122,845	-
Systemwide pupil support	4,760,279	-	126,590	-
Policy, leadership and public relations	6,909,359	-	944,799	-
Ancillary services	171,092	27,719	177,570	-
Nonprogram charges	8,432,140	-	50,574	-
Depreciation - unallocated *	36,919,821	-	-	-
Total governmental activities	1,152,608,020	1,161,685	803,822,002	786,581
Business-type activities:				
Food services	45,662,100	21,206,179	27,745,658	-
Tuition programs	9,621,336	10,014,453	(4,216)	-
Total business-type activities	55,283,436	31,220,632	27,741,442	-
Total school district	\$ 1,207,891,456	\$ 32,382,317	\$ 831,563,444	\$ 786,581

General revenues
 Unrestricted county appropriations - operating
 Unrestricted county appropriations - capital
 Investment earnings, unrestricted
 Miscellaneous, unrestricted
Transfer
 Subtotal, general revenues and transfers
Changes in net assets
Net assets - beginning
Net assets - ending

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

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

Net (Expenses) Revenue
and Changes in Net Assets

Governmental Activities	Business- Type Activities	Total
\$ (86,150,705)		\$ (86,150,705)
(26,506,270)		(26,506,270)
(13,408,804)		(13,408,804)
(26,136,427)		(26,136,427)
(7,694,389)		(7,694,389)
(12,394,133)		(12,394,133)
(4,199,874)		(4,199,874)
(2,564,116)		(2,564,116)
(1,003,631)		(1,003,631)
(14,614,210)		(14,614,210)
(79,275,718)		(79,275,718)
(14,820,187)		(14,820,187)
(2,203,849)		(2,203,849)
(4,633,689)		(4,633,689)
(5,964,560)		(5,964,560)
34,197		34,197
(8,381,566)		(8,381,566)
<u>(36,919,821)</u>		<u>(36,919,821)</u>
<u>(346,837,752)</u>		<u>(346,837,752)</u>
	\$ 3,289,737	3,289,737
	<u>388,901</u>	<u>388,901</u>
	<u>3,678,638</u>	<u>3,678,638</u>
(346,837,752)	3,678,638	(343,159,114)
312,059,879	-	312,059,879
97,823,234	-	97,823,234
733,422	216,954	950,376
16,391,839	-	16,391,839
<u>(117,044)</u>	<u>117,044</u>	<u>-</u>
<u>426,891,330</u>	<u>333,998</u>	<u>427,225,328</u>
80,053,578	4,012,636	84,066,214
<u>2,511,493,478</u>	<u>31,366,867</u>	<u>2,542,860,345</u>
<u>\$ 2,591,547,056</u>	<u>\$ 35,379,503</u>	<u>\$ 2,626,926,559</u>

WAKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 73,125,685	\$ 3,595,465	\$ 8,875,071	\$ 1,415,506	\$ 3,120,417	\$ 90,132,144
Due from other governments	2,170,206	9,861,134	83,620	18,648,766	2,311,499	33,075,225
Accounts receivable	1,157,180	-	46,157	-	1,896,248	3,099,585
Due from other funds	246,564	-	-	-	8,246	254,810
Inventories	3,503,879	-	-	-	-	3,503,879
Total assets	<u>\$ 80,203,514</u>	<u>\$ 13,456,599</u>	<u>\$ 9,004,848</u>	<u>\$ 20,064,272</u>	<u>\$ 7,336,410</u>	<u>\$ 130,065,643</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 4,973,695	\$ 9,861,134	\$ -	\$ -	\$ 831,547	\$ 15,666,376
Accounts payable	9,709,306	3,595,465	644,045	18,637,437	2,298,419	34,884,672
Due to other funds	3,181	-	250,034	32	216,697	469,944
Deferred revenues	73,791	-	-	-	3,989,747	4,063,538
Total liabilities	<u>14,759,973</u>	<u>13,456,599</u>	<u>894,079</u>	<u>18,637,469</u>	<u>7,336,410</u>	<u>55,084,530</u>
Fund balances:						
Nonspendable:						
Inventories	3,503,879	-	-	-	-	3,503,879
Restricted:						
Stabilization by state statute	3,661,166	-	-	503,603	-	4,164,769
Capital expenditures	-	-	-	685,615	-	685,615
Subsequent years expenditures	-	-	-	202,072	-	202,072
Individual schools	-	-	8,110,769	-	-	8,110,769
Restricted contributions	-	-	-	35,513	-	35,513
Assigned						
Special projects	366,342	-	-	-	-	366,342
Insurance	6,739,799	-	-	-	-	6,739,799
Flexible benefit plan	1,094,173	-	-	-	-	1,094,173
Subsequent years expenditures	16,203,025	-	-	-	-	16,203,025
Unassigned	33,875,157	-	-	-	-	33,875,157
Total fund balances	<u>65,443,541</u>	<u>-</u>	<u>8,110,769</u>	<u>1,426,803</u>	<u>-</u>	<u>74,981,113</u>
Total liabilities and fund balances	<u>\$ 80,203,514</u>	<u>\$ 13,456,599</u>	<u>\$ 9,004,848</u>	<u>\$ 20,064,272</u>	<u>\$ 7,336,410</u>	

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

2,588,642,253

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

284,713

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

Workers' compensation self-insurance	\$ (3,733,654)
Compensated absences (vacation)	(61,273,915)
Termination benefits	(117,521)
Installment purchase	(7,235,933)
	<u>(72,361,023)</u>

(72,361,023)

Total net assets - governmental activities

\$ 2,591,547,056

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, 2011

	General Fund	State Public School Fund	Individual Schools Fund
REVENUES:			
County	\$ 312,059,879	\$ -	\$ -
State	71,236	669,995,459	-
Federal	301,389	-	-
Other Local	8,629,361	-	13,092,077
Total Revenues	<u>321,061,865</u>	<u>669,995,459</u>	<u>13,092,077</u>
EXPENDITURES:			
Current operations:			
Instructional services:			
Regular	85,383,953	411,945,878	-
Special populations	26,757,215	114,243,274	-
Alternative programs and services	13,911,404	16,902,825	-
School leadership	26,405,749	29,509,855	-
Co-curricular	7,610,512	313	13,131,124
School-based support services	11,596,697	39,043,378	-
Systemwide support services			
Support and development	4,755,249	2,014,346	-
Special populations support and development	2,932,648	1,096,295	-
Alternative programs and services support and development	871,354	383,813	-
Technology support	12,457,422	2,071,649	-
Operational support	69,971,320	51,398,700	-
Financial and human resource	14,844,696	179,062	-
Accountability	2,200,380	114,895	-
Systemwide pupil support	4,574,352	115,410	-
Policy, leadership and public relations	6,057,328	944,800	-
Ancillary services	103,908	(18,892)	-
Nonprogram charges	11,582,897	-	-
Debt Service:			
Principal	-	-	-
Capital outlay:			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Total Expenditures	<u>302,017,084</u>	<u>669,945,601</u>	<u>13,131,124</u>
Excess (deficiency) of revenues over expenditures	<u>19,044,781</u>	<u>49,858</u>	<u>(39,047)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	256,957	-	-
Transfers out	-	(49,858)	(256,957)
Total other financing sources (uses)	<u>256,957</u>	<u>(49,858)</u>	<u>(256,957)</u>
Net change in fund balance	19,301,738	-	(296,004)
Fund balances, beginning of year	46,108,421	-	8,406,773
Increase in reserve for inventories	33,382	-	-
Fund Balances, end of the year	<u>\$ 65,443,541</u>	<u>\$ -</u>	<u>\$ 8,110,769</u>

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 97,823,235	\$ -	\$ 409,883,114
7,866,703	49,654	677,983,052
-	117,307,573	117,608,962
1,293,271	10,848,248	33,862,957
<u>106,983,209</u>	<u>128,205,475</u>	<u>1,239,338,085</u>
-	4,163,002	501,492,833
-	30,394,345	171,394,834
-	34,720,976	65,535,205
-	9,789,258	65,704,862
-	8,993	20,750,942
-	11,108,177	61,748,252
-	3,578,605	10,348,200
-	276,795	4,305,738
-	1,083,033	2,338,200
-	329,378	14,858,449
-	28,770,777	150,140,797
-	528,550	15,552,308
-	7,950	2,323,225
-	49,164	4,738,926
-	-	7,002,128
-	195,975	280,991
-	3,200,497	14,783,394
7,866,703	-	7,866,703
98,542,101	-	98,542,101
746,616	-	746,616
<u>107,155,420</u>	<u>128,205,475</u>	<u>1,220,454,704</u>
<u>(172,211)</u>	<u>-</u>	<u>18,883,381</u>
-	-	256,957
-	-	(306,815)
-	-	(49,858)
(172,211)	-	18,833,523
1,599,014	-	56,114,208
-	-	33,382
<u>\$ 1,426,803</u>	<u>\$ -</u>	<u>\$ 74,981,113</u>

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, 2011

Total net change in fund balances - governmental funds		\$ 18,833,523
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	\$ 110,847,045
	Depreciation expense	<u>(40,638,142)</u>
		70,208,903
The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net assets.		(158,332)
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 \$2,519,839.		(2,519,839)
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.		(13,315,963)
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.		
	Installment purchase payments	7,866,703
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 \$915,239.		(915,239)
The estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the district-wide statements. This year the decrease in cost for terminated employee's healthcare benefits is \$218,135.		104,722
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 \$84,282.		(84,282)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.		<u>33,382</u>
Change in net assets of governmental activities		<u>\$ 80,053,578</u>

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, 2011

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 312,059,879	\$ 312,059,879	\$ 312,059,879	\$ -
State	77,531	77,531	71,236	(6,295)
Federal	185,000	175,000	301,389	126,389
Other local	6,219,155	8,991,775	8,629,361	(362,414)
Total revenues	<u>318,541,565</u>	<u>321,304,185</u>	<u>321,061,865</u>	<u>(242,320)</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instructional	87,757,288	90,288,515	85,383,953	4,904,562
Special populations	28,576,500	29,357,215	26,757,215	2,600,000
Alternative programs	14,400,643	14,899,408	13,911,404	988,004
School leadership	26,717,133	29,106,567	26,405,749	2,700,818
Co-curricular	7,479,950	8,048,212	7,610,512	437,700
School-based support	15,175,685	12,122,528	11,596,697	525,831
Systemwide support services				
Support and development	5,086,041	5,161,085	4,755,249	405,836
Special populations support and development	4,202,762	3,123,261	2,932,648	190,613
Alternative programs and services support and development	652,209	935,549	871,354	64,195
Technology support	13,676,710	12,788,170	12,457,422	330,748
Operational support	80,131,963	78,282,739	69,971,320	8,311,419
Financial and human resource	15,148,869	15,691,612	14,844,696	846,916
Accountability	2,134,619	2,370,652	2,200,380	170,272
Systemwide pupil support	3,927,214	4,715,891	4,574,352	141,539
Policy, leadership and public relation	7,226,568	6,885,838	6,057,328	828,510
Ancillary services	103,687	104,776	103,908	868
Non-program charges	12,206,569	14,456,679	11,582,897	2,873,782
Total Expenditures	<u>324,604,410</u>	<u>328,338,697</u>	<u>302,017,084</u>	<u>26,321,613</u>
Revenues over (under) expenditures	<u>(6,062,845)</u>	<u>(7,034,512)</u>	<u>19,044,781</u>	<u>26,079,293</u>
Other financing sources (uses):				
Appropriated fund balance	6,062,845	6,777,555	-	(6,777,555)
Transfers in	-	256,957	256,957	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>6,062,845</u>	<u>7,034,512</u>	<u>256,957</u>	<u>(6,777,555)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>19,301,738</u>	<u>\$ 19,301,738</u>
Fund balances, beginning of year			46,108,421	
Increase in reserve for inventories			33,382	
Fund balances, end of year			<u>\$ 65,443,541</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)
\$ -	\$ -	\$ -	\$ -
675,878,336	690,409,651	669,995,459	(20,414,192)
-	-	-	-
-	-	-	-
<u>675,878,336</u>	<u>690,409,651</u>	<u>669,995,459</u>	<u>(20,414,192)</u>
416,641,990	422,799,071	411,945,878	10,853,193
115,043,375	116,269,628	114,243,274	2,026,354
20,639,586	20,952,199	16,902,825	4,049,374
27,229,864	30,037,450	29,509,855	527,595
838	724	313	411
39,886,976	40,397,939	39,043,378	1,354,561
2,786,669	2,046,152	2,014,346	31,806
1,226,819	1,102,821	1,096,295	6,526
408,462	454,008	383,813	70,195
1,896,189	2,115,471	2,071,649	43,822
48,681,640	52,798,629	51,398,700	1,399,929
137,856	182,847	179,062	3,785
63,060	123,901	114,895	9,006
162,285	126,400	115,410	10,990
1,072,727	945,224	944,800	424
-	7,329	(18,892)	26,221
-	-	-	-
<u>675,878,336</u>	<u>690,359,793</u>	<u>669,945,601</u>	<u>20,414,192</u>
-	49,858	49,858	-
-	-	-	-
-	-	-	-
-	(49,858)	(49,858)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		<u>\$ -</u>	

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2011

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,953,842	\$ 8,964,764	\$ 26,918,606
Accounts receivable	16,859	130,676	147,535
Due from other governments	1,375,404	104,592	1,479,996
Due from other funds	3,181	241,319	244,500
Prepaid expenses	4,506	10,701	15,207
Inventory	1,604,486	-	1,604,486
Total current assets	<u>20,958,278</u>	<u>9,452,052</u>	<u>30,410,330</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>8,833,395</u>	<u>430,251</u>	<u>9,263,646</u>
Total assets	<u>29,791,673</u>	<u>9,882,303</u>	<u>39,673,976</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	1,204,980	14,400	1,219,380
Accounts payable	1,622,715	419,058	2,041,773
Due to other funds	26,687	2,679	29,366
Current portion of long-term obligations	712,000	88,000	800,000
Total current liabilities	<u>3,566,382</u>	<u>524,137</u>	<u>4,090,519</u>
Noncurrent liabilities:			
Long-term obligations	<u>180,525</u>	<u>23,429</u>	<u>203,954</u>
Total liabilities	<u>3,746,907</u>	<u>547,566</u>	<u>4,294,473</u>
NET ASSETS			
Invested in capital assets	8,833,395	430,251	9,263,646
Unrestricted	<u>17,211,371</u>	<u>8,904,486</u>	<u>26,115,857</u>
Total net assets	<u>\$ 26,044,766</u>	<u>\$ 9,334,737</u>	<u>\$ 35,379,503</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, 2011

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 21,206,179	\$ -	\$ 21,206,179
Participant fees	-	10,014,453	10,014,453
Total operating revenues	<u>21,206,179</u>	<u>10,014,453</u>	<u>31,220,632</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	14,545,943	4,072,896	18,618,839
Food	15,977,831	-	15,977,831
Supplies	1,470,130	2,359,981	3,830,111
Purchased services	1,346,749	1,424,265	2,771,014
Other supporting services:			
Employee benefits	6,054,748	805,667	6,860,415
Donated commodities	2,894,971	-	2,894,971
Indirect costs	2,283,983	916,632	3,200,615
Depreciation	1,087,745	41,895	1,129,640
TOTAL OPERATING EXPENSES	<u>45,662,100</u>	<u>9,621,336</u>	<u>55,283,436</u>
Operating income (loss)	<u>(24,455,921)</u>	<u>393,117</u>	<u>(24,062,804)</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	24,439,099	-	24,439,099
USDA Grants - Summer feeding program	328,636	-	328,636
USDA Grants - Fresh fruit & vegetable program	45,445	-	45,445
Federal commodities	2,894,971	-	2,894,971
NCDPI kindergarten breakfast	19,266	-	19,266
Interest	131,110	85,844	216,954
Gain (loss) on sale of capital assets	18,241	(4,216)	14,025
Total non-operating revenues	<u>27,876,768</u>	<u>81,628</u>	<u>27,958,396</u>
Income before contributions and transfers	3,420,847	474,745	3,895,592
Transfers from other funds	49,858	-	49,858
Contribution from other funds	67,186	-	67,186
	<u>117,044</u>	<u>-</u>	<u>117,044</u>
Change in net assets	3,537,891	474,745	4,012,636
Net assets, beginning of year	<u>22,506,875</u>	<u>8,859,992</u>	<u>31,366,867</u>
Net assets, end of year	<u>\$ 26,044,766</u>	<u>\$ 9,334,737</u>	<u>\$ 35,379,503</u>

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2011

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 21,228,387	\$ 9,967,734	\$ 31,196,121
Payments to employees for services	(20,508,368)	(4,876,266)	(25,384,634)
Payments to suppliers for goods and services	(18,647,136)	(3,543,839)	(22,190,975)
Payments for other operating expenses	(2,411,325)	(1,010,762)	(3,422,087)
Net cash provided by (used by) operating activities	<u>(20,338,442)</u>	<u>536,867</u>	<u>(19,801,575)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	24,439,099	-	24,439,099
USDA Grants - Summer feeding program	328,636	-	328,636
USDA Grants - Fresh fruit & vegetable program	45,445	-	45,445
NCDPI kindergarten breakfast	19,266	-	19,266
Net cash provided by non-capital financing activities	<u>24,832,446</u>	<u>-</u>	<u>24,832,446</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(123,356)	(126,866)	(250,222)
Proceeds from sale of equipment	18,241	-	18,241
Net cash used for capital and related financing activities	<u>(105,115)</u>	<u>(126,866)</u>	<u>(231,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	131,110	85,844	216,954
Net increase in cash and cash equivalents	4,519,999	495,845	5,015,844
Cash and cash equivalents, beginning of year	13,433,843	8,468,919	21,902,762
Cash and cash equivalents, end of year	<u>\$ 17,953,842</u>	<u>\$ 8,964,764</u>	<u>\$ 26,918,606</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (24,455,921)	\$ 393,117	\$ (24,062,804)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,087,745	41,895	1,129,640
Salaries paid by special revenue fund	49,858	-	49,858
Increase in accounts receivable and due from other governments	(131,821)	(143,504)	(275,325)
Increase in inventories	(72,753)	-	(72,753)
Decrease (increase) in prepaid expenses	(73)	11,625	11,552
Increase in accounts payable and salaries and benefits payable	344,316	231,479	575,795
Increase (decrease) in accrued vacation	(54,764)	2,255	(52,509)
Donated commodities	2,894,971	-	2,894,971
Total adjustments	<u>4,117,479</u>	<u>143,750</u>	<u>4,261,229</u>
Net cash provided by (used by) operating activities	<u>\$ (20,338,442)</u>	<u>\$ 536,867</u>	<u>\$ (19,801,575)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:			
Donated commodities	\$ 2,894,971	\$ -	\$ 2,894,971
Transfer of equipment from capital projects fund	<u>\$ 67,186</u>	<u>\$ -</u>	<u>\$ 67,186</u>
Payments of salaries by state public school fund	<u>\$ 49,858</u>	<u>\$ -</u>	<u>\$ 49,858</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, 2011

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Board reports the following major governmental funds:

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

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

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

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

The Board reports the following major enterprise funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgetary Data

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

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

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

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

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

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

During the fiscal year there were budget amendments totaling \$193,885,870 approved by the Board as follows:

General fund	\$ 3,734,283
State public school fund	14,531,316
Grants and other restricted funds	68,952,870
Capital projects funds	105,020,431
Enterprise fund	1,646,970
	<u>\$ 193,885,870</u>

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

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

2. Cash and Cash Equivalents

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

3. Inventories and Prepaid Expenses

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

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

4. Capital Assets

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

It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years and all intangibles more than \$50,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

Land and construction in progress are not depreciated.

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

5. Long-term Obligations

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

6. Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2011 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.

Fund Balance in the governmental fund financial statements is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Assets held for resale – portion of fund balance that is not an available resource because it represents the year-end balance of assets held for resale, which are not spendable resources.

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for stabilization by state statute – portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for school capital outlay – portion of fund balance that can only be used for School Capital Outlay. [G.S. 159-18 through 22]

Restricted for individual schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Restricted contributions – revenue sources that are restricted by the contributor for specific purposes.

Committed fund balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of Board of Education’s governing body (highest level of decision-making authority) and in certain instances approval by the County’s governing body is required. Any changes or removal of specific purpose requires majority action by the governing bodies that approved the original action.

Assigned fund balance – portion of fund balance that Wake County Board of Education intends to use for specific purposes.

Subsequent year’s expenditures - portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Insurance – portion of fund balance that is assigned for claims in the self-insured workers compensation and dental plans and for excess claims. Balances are assigned by management and approved by The Board.

Special projects – portion of fund balance that is assigned for special projects that continue into the next fiscal year. Balances are assigned by management and approved by The Board.

Flexible benefits – portion of fund balance that is assigned from prior year’s forfeitures in order to offset potential losses in future years. Balances are assigned by management and approved by The Board.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Superintendent will use resources in the following hierarchy: federal funds, state funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Superintendent has the authority to deviate from this policy if it is in the best interest of the Board of Education.

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 \$2,516,565,943 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)	\$ 3,049,988,325
Less accumulated depreciation	<u>(461,346,072)</u>
Net capital assets	<u>2,588,642,253</u>
 Prepaid expenses use current year financial resources and are reported as an expenditure in the governmental funds	 284,713
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Workers’ compensation self-insurance	(3,733,654)
Compensated absences	(61,273,915)
Termination benefits	(117,521)
Installment purchase	<u>(7,235,933)</u>
 Total adjustments	 <u>\$ 2,516,565,943</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 \$61,220,055 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.	\$ 110,847,045
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.	(40,638,142)
The net effect of various miscellaneous transactions involving capital assets (i.e. retirement) is to decrease net assets.	(158,332)
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	(13,315,963)
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.	7,866,703
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(2,519,839)
Estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the government-wide statements.	104,722
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	33,382
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	(915,239)
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>(84,282)</u>
Total adjustments	<u>\$ 61,220,055</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, 2011, the Board's deposits with banks had a carrying amount of \$28,401,935 and with the State Treasurer of \$4,322,736. The bank balances with the financial institutions and the State Treasurer were \$30,257,012 and \$7,278,542, respectively. Of these balances, \$4,239,546 was covered by federal depository insurance and \$33,296,008 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2011, 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	\$ 8,964	Term Portfolio duration of .11	AAAm
State Treasurer's Short Term Investment Fund	<u>84,317,115</u>	Weighted average maturity of 1.9 years	Unrated
Total Investments	<u>\$ 84,326,079</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 1.9 years as of June 30, 2011.

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, 2011. 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 99.99% of the Board's total investments.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2011, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 243,382	\$ 2,170,206	\$ 1,157,180
Other governmental activities	(458,516)	30,905,019	1,942,405
Total	<u>\$ (215,134)</u>	<u>\$ 33,075,225</u>	<u>\$ 3,099,585</u>
Business-type activities:			
Child Nutrition Program	\$ (23,506)	\$ 1,375,404	\$ 16,859
Tuition Programs	238,640	104,592	130,676
Total	<u>\$ 215,134</u>	<u>\$ 1,479,996</u>	<u>\$ 147,535</u>

Due from other governments consists of the following:

Governmental activities		
General Fund	\$ 1,557,099	Sales tax refund from state
	35,292	Miscellaneous revenue from state
	524,820	Miscellaneous revenue from municipalities
	52,995	Miscellaneous revenue from federal
	<u>2,170,206</u>	
State Public School Fund	9,861,134	Operating funds from DPI
Individual Schools Fund	83,620	Sales tax refund from state
Capital Outlay Fund	62,212	Sales tax refund from state
	<u>18,586,554</u>	County funds from county appropriations
	<u>18,648,766</u>	
Direct Grants Fund	78,153	Federal grant funds
	656	Sales tax refund from state
	<u>78,809</u>	
State Administered Federal Grants Fund	<u>2,232,690</u>	Federal grant funds
Total	<u>\$ 33,075,225</u>	

Business-type activities:

Child Nutrition Program	\$ 1,295,726	USDA Reimbursement from state
	<u>79,678</u>	Sales tax refund from state
	<u>1,375,404</u>	
Tuition Programs	17,017	Sales tax refund from state
	<u>87,575</u>	Miscellaneous revenue from municipalities
	<u>104,592</u>	
Total	<u>\$ 1,479,996</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, 2011, was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 121,306,593	\$ 11,484,129	\$ -	\$ -	\$ 132,790,722
Construction in Progress	1,012,056,208	83,266,122	(20,229,086)	-	1,075,093,244
Total capital assets not being depreciated	<u>1,133,362,801</u>	<u>94,750,251</u>	<u>(20,229,086)</u>	<u>-</u>	<u>1,207,883,966</u>
Capital assets being depreciated:					
Land Improvements	9,016,160	185,812	-	(212,784)	8,989,188
Buildings	1,735,853,464	-	20,206,796	-	1,756,060,260
Equipment	19,600,073	1,913,682	22,290	(1,339,697)	20,196,348
Vehicles and motor equipment	43,604,932	13,997,300	-	(743,669)	56,858,563
Total capital assets being depreciated	<u>1,808,074,629</u>	<u>16,096,794</u>	<u>20,229,086</u>	<u>(2,296,150)</u>	<u>1,842,104,359</u>
Less accumulated depreciation for:					
Land Improvements	4,924,325	268,735	-	(197,905)	4,995,155
Buildings	379,851,049	34,070,373	(4,606)	-	413,916,816
Equipment	12,989,289	1,963,821	4,606	(1,216,025)	13,741,691
Vehicles and motor equipment	25,081,085	4,335,213	-	(723,888)	28,692,410
Total accumulated depreciation	<u>422,845,748</u>	<u>\$ 40,638,142</u>	<u>\$ -</u>	<u>\$ (2,137,818)</u>	<u>461,346,072</u>
Total capital assets being depreciated, net	<u>1,385,228,881</u>				<u>1,380,758,287</u>
Governmental activity capital assets, net	<u>\$ 2,518,591,682</u>				<u>\$ 2,588,642,253</u>

Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 17,713,704	\$ 169,642	\$ (56,397)	\$ 17,826,949
Vehicles	773,784	20,900	-	794,684
Total capital assets being depreciated	18,487,488	190,542	(56,397)	18,621,633
Less accumulated depreciation for:				
Equipment	8,102,088	1,035,192	(56,397)	9,080,883
Vehicles	654,802	52,553	-	707,355
Total accumulated depreciation	8,756,890	1,087,745	(56,397)	9,788,238
School food service capital assets, net	9,730,598			8,833,395
Other Business-type activities				
Capital assets being depreciated:				
Equipment	745,854	96,866	(13,433)	829,287
Vehicles	-	30,000	-	30,000
Total capital assets being depreciated	745,854	126,866	(13,433)	859,287
Less accumulated depreciation for:				
Equipment	396,358	40,645	(9,217)	427,786
Vehicles	-	1,250	-	1,250
Total accumulated depreciation	396,358	\$ 41,895	\$ (9,217)	429,036
Other enterprise funds capital assets, net	349,496			430,251
Business-type activities capital assets, net	<u>\$ 10,080,094</u>			<u>\$ 9,263,646</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 36,919,821
Operational support services	<u>3,718,321</u>
Total	<u>\$ 40,638,142</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2011. At year-end, the Board's commitments with contractors for school construction totaled approximately \$121,066,988. 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 14 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, 2011, has been recorded.

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

Total purchase price, 14 buses	\$ 1,155,910
Total payments due in fiscal year 2012	577,955
Remaining payments due in subsequent years	577,955

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 10.51% 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, 2011, 2010, and 2009 were \$76,807,263, \$63,301,626, and \$61,350,915, respectively, equal to the required contributions for each year.

b. Other Postemployment Benefits

1. Healthcare Benefits

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

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

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

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2011, 2010, and 2009, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$35,809,285, \$32,803,340, and \$30,901,358, respectively. These contributions represented 4.9%, 4.5%, and 4.1% of covered payroll, respectively.

2. Long-term Disability Benefits

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

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

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the

conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which you might be entitled should you become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and are in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit. For the fiscal years ended June 30, 2011, 2010, and 2009, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,800,169, \$3,790,608, and \$3,919,196, 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, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 9,709,306	\$ 4,973,695
Other Governmental	25,175,366	10,692,681
Total Governmental activities	<u>\$ 34,884,672</u>	<u>\$ 15,666,376</u>
Business-type Activities		
Child Nutrition Program	\$ 1,622,715	\$ 1,204,980
Tuition Programs	419,058	14,400
Total Business-type activities	<u>\$ 2,041,773</u>	<u>\$ 1,219,380</u>

4. Unearned Revenue

The balance in unearned revenue at year-end is composed of grants not yet earned of \$4,063,538.

5. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina Public Risk & Insurance Management Association, a membership of public sectors risk management programs. Through the private insurance industry, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The Board has an annual aggregate limit for general liability of \$3,000,000 and \$1,000,000 each loss and \$3,000,000 aggregate for errors and omissions. In addition, the Board carries commercial umbrella for another \$1,000,000 of liability coverage. The Board was approved effective August 1, 2002 as a qualified self-insurer for workers' compensation coverage up to statutory limits for employees to the extent they are paid from federal, local, and enterprise funds for 8/1/2009-10 with a self-insured specific retention of \$400,000; an aggregate limit of \$2,000,000; and an employer's liability limit of \$1,000,000. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State Public School Funds. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk financing fund administered by the North Carolina Department of Public Instruction, insuring tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and first layer \$25 and second layer \$20.5 million in aggregate annually. Excess reinsurance is purchased through commercial reinsurers, who participate in the property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake with a \$5,000,000 maximum payable per any one location each insured per flood or earthquake occurrence not to exceed the sum of \$15,000,000 due to any one flood or earthquake occurrence.

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

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years. The amount of Public Officials Dishonesty Bond on the finance officer is \$250,000. The amount of Public Employee Dishonesty Bond on budget managers and bookkeepers is \$100,000.

A summary of changes in the self-insured workers' compensation claims for fiscal years 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Estimated claims payable, beginning of year	\$ 2,818,415	\$ 2,288,634
Current year claims and changes in estimates	2,095,639	1,641,905
Claim payments	<u>(1,180,400)</u>	<u>(1,112,124)</u>
Estimated claims payable, end of year	<u>\$ 3,733,654</u>	<u>\$ 2,818,415</u>

6. Contingent Liabilities

At June 30, 2011, 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 \$3,702,969 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2012	\$ 3,506,607
2013	2,369,254
2014	3,527,158
2015	3,602,454
2016 and after	<u>40,719,604</u>
Total	<u>\$ 53,725,077</u>

b. Terminated Employee's Benefits

The Board is required under G.S. 135-45.2(8) to continue noncontributory health coverage for up to 12 months for all employees in positions eliminated due to budgetary constraints. Only employees that were employed for 12 or more months are eligible for this benefit. The liability for the accrued involuntary terminations benefits payable at June 30, 2011 is \$117,521. This liability consists of 28 terminations.

c. Installment Purchase

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528. In fiscal year 2009, the Board entered into installment purchase contract to finance the purchase of 69 buses through a special third party financing arrangement offered by SunTrust Leasing Corporation. The financing contract requires only principal payments of \$1,786,673 for the year ended June 30, 2011. In fiscal year 2010, the Board entered into installment purchase contract to finance the purchase of 159 buses through a special third party financing arrangement offered by Banc of America Public Capital Corp. The financing contract requires only principal payments of \$6,080,030 for the year ended June 30, 2011. The subsequent payments of \$4,053,351, and \$2,026,672 are due in the years ending June 30, 2012 and 2013. In fiscal year 2011, the Board entered into installment purchase contract to finance the purchase of 14 buses through a special third party financing arrangement offered by Mercedes Benz Financial Services USA LLC. The financing contract requires only principal payments of \$577,956 for the year ended June 30, 2012. The subsequent payments of \$288,977 are due in the years ending June 30, 2013 and 2014.

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, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 58,754,076	\$ 44,521,790	\$ 42,001,951	\$ 61,273,915	\$ 42,000,000
Worker's compensation	2,818,415	2,095,639	1,180,400	3,733,654	1,962,669
Terminated employee benefits	222,243	113,413	218,135	117,521	117,521
Installment purchase	1,786,673	13,315,963	7,866,703	7,235,933	4,631,306
Total	<u>\$ 63,581,407</u>	<u>\$ 60,046,805</u>	<u>\$ 51,267,189</u>	<u>\$ 72,361,023</u>	<u>\$ 48,711,496</u>

Business-type activities:	Compensated <u>Absences</u>
Beginning balance	\$1,056,463
Increases	802,235
Decreases	<u>854,744</u>
Ending Balance	<u>\$1,003,954</u>
Due within one year	<u>\$ 800,000</u>

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

C. Interfund Balances and Activity

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Administered Federal Grants Fund	\$208,404
General Fund	Capital Projects Fund	32
General Fund	Tuition Program	2,679
General Fund	Child Nutrition Program	26,687
General Fund	Individual Schools Fund	8,715
General Fund	Direct Grants Fund	47
Tuition Program	Individual Schools Fund	241,319
Child Nutrition Program	General Fund	3,181
Direct Grants Fund	Other Restricted Funds	8,246
		<u>\$ 499,310</u>

Most interfund balances are due to allocation of printing costs, catering fees, or special transportation costs. The Individual Schools Fund owes \$241,319 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, 2011:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General Fund</u>	<u>Child Nutrition Program</u>
State Public School Fund	\$ -	\$ 49,858
Individual Schools Fund	256,957	-
Total	<u>\$ 256,957</u>	<u>\$ 49,858</u>

During the year, the State Public School Fund transferred \$49,859 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$256,957 to the General Fund to fund the costs of additional positions in the schools.

D. Fund Balance

The Board uses resources in the following hierarchy: federal funds, state funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in – order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The superintendent has the authority to deviate from this policy if it is in the best interest of the Board of Education.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance – General Fund	\$65,443,541
Less:	
Inventories	3,503,879
Stabilization by State Statute	3,661,166
Special Projects	366,342
Insurance	6,739,799
Flexible benefit plan	1,094,173
Appropriated Fund balance in 2012 budget	<u>16,203,025</u>
Remaining fund balance	<u>\$33,875,157</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end. Encumbrance balances at year end were:

General Fund	\$87,216
Capital Projects Fund	503,603

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Subsequent Events

The Board has evaluated subsequent events through October 31, 2011 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

NON-MAJOR FUNDS

Governmental Funds

Special Revenue Funds

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

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

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

Other Restricted Funds – Other Restricted Funds is used to account for revenues from reimbursements.

WAKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
ASSETS				
Cash	\$ 589,946	\$ 727,271	\$ 1,803,200	\$ 3,120,417
Due from other governments	78,809	2,232,690	-	2,311,499
Accounts receivable	209,975	-	1,686,273	1,896,248
Due from other funds	8,246	-	-	8,246
	<u>886,976</u>	<u>2,959,961</u>	<u>3,489,473</u>	<u>7,336,410</u>
Total assets	<u>\$ 886,976</u>	<u>\$ 2,959,961</u>	<u>\$ 3,489,473</u>	<u>\$ 7,336,410</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and benefits payable	\$ 8,217	\$ 822,470	\$ 860	\$ 831,547
Accounts payable	96,075	1,929,087	273,257	2,298,419
Due to other funds	47	208,404	8,246	216,697
Deferred revenues	782,637	-	3,207,110	3,989,747
	<u>886,976</u>	<u>2,959,961</u>	<u>3,489,473</u>	<u>7,336,410</u>
Total liabilities	<u>886,976</u>	<u>2,959,961</u>	<u>3,489,473</u>	<u>7,336,410</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 886,976</u>	<u>\$ 2,959,961</u>	<u>\$ 3,489,473</u>	<u>\$ 7,336,410</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
REVENUES:				
Federal	\$ 2,198,956	\$ 115,108,617	\$ -	\$ 117,307,573
State	49,654	-	-	49,654
Other	1,317,274	-	9,530,974	10,848,248
Total revenues	<u>3,565,884</u>	<u>115,108,617</u>	<u>9,530,974</u>	<u>128,205,475</u>
EXPENDITURES:				
Instructional services:				
Regular instructional	1,046,458	3,116,544	-	4,163,002
Special populations	19,307	29,872,654	502,384	30,394,345
Alternative programs	817,456	33,847,984	55,536	34,720,976
School leadership	35,876	9,753,382	-	9,789,258
Co-curricular	8,993	-	-	8,993
School-based support	314,151	10,793,880	146	11,108,177
Systemwide support services				
Support and development	648,555	2,262,959	667,091	3,578,605
Special populations support and development	22	276,773	-	276,795
Alternative programs and services support and development	142,724	940,309	-	1,083,033
Technology support	43,630	-	285,748	329,378
Operational support	98	20,788,829	7,981,850	28,770,777
Financial and human resource	217,700	310,850	-	528,550
Accountability services	7,950	-	-	7,950
Systemwide pupil support	2,666	8,279	38,219	49,164
Ancillary services	174,721	21,254	-	195,975
Non-program charges	85,577	3,114,920	-	3,200,497
Total expenditures	<u>3,565,884</u>	<u>115,108,617</u>	<u>9,530,974</u>	<u>128,205,475</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
REVENUES:				
Wake County:				
County appropriation	\$ 312,059,879	\$ 312,059,879	\$ -	\$ 311,373,607
State: other	77,531	71,236	(6,295)	58,503
Federal:				
ROTC	175,000	299,037	124,037	250,756
Other	-	2,352	2,352	-
Total	175,000	301,389	126,389	250,756
Other:				
Fines and forfeitures	6,450,000	6,097,760	(352,240)	3,835,957
Interest	1,000,000	698,050	(301,950)	823,749
Other local	1,541,775	1,833,551	291,776	1,904,437
Total	8,991,775	8,629,361	(362,414)	6,564,143
Total revenues	321,304,185	321,061,865	(242,320)	318,247,009
EXPENDITURES:				
Regular instructional services				
Regular curricular		80,995,746		71,468,007
CTE curricular		4,388,207		3,935,481
	90,288,515	85,383,953	4,904,562	75,403,488
Special populations services				
Children with disabilities curricular		17,110,669		17,988,886
Children with disabilities CTE curricular		994,752		1,438,918
Pre-K children with disabilities curricular		1,618,124		1,587,015
Speech and language pathology		3,743,432		2,808,524
Audiology		665,781		669,889
Academically/intellectually gifted curricular		1,105,031		1,006,686
Limited English proficiency		1,519,426		1,570,267
	29,357,215	26,757,215	2,600,000	27,070,185
Alternative programs and services				
Alternative instructional K-12		809,395		762,847
Attendance and social work		817,959		690,542
Remedial and supplemental K-12		10,351,486		10,499,522
Pre-K readiness/remedial and supplemental		1,201,006		1,776,559
Extended day/year instructional		731,558		941,301
	14,899,408	13,911,404	988,004	14,670,771

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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)
(Continued)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
School leadership	\$ 29,106,567	\$ 26,405,749	\$ 2,700,818	\$ 27,240,716
Co-Curricular services	8,048,212	7,610,512	437,700	6,721,009
School-based support services				
Educational media		4,548,348		4,974,282
Student accounting		19,648		2,313,358
Guidance		5,539,186		5,242,620
Health		562,442		397,621
Safety and security		116,780		95,687
Instructional technology		278,739		155,362
Staff development unallocated		527,033		483,387
Parent involvement		5,594		145,817
Volunteer		(1,073)		-
	12,122,528	11,596,697	525,831	13,808,134
Support and development services				
Regular curricular support and development		4,736,770		4,683,713
CTE curricular support and development		18,479		194,885
	5,161,085	4,755,249	405,836	4,878,598
Special population support and development services	3,123,261	2,932,648	190,613	4,077,462
Alternative programs and services support and development services	935,549	871,354	64,195	655,671
Technology support services	12,788,170	12,457,422	330,748	13,723,806
Operational support services				
Communication		106,088		438,157
Printing and copying		42,086		58,748
Public utility and energy		21,204,700		21,150,677
Custodial/housekeeping		8,914,538		9,711,476
Transportation		12,215,958		16,296,319
Warehouse and delivery		462,701		470,204
Facilities planning		2,233,220		2,184,250
Maintenance		24,792,029		25,844,498
	78,282,739	69,971,320	8,311,419	76,154,329
Financial and human resource services				
Financial		8,620,936		8,518,438
Human resource		6,223,760		6,179,637
	15,691,612	14,844,696	846,916	14,698,075

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, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)
(Continued)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,391,059	\$ -	\$ 1,336,101
Planning, research development and program evaluation		809,321		882,646
	<u>2,370,652</u>	<u>2,200,380</u>	<u>170,272</u>	<u>2,218,747</u>
Systemwide pupil support services				
Educational media support		101,184		137,378
Student accounting support		1,966,408		1,165,617
Guidance support		458,326		438,742
Health support		58,173		58,005
Safety and security support		1,990,261		1,967,399
Instructional technology support		-		10,871
	<u>4,715,891</u>	<u>4,574,352</u>	<u>141,539</u>	<u>3,778,012</u>
Policy, leadership and public relations services				
Board of education		188,309		225,641
Legal		1,190,947		937,172
Audit		529,443		619,206
Leadership		2,881,770		3,674,266
Public relations and marketing		1,266,859		1,531,776
	<u>6,885,838</u>	<u>6,057,328</u>	<u>828,510</u>	<u>6,988,061</u>
Ancillary services				
Community services		534		-
Nutrition services		591		434
Adult services		102,783		101,196
	<u>104,776</u>	<u>103,908</u>	<u>868</u>	<u>101,630</u>
Nonprogram charges:				
Debt service principal		-		15,407
Debt service interest		-		1,206
Payments to charter schools		11,582,897		13,188,410
	<u>14,456,679</u>	<u>11,582,897</u>	<u>2,873,782</u>	<u>13,205,023</u>
Total expenditures	<u>328,338,697</u>	<u>302,017,084</u>	<u>26,321,613</u>	<u>305,393,717</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(7,034,512)</u>	<u>19,044,781</u>	<u>26,079,293</u>	<u>12,853,292</u>
OTHER FINANCING SOURCES:				
Appropriated fund balance	6,777,555	-	(6,777,555)	-
Transfers in	256,957	256,957	-	118,283
Total other financing sources	<u>7,034,512</u>	<u>256,957</u>	<u>(6,777,555)</u>	<u>118,283</u>
Net change in fund balance	<u>\$ -</u>	<u>19,301,738</u>	<u>\$ 19,301,738</u>	<u>12,971,575</u>
Fund balance, beginning of year		46,108,421		32,785,791
Increase in reserve for inventories		33,382		351,055
Fund balance, end of year		<u>\$ 65,443,541</u>		<u>\$ 46,108,421</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 690,409,651	\$ 669,995,459	\$ (20,414,192)	\$ 661,524,657
Total revenues	690,409,651	669,995,459	(20,414,192)	661,524,657
EXPENDITURES:				
Regular instructional services				
Regular curricular		380,685,704		379,022,401
CTE curricular		31,260,174		30,028,091
	422,799,071	411,945,878	10,853,193	409,050,492
Special populations services				
Children with disabilities curricular		86,155,963		85,061,446
Children with disabilities CTE curricular		3,506,714		3,089,590
Pre-K children with disabilities curricular		4,494,326		4,436,722
Speech and language pathology		2,187,011		3,048,212
Audiology		376,393		365,849
Academically/intellectually gifted curricular		7,033,679		6,779,587
Limited English proficiency		10,489,188		10,714,360
	116,269,628	114,243,274	2,026,354	113,495,766
Alternative programs and services				
Alternative instructional K-12		4,016,442		3,957,464
Attendance and social work		4,698,203		4,175,107
Remedial and supplemental K-12		7,228,448		8,797,137
Pre-K readiness/remedial and supplemental		6,085		
Extended day/year instructional		953,647		190,450
	20,952,199	16,902,825	4,049,374	17,120,158
School leadership	30,037,450	29,509,855	527,595	25,807,927
Co-Curricular services	724	313	411	-
School-based support services				
Educational media		12,113,301		14,069,930
Student accounting		502,822		7,103
Guidance		23,457,295		22,278,294
Health		1,107,885		865,016
Safety and security		870,274		832,436
Instructional technology		420,129		364,977
Staff Development Unallocated		491,167		396,535
Parent involvement		80,505		546,451
	40,397,939	39,043,378	1,354,561	39,360,742
Support and development services				
Regular curricular support and development		1,464,405		1,540,202
CTE curricular support and development		549,941		1,156,639
	2,046,152	2,014,346	31,806	2,696,841

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)
(Continued)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
Special population support and development services	\$ 1,102,821	\$ 1,096,295	\$ 6,526	\$ 1,110,534
Alternative programs and services support and development services	454,008	383,813	70,195	406,905
Technology support services	2,115,471	2,071,649	43,822	2,687,958
Operational support services				
Communication		128,900		-
Custodial/housekeeping		710,112		1,453,849
Transportation		50,559,398		46,680,686
Warehouse and delivery		(6,417)		7,172
Maintenance		6,707		52,067
	<u>52,798,629</u>	<u>51,398,700</u>	<u>1,399,929</u>	<u>48,193,774</u>
Financial and human resource services				
Financial		126,059		116,566
Human resource		53,003		66,772
	<u>182,847</u>	<u>179,062</u>	<u>3,785</u>	<u>183,338</u>
Accountability services				
Student testing	123,901	114,895	9,006	62,922
Systemwide pupil support services				
Educational media support		115,410		112,468
Instructional technology support		-		129,195
	<u>126,400</u>	<u>115,410</u>	<u>10,990</u>	<u>241,663</u>
Policy, leadership and public relations services				
Leadership	945,224	944,800	424	1,050,542
Ancillary services				
Nutrition services	7,329	(18,892)	26,221	1,866
 Total expenditures	 <u>690,359,793</u>	 <u>669,945,601</u>	 <u>20,414,192</u>	 <u>661,471,428</u>
Excess of revenues over expenditures before other financing uses	49,858	49,858	-	53,229
OTHER FINANCING USES:				
Transfers out	(49,858)	(49,858)	-	(53,229)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Direct 2010	
	Budget	Actual	Variance- Positive (Negative)	Actual
REVENUES:				
State of North Carolina	\$ 214,349	\$ 49,654	\$ 164,695	\$ 132,537
Federal:				
IDEA	-	-	-	-
ESEA	-	-	-	-
Career Technical Education	-	-	-	-
Improving Teacher Quality	-	-	-	-
ARRA	-	-	-	-
Magnet School Assistance	1,907,233	1,341,880	565,353	2,423,415
Other federal	1,721,778	857,076	864,702	687,046
Total	<u>3,629,011</u>	<u>2,198,956</u>	<u>1,430,055</u>	<u>3,110,461</u>
Other:				
Parents as Teachers	410,918	402,924	7,994	375,242
Other	1,813,987	914,350	899,637	1,345,740
Total	<u>2,224,905</u>	<u>1,317,274</u>	<u>907,631</u>	<u>1,720,982</u>
Total Revenues	<u>6,068,265</u>	<u>3,565,884</u>	<u>2,502,381</u>	<u>4,963,980</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		1,046,458		2,029,118
CTE curricular		-		-
	<u>2,177,314</u>	<u>1,046,458</u>	<u>1,130,856</u>	<u>2,029,118</u>
Special populations services				
Children with disabilities curricular		558		-
Children with disabilities CTE curricular		26		390
Pre-K children with disabilities curricular		18,723		38,332
Speech and language pathology		-		-
Audiology		-		-
Limited English proficiency		-		-
	<u>19,803</u>	<u>19,307</u>	<u>496</u>	<u>38,722</u>
Alternative programs and services				
Attendance and social work		-		583
Remedial and supplemental K-12		14,442		8,833
Pre-K readiness/remedial and supplemental		677,894		805,932
Extended day/year instructional		125,120		92,920
	<u>1,333,586</u>	<u>817,456</u>	<u>516,130</u>	<u>908,268</u>
School leadership	39,079	35,876	3,203	30,159
Co-Curricular services	34,887	8,993	25,894	13,261

Continued on Following Page

State Administered Federal			
2011		2010	
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
37,616,831	19,149,244	18,467,587	17,109,368
33,409,580	23,540,722	9,868,858	19,328,102
1,291,121	1,263,901	27,220	1,388,071
5,042,265	3,849,311	1,192,954	3,261,357
66,113,182	63,479,613	2,633,569	50,963,616
-	-	-	-
44,808,891	3,825,826	40,983,065	2,740,515
188,281,870	115,108,617	73,173,253	94,791,029
-	-	-	-
-	-	-	-
-	-	-	-
188,281,870	115,108,617	73,173,253	94,791,029
	1,895,278		151,034
	1,221,266		1,353,094
5,147,887	3,116,544	2,031,343	1,504,128
	20,771,083		15,460,561
	9,838		32,838
	2,537,136		1,963,893
	5,627,021		5,370,772
	78,893		41,825
	848,683		1,457,273
36,142,256	29,872,654	6,269,602	24,327,162
	99,386		131,398
	24,691,406		20,121,831
	4,014,609		3,358,769
	5,042,583		2,102,472
42,016,617	33,847,984	8,168,633	25,714,470
9,885,535	9,753,382	132,153	9,810,459
-	-	-	-

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)
(Continued)

	Direct			2010 Actual
	2011		Variance- Positive (Negative)	
	Budget	Actual		
School-based support services				
Educational media	\$ -	\$ 19,788	\$ -	\$ 79,295
Student Accounting		-		-
Guidance		234,586		210,520
Health		-		-
Instructional technology		33,162		141,563
Staff development unallocated		23,166		16,340
Parent involvement		3,449		3,393
	<u>469,884</u>	<u>314,151</u>	<u>155,733</u>	<u>451,111</u>
Support and development services				
Regular curricular support and development		647,986		858,698
CTE curricular support and development		569		-
	<u>1,066,651</u>	<u>648,555</u>	<u>418,096</u>	<u>858,698</u>
Special population support and development services	<u>29</u>	<u>22</u>	<u>7</u>	<u>1,221</u>
Alternative programs and services support and development services	<u>144,331</u>	<u>142,724</u>	<u>1,607</u>	<u>134,469</u>
Technology support services	<u>43,630</u>	<u>43,630</u>	<u>-</u>	<u>-</u>
Operational support services				
Custodial/housekeeping		-		-
Transportation		98		1,641
	<u>48,624</u>	<u>98</u>	<u>48,526</u>	<u>1,641</u>
Financial and human resource services				
Human resource	<u>285,397</u>	<u>217,700</u>	<u>67,697</u>	<u>183,635</u>
Accountability services				
Planning, research development and program evaluation	<u>60,000</u>	<u>7,950</u>	<u>52,050</u>	<u>-</u>
Systemwide pupil support services				
Guidance support		2,666		27,525
Instructional technology		-		-
	<u>5,275</u>	<u>2,666</u>	<u>2,609</u>	<u>27,525</u>
Ancillary services				
Community services		173,992		188,456
Nutrition services		729		256
	<u>206,281</u>	<u>174,721</u>	<u>31,560</u>	<u>188,712</u>
Nonprogram charges:				
Indirect cost	<u>133,494</u>	<u>85,577</u>	<u>47,917</u>	<u>97,440</u>
Total expenditures	<u>6,068,265</u>	<u>3,565,884</u>	<u>2,502,381</u>	<u>4,963,980</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State Administered			
2011			2010
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ 1,275,099	\$ -	\$ 1,623,661
	6,814,501		4,820,886
	922,820		1,239,671
	77		21,289
	348,637		73,704
	1,003,766		1,244,016
	428,980		294,927
<u>14,952,155</u>	<u>10,793,880</u>	<u>4,158,275</u>	<u>9,318,154</u>
	2,262,959		2,476,216
	-		-
<u>2,644,125</u>	<u>2,262,959</u>	<u>381,166</u>	<u>2,476,216</u>
<u>387,687</u>	<u>276,773</u>	<u>110,914</u>	<u>209,019</u>
<u>1,581,522</u>	<u>940,309</u>	<u>641,213</u>	<u>445,212</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	17,987,250		17,145,457
	2,801,579		678,680
<u>21,786,527</u>	<u>20,788,829</u>	<u>997,698</u>	<u>17,824,137</u>
<u>322,098</u>	<u>310,850</u>	<u>11,248</u>	<u>509,237</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-		-
	8,279		185,950
<u>10,707</u>	<u>8,279</u>	<u>2,428</u>	<u>185,950</u>
	-		-
	21,254		109,618
<u>38,273</u>	<u>21,254</u>	<u>17,019</u>	<u>109,618</u>
<u>53,366,481</u>	<u>3,114,920</u>	<u>50,251,561</u>	<u>2,357,267</u>
<u>188,281,870</u>	<u>115,108,617</u>	<u>73,173,253</u>	<u>94,791,029</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 1,443,345	\$ 1,443,345	\$ -	\$ 2,129,616
Capital Improvements fund	309,283,939	65,399,506	(243,884,433)	117,408,587
2010B RZEBD Bonds	20,241,206	20,241,206	-	-
2010 QSCB Bonds	10,739,178	10,739,178	-	74,907
	<u>341,707,668</u>	<u>97,823,235</u>	<u>(243,884,433)</u>	<u>119,613,110</u>
State				
LEA Financed Purchase of School Buses	7,866,703	7,866,703	-	2,522,580
	<u>7,866,703</u>	<u>7,866,703</u>	<u>-</u>	<u>2,522,580</u>
Other:				
Sale of school property	110,000	118,475	8,475	209,664
Interest	10,000	5,499	(4,501)	8,515
Other local	786,581	1,169,297	382,716	2,158,553
	<u>906,581</u>	<u>1,293,271</u>	<u>386,690</u>	<u>2,376,732</u>
Total revenues	<u>350,480,952</u>	<u>106,983,209</u>	<u>(243,497,743)</u>	<u>124,512,422</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	23,235,774	11,422,014	11,813,760	4,750
Buildings:				
General contracts		3,170,380		5,727,324
Heating contracts		7,854,943		1,989,413
Plumbing contracts		-		-
Electrical contracts		-		-
Architect fees		3,673,592		2,732,384
Equipment contracts		10,911,652		14,510,844
Miscellaneous contracts		60,262,376		95,118,050
	<u>316,528,659</u>	<u>85,872,943</u>	<u>230,655,716</u>	<u>120,078,015</u>
Other:				
Library books	2,871,456	1,247,144	1,624,312	1,445,193
	<u>342,635,889</u>	<u>98,542,101</u>	<u>244,093,788</u>	<u>121,527,958</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, 2011
 (Continued)
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 70,274	\$ -	\$ 65,961
Administrative		337,862		28,440
	<u>749,803</u>	<u>408,136</u>	<u>341,667</u>	<u>94,401</u>
Vehicles:				
Administration		164,008		43,345
Transportation		174,472		104,191
	<u>397,516</u>	<u>338,480</u>	<u>59,036</u>	<u>147,536</u>
Debt service:				
Principal	7,866,703	7,866,703	-	2,522,580
Total expenditures	<u>351,649,911</u>	<u>107,155,420</u>	<u>244,494,491</u>	<u>124,292,475</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,168,959)</u>	<u>(172,211)</u>	<u>(996,748)</u>	<u>219,947</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	1,168,959	-	1,168,959	-
Total other financing sources (uses)	<u>1,168,959</u>	<u>-</u>	<u>1,168,959</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (172,211)</u>	<u>\$ 172,211</u>	<u>\$ 219,947</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	Child Nutrition Program			2010 Actual
	2011		Variance- Positive (Negative)	
	Budget	Actual		
REVENUES:				
Federal:				
Regular USDA Grants	\$ 21,167,529	\$ 24,439,099	\$ 3,271,570	\$ 22,154,588
USDA Grants - Fresh fruit & vegetable program	-	45,445	45,445	-
USDA Grants - Summer feeding program	135,903	328,636	192,733	266,979
	<u>21,303,432</u>	<u>24,813,180</u>	<u>3,509,748</u>	<u>22,421,567</u>
Other:				
Food sales	25,213,342	21,206,179	(4,007,163)	21,716,235
Participant fees	-	-	-	-
State of North Carolina	-	-	-	-
Interest	361,918	131,110	(230,808)	155,656
NCDPI kindergarten breakfast	27,811	19,266	(8,545)	18,374
Donation of equipment	-	67,186	67,186	3,205,962
	<u>25,603,071</u>	<u>21,423,741</u>	<u>(4,179,330)</u>	<u>25,096,227</u>
Total revenues	<u>46,906,503</u>	<u>46,236,921</u>	<u>(669,582)</u>	<u>47,517,794</u>
EXPENDITURES:				
Business supporting services:				
Salaries		14,545,943		14,632,385
Food		15,977,831		16,417,957
Supplies		1,470,130		1,465,664
Purchased services		1,346,749		1,464,800
Indirect costs paid		2,283,983		2,291,320
Equipment purchases		123,356		78,528
	40,043,236	35,747,992	4,295,244	36,350,654
Other supporting services:				
Employee benefits	6,913,125	6,054,748	858,377	5,596,247
Total expenditures	<u>46,956,361</u>	<u>41,802,740</u>	<u>5,153,621</u>	<u>41,946,901</u>
Excess of revenues over expenditures	<u>(49,858)</u>	<u>4,434,181</u>	<u>4,484,039</u>	<u>5,570,893</u>
OTHER FINANCING SOURCES:				
Operating transfer in	49,858	49,858	-	53,229
Excess of Revenues and Other Financing Sources Over Expenditures - Budgetary (Non-GAAP) Basis	<u>\$ -</u>	<u>4,484,039</u>	<u>\$ 4,484,039</u>	<u>5,624,122</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		123,356		78,528
Depreciation		(1,087,745)		(901,193)
Gain (Loss) on sale of capital assets		18,241		(5,456)
Change in Net Assets		<u>\$ 3,537,891</u>		<u>\$ 4,796,001</u>

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

Tuition Programs			
2011			2010
Budget	Actual	Variance- Positive (Negative)	Actual
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
16,857,149	10,014,453	6,842,696	8,881,458
-	85,844	(85,844)	127,932
-	-	-	-
-	-	-	-
<u>16,857,149</u>	<u>10,100,297</u>	<u>6,756,852</u>	<u>9,009,390</u>
16,857,149	10,100,297	6,756,852	9,009,390
	4,072,896		3,881,321
	-		-
	2,359,981		1,721,699
	1,424,265		1,113,201
	916,632		781,718
	126,866		165,050
<u>15,810,581</u>	<u>8,900,640</u>	<u>6,909,941</u>	<u>7,662,989</u>
<u>1,046,568</u>	<u>805,667</u>	<u>240,901</u>	<u>683,096</u>
<u>16,857,149</u>	<u>9,706,307</u>	<u>7,150,842</u>	<u>8,346,085</u>
<u>-</u>	<u>393,990</u>	<u>393,990</u>	<u>663,305</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>393,990</u>	<u>\$ 393,990</u>	<u>663,305</u>
	126,866		165,050
	(41,895)		(31,526)
	(4,216)		-
	<u>\$ 474,745</u>		<u>\$ 796,829</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER RESTRICTED FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010)

	2011		Variance- Positive (Negative)	2010
	Budget	Actual		Actuals
REVENUES:				
Other Local:				
Medicaid	\$ 4,650,121	\$ 1,263,375	\$ (3,386,746)	\$ 500,636
Indirect Cost	6,401,112	6,401,112	-	5,527,744
E-Rate	2,160,000	1,836,614	(323,386)	1,705,001
Interest	-	29,873	29,873	6,345
	<u>13,211,233</u>	<u>9,530,974</u>	<u>(3,680,259)</u>	<u>7,739,726</u>
EXPENDITURES:				
Special populations services				
Children with disabilities curricular		297,536		163,742
Children with disabilities CTE curricular		195,522		-
Pre-K children with disabilities curricular		9,326		-
Speech and language pathology		-		63,064
	<u>1,414,512</u>	<u>502,384</u>	<u>912,128</u>	<u>226,806</u>
Alternative programs and services				
Alternative instructional K-12		55,536		46,311
Attendance and social work		-		331
	<u>57,311</u>	<u>55,536</u>	<u>1,775</u>	<u>46,642</u>
School-based support services - Health	<u>22,000</u>	<u>146</u>	<u>21,854</u>	<u>-</u>
Support and development services				
Regular curricular support and development	<u>3,107,893</u>	<u>667,091</u>	<u>2,440,802</u>	<u>178,423</u>
Technology support services	<u>287,751</u>	<u>285,748</u>	<u>2,003</u>	<u>76,894</u>
Operational support services				
Communication		1,543,124		1,634,309
Public utility and energy		6,438,726		5,527,887
	<u>8,273,361</u>	<u>7,981,850</u>	<u>291,511</u>	<u>7,162,196</u>
Systemwide pupil support services				
Student accounting support		-		11,230
Health support		38,219		37,535
	<u>48,405</u>	<u>38,219</u>	<u>10,186</u>	<u>48,765</u>
Total expenditures	<u>13,211,233</u>	<u>9,530,974</u>	<u>3,680,259</u>	<u>7,739,726</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2011

	Fund Balance June 30, 2010	Revenues	Expenditures	Fund Balance June 30, 2011
HIGH SCHOOLS:				
Apex	\$ 435,341	\$ 394,539	\$ 402,684	\$ 427,196
Athens	142,367	359,125	373,852	127,640
Broughton	368,859	345,707	402,071	312,495
Cary	87,397	347,480	351,166	83,711
East Wake (includes 4 schools)	94,028	166,968	184,415	76,581
Enloe	508,313	474,754	614,908	368,159
Fuquay-Varina	220,289	258,989	260,934	218,344
Garner	62,713	289,821	281,566	70,968
Green Hope	224,345	402,516	376,067	250,794
Heritage	-	109,589	90,564	19,025
Holly Springs	94,455	306,735	272,413	128,777
Knightdale	110,037	179,926	186,371	103,592
Leesville Road	247,279	369,777	451,473	165,583
Middle Creek	266,648	283,061	291,053	258,656
Millbrook	231,436	470,180	490,801	210,815
Panther Creek	109,913	426,202	414,079	122,036
Sanderson	191,639	297,989	339,307	150,321
Southeast Raleigh	115,635	211,680	196,850	130,465
Wake Early	11,352	21,386	18,607	14,131
Wake Forest-Rolesville	128,021	407,221	367,262	167,980
Wakefield	218,140	411,251	363,524	265,867
	<u>3,868,207</u>	<u>6,534,896</u>	<u>6,729,967</u>	<u>3,673,136</u>
MIDDLE SCHOOLS:				
Apex	113,180	133,500	118,614	128,066
Carnage	39,318	99,654	93,754	45,218
Carroll	54,035	33,047	44,046	43,036
Centennial	51,479	54,110	57,997	47,592
Daniels	56,038	144,201	157,925	42,314
Davis Drive	33,098	97,506	99,427	31,177
Dillard Drive	57,016	35,928	59,383	33,561
Durant Road	37,055	50,460	50,113	37,402
East Cary	14,669	31,089	25,975	19,783
East Garner	93,636	62,667	55,102	101,201
East Millbrook	28,061	123,051	113,632	37,480
East Wake	23,949	49,005	58,754	14,200
Fuquay-Varina	45,820	81,569	80,274	47,115
Heritage	69,727	191,612	181,156	80,183
Holly Ridge	109,174	58,889	56,956	111,107
Holly Grove	-	45,119	31,787	13,332
Leesville Road	133,131	127,419	114,727	145,823
Ligon	49,280	160,813	153,745	56,348
Lufkin Road	44,252	66,111	83,069	27,294
Martin	64,767	67,345	59,968	72,144
Mills Park	-	99,053	81,354	17,699
Moore Square	23,082	47,580	50,197	20,465
North Garner	49,421	78,350	84,795	42,976
Reedy Creek	41,750	50,049	45,596	46,203

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2011
(Continued)

	Fund Balance June 30, 2010	Revenues	Expenditures	Fund Balance June 30, 2011
Salem	\$ 42,509	\$ 178,004	\$ 177,075	\$ 43,438
Wake Forest-Rolesville	96,293	63,736	93,903	66,126
Wakefield	73,181	82,338	75,711	79,808
Wendell	23,234	45,656	43,798	25,092
West Cary	37,397	36,356	39,170	34,583
West Lake	84,450	117,261	108,041	93,670
West Millbrook	67,388	46,107	52,194	61,301
Zebulon	63,877	48,162	56,825	55,214
	<u>1,720,267</u>	<u>2,605,747</u>	<u>2,605,063</u>	<u>1,720,951</u>

ELEMENTARY SCHOOLS:

Adams	24,030	40,887	44,180	20,737
Akins	6,626	20,910	16,755	10,781
Alston Ridge	-	29,540	22,898	6,642
Apex	52,765	50,610	63,508	39,867
Aversboro	9,913	25,141	25,113	9,941
Baileywick	31,937	24,659	27,764	28,832
Ballentine	82,418	25,444	38,715	69,147
Banks	5,328	31,389	26,880	9,837
Barwell Road	16,308	21,903	27,327	10,884
Baucom	72,458	31,483	53,148	50,793
Brassfield	46,962	52,676	70,351	29,287
Brentwood	19,962	12,435	16,694	15,703
Briarcliff	25,946	41,435	34,157	33,224
Brier Creek	4,550	70,615	69,078	6,087
Brooks	44,036	34,396	53,097	25,335
Bugg	7,675	40,778	36,164	12,289
Carpenter	49,514	53,667	62,032	41,149
Carver	52,734	25,737	41,973	36,498
Cary	44,556	27,304	39,642	32,218
Cedar Fork	17,326	35,281	29,214	23,393
Combs	13,687	119,364	120,048	13,003
Conn	10,724	44,101	41,935	12,890
Creech Road	18,654	11,226	8,982	20,898
Davis Drive	26,418	56,556	49,248	33,726
Dillard Drive	41,082	23,755	29,860	34,977
Douglas	15,895	44,194	40,915	19,174
Douglas Discretionary Funds	8,998	2,001	2,500	8,499
Durant Road	14,708	48,558	48,475	14,791
East Garner	8,341	14,303	13,093	9,551
Farmington Woods	9,961	52,009	44,102	17,868
Forest Pines	16,654	25,531	35,651	6,534
Forestville	16,078	27,319	29,268	14,129
Fox Road	26,209	43,775	46,723	23,261
Fuller	34,192	26,610	24,199	36,603
Fuquay-Varina	13,679	48,804	40,998	21,485
Green	10,115	20,531	17,634	13,012

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2011
(Continued)

	Fund Balance June 30, 2010	Revenues	Expenditures	Fund Balance June 30, 2011
Green Hope	\$ 51,257	\$ 41,320	\$ 54,157	\$ 38,420
Harris Creek	29,014	41,602	41,032	29,584
Heritage	17,324	34,962	29,374	22,912
Highcroft	4,936	73,734	63,183	15,487
Hilburn	29,059	15,463	37,501	7,021
Hodge Road	15,341	45,826	49,730	11,437
Holly Grove	22,228	37,398	45,723	13,903
Holly Ridge	56,992	39,542	33,485	63,049
Holly Springs	18,675	34,200	39,133	13,742
Hunter	44,974	27,788	30,655	42,107
Jeffreys Grove	22,147	17,549	25,156	14,540
Jones Dairy	23,364	40,738	52,668	11,434
Joyner	12,153	69,871	71,563	10,461
Kingswood	21,158	21,306	29,292	13,172
Knightdale	20,728	14,092	11,308	23,512
Lacy	14,021	125,283	125,961	13,343
Lake Myra	8,036	14,252	15,829	6,459
Laurel Park	14,526	50,851	33,271	32,106
Lead Mine	20,778	31,992	35,737	17,033
Leesville Road	51,365	49,397	51,426	49,336
Lincoln Heights	21,753	23,733	25,029	20,457
Lockhart	45,261	25,938	22,288	48,911
Lynn Road	18,610	15,313	15,925	17,998
Middle Creek	22,608	59,543	44,163	37,988
Millbrook	10,633	32,692	31,949	11,376
Mills Park	16,167	65,888	53,176	28,879
Morrisville	34,430	28,723	33,397	29,756
North Forest Pines	17,714	39,597	35,210	22,101
North Ridge	21,198	36,878	35,624	22,452
Northwoods	16,246	36,749	29,755	23,240
Oak Grove	30,556	50,600	43,354	37,802
Olds	26,283	33,125	37,700	21,708
Olive Chapel	119,435	75,490	80,513	114,412
Partnership Primary	9,866	34,128	31,443	12,551
Penny Road	34,820	30,815	43,395	22,240
Pleasant Union	36,253	85,355	77,366	44,242
Poe	6,288	16,648	10,768	12,168
Powell	14,453	11,539	17,201	8,791
Rand Road	41,033	46,382	36,549	50,866
Reedy Creek	26,810	44,072	40,445	30,437
River Bend	3,578	21,024	8,289	16,313
Rolesville	59,281	56,424	63,068	52,637
Root	18,300	97,591	95,300	20,591
Salem	93,827	51,467	71,154	74,140
Sanford Creek	16,031	28,932	28,394	16,569
Smith	6,945	18,141	15,879	9,207
Stough	7,283	24,979	24,521	7,741
Swift Creek	24,460	31,292	37,409	18,343

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2011
(Continued)

	Fund Balance June 30, 2010	Revenues	Expenditures	Fund Balance June 30, 2011
Sycamore Creek	\$ 11,530	\$ 44,813	\$ 47,023	\$ 9,320
Timber Drive	39,761	36,924	32,286	44,399
Turner Creek	16,085	62,336	51,914	26,507
Underwood	3,563	34,430	29,173	8,820
Vance	14,086	24,005	23,441	14,650
Vandora Springs	65,657	28,257	29,238	64,676
Wake Forest	60,828	24,515	30,425	54,918
Wakefield	21,985	46,335	51,348	16,972
Wakelon	13,793	12,390	8,222	17,961
Washington	54,505	54,083	54,919	53,669
Weatherstone	45,271	31,097	27,565	48,803
Wendell	9,098	20,996	20,116	9,978
West Lake	69,359	48,446	48,759	69,046
Wilburn	21,466	23,819	21,226	24,059
Wildwood Forest	4,937	42,611	41,210	6,338
Wiley	62,228	25,343	30,637	56,934
Willow Springs	35,136	57,381	64,010	28,507
Yates Mill	27,253	24,066	30,667	20,652
York	15,115	22,122	23,959	13,278
Zebulon	5,863	12,313	9,280	8,896
	<u>2,796,156</u>	<u>3,931,433</u>	<u>4,033,187</u>	<u>2,694,402</u>
OTHER:				
Longview School	16,276	9,921	9,466	16,731
Mt. Vernon	1,659	2,241	1,743	2,157
Phillips High School	1,825	7,050	7,756	1,119
River Oaks	2,383	789	899	2,273
	<u>22,143</u>	<u>20,001</u>	<u>19,864</u>	<u>22,280</u>
TOTAL	<u>\$ 8,406,773</u>	<u>\$ 13,092,077</u>	<u>\$ 13,388,081</u>	<u>\$ 8,110,769</u>

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL
YEAR ENDED
JUNE 30, 2011



Prepared by the Finance Department



WAKE COUNTY
BOARD OF EDUCATION
Cary, North Carolina

STATISTICAL SECTION

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.

WAKE COUNTY BOARD OF EDUCATION

NET ASSETS BY COMPONENT
LAST TEN 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
2011	\$2,581,406,320	\$ 13,198,738	\$(3,058,002)	\$2,591,547,056	\$ 9,263,646	\$ 26,115,857	\$ 35,379,503
2010	2,516,805,009	8,406,773	(13,718,304)	2,511,493,478	10,080,094	21,286,773	31,366,867
2009	2,432,805,178	8,295,329	(27,277,985)	2,413,822,522	7,570,688	18,203,349	25,774,037
2008	2,163,062,885	8,523,252	(14,537,635)	2,157,048,502	6,895,575	17,461,850	24,357,425
2007	1,906,571,596	8,203,443	(8,636,100)	1,906,138,939	6,601,516	18,075,710	24,677,226
2006	1,707,105,617	8,185,487	5,878,530	1,721,169,634	2,287,185	16,625,152	18,912,337
2005	1,511,403,239	-	8,347,146	1,519,750,385	2,219,436	15,902,370	18,121,806
2004	1,403,289,473	-	17,026,939	1,420,316,412	2,483,893	13,222,825	15,706,718
2003	1,280,865,426	-	15,132,611	1,295,998,037	2,393,879	11,408,713	13,802,592
2002	1,144,447,775	10,666,039	9,369,362	1,164,483,176	2,901,624	9,306,931	12,208,555

WAKE COUNTY BOARD OF EDUCATION
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN YEARS
(accrual basis of accounting)

	Fiscal Year			
	2011	2010	2009	2008
Expenses				
Governmental activities:				
Instructional programs				
Regular	\$ 504,048,718	\$ 488,546,948	\$ 520,736,969	\$ 499,787,125
Special populations	172,013,848	165,788,455	162,672,147	154,036,707
Alternative programs and services	66,020,928	58,426,846	56,432,546	51,795,462
School leadership	65,743,983	62,680,216	64,582,811	60,295,993
Co-curricular	20,795,975	18,982,397	19,741,681	19,897,732
School-based support services	62,943,658	64,506,361	66,411,122	66,510,312
Systemwide support services				
Support and development	9,936,030	10,612,453	11,519,131	10,788,721
Special populations support and development	3,938,268	5,287,193	5,497,400	6,095,269
Alternative programs and services support and development	2,487,540	1,533,361	1,921,084	2,001,281
Technology support	16,729,489	16,624,585	28,033,386	26,328,759
Operational support	152,934,837	151,786,145	148,788,642	148,183,392
Financial and human resource	15,495,361	15,472,245	16,726,131	16,757,435
Accountability	2,326,694	2,255,479	2,508,241	2,147,180
Systemwide pupil support	4,760,279	4,205,184	4,517,008	3,844,828
Policy, leadership and public relations	6,909,359	7,915,174	8,287,942	8,550,793
Ancillary Services	171,092	418,998	344,305	253,544
Instruction	-	-	-	-
Support services	-	-	-	-
Nonprogram charges	8,432,140	10,169,808	11,185,748	9,742,580
Interest on long-term debt	-	-	-	-
Depreciation - unallocated	36,919,821	32,449,321	31,830,062	30,404,042
Total governmental activities expenses	<u>1,152,608,020</u>	<u>1,117,661,169</u>	<u>1,161,736,356</u>	<u>1,117,421,155</u>
Business-type activities:				
Food service	45,662,100	45,061,386	46,467,797	45,846,155
Tuition programs	9,621,336	8,212,561	8,534,329	7,897,470
Print shop	-	-	-	-
Total business-type activities	<u>55,283,436</u>	<u>53,273,947</u>	<u>55,002,126</u>	<u>53,743,625</u>
Total school district expenses	<u>1,207,891,456</u>	<u>1,170,935,116</u>	<u>1,216,738,482</u>	<u>1,171,164,780</u>
Program revenues				
Governmental activities:				
Charges for services-regular instructional	1,133,966	1,107,459	1,106,269	805,693
Charges for services-operational support	-	-	-	47,410
Charges for services-ancillary services	27,719	34,609	35,352	-
Charges for services-general administration	-	-	-	-
Charges for services-central	-	-	-	-
Charges for services-community	-	-	-	-
Operating grants and contributions	803,822,002	772,481,123	793,580,424	756,603,642
Capital grants and contributions	786,581	2,146,595	2,616,770	7,387,758
Total governmental activities program revenues	<u>805,770,268</u>	<u>775,769,786</u>	<u>797,338,815</u>	<u>764,844,503</u>
Business-type activities:				
Charges for services -food services	21,206,179	21,716,235	23,417,878	22,800,190
Charges for services-tuition programs	10,014,453	8,881,458	9,001,762	9,063,099
Operating grants and contributions	27,741,442	24,726,305	22,099,991	19,628,148
Total business-type activities program revenues	<u>58,962,074</u>	<u>55,323,998</u>	<u>54,519,631</u>	<u>51,491,437</u>
Total school district program revenues	<u>864,732,342</u>	<u>831,093,784</u>	<u>851,858,446</u>	<u>816,335,940</u>
Net (expense)/revenue				
Governmental activities	(346,837,752)	(341,891,383)	(364,397,541)	(352,576,652)
Business-type activities	3,678,638	2,050,051	(482,495)	(2,252,188)
Total school district net expense	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</u>	<u>\$ (354,828,840)</u>

All years prepared under full accrual basis are presented.
Significant changes in function-level expenses coding classification occurred in fiscal year 2008.

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
709,746,607	626,497,392	581,298,217	526,728,536	499,686,781	480,884,934
269,002,952	259,029,601	236,913,262	222,483,556	213,078,903	204,269,106
9,497,563	9,017,665	7,747,097	7,077,757	5,649,370	4,482,626
780	487,882	1,230,508	1,334,307	1,455,731	243,491
26,695,661	24,952,001	24,032,883	23,960,590	21,167,432	20,071,300
<u>1,014,943,563</u>	<u>919,984,541</u>	<u>851,221,967</u>	<u>781,584,746</u>	<u>741,038,217</u>	<u>709,951,457</u>
40,130,227	36,208,155	32,275,494	30,472,447	28,662,693	27,597,101
7,776,611	8,583,453	6,683,746	6,669,789	5,148,918	4,546,443
-	-	1,725	636,617	590,661	651,909
<u>47,906,838</u>	<u>44,791,608</u>	<u>38,960,965</u>	<u>37,778,853</u>	<u>34,402,272</u>	<u>32,795,453</u>
<u>1,062,850,401</u>	<u>964,776,149</u>	<u>890,182,932</u>	<u>819,363,599</u>	<u>775,440,489</u>	<u>742,746,910</u>
109,324	143,028	145,006	84,948	43,631	89,440
-	-	-	-	-	-
-	-	-	-	-	646,846
-	90,131	74,832	323,131	67,284	-
801,148	861,470	709,254	693,578	669,970	1,935,618
688,176,379	616,013,072	560,329,447	515,294,495	486,341,647	470,791,212
3,440,673	10,502,567	62,587	436,798	67,685	104,774
<u>692,527,524</u>	<u>627,610,268</u>	<u>561,321,126</u>	<u>516,832,950</u>	<u>487,190,217</u>	<u>473,567,890</u>
22,738,873	28,879,946	26,898,296	25,834,374	24,866,619	21,780,687
8,087,758	-	-	-	-	-
<u>17,396,233</u>	<u>16,066,026</u>	<u>14,007,917</u>	<u>12,679,641</u>	<u>10,714,253</u>	<u>10,307,000</u>
48,222,864	44,945,972	40,906,213	38,514,015	35,580,872	32,087,687
<u>740,750,388</u>	<u>672,556,240</u>	<u>602,227,339</u>	<u>555,346,965</u>	<u>522,771,089</u>	<u>505,655,577</u>
(322,416,039)	(292,374,273)	(289,900,841)	(264,751,796)	(253,848,000)	(236,383,567)
316,026	154,364	1,945,248	735,162	1,178,600	(707,766)
<u>\$ (322,100,013)</u>	<u>\$ (292,219,909)</u>	<u>\$ (287,955,593)</u>	<u>\$ (264,016,634)</u>	<u>\$ (252,669,400)</u>	<u>\$ (237,091,333)</u>

WAKE COUNTY BOARD OF EDUCATION

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

	Fiscal Year			
	2011	2010	2009	2008
Net (expense)/revenue				
Governmental activities	\$ (346,837,752)	\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)
Business-type activities	3,678,638	2,050,051	(482,495)	(2,252,188)
Total school district net expense	<u>(343,159,114)</u>	<u>(339,841,332)</u>	<u>(364,880,036)</u>	<u>(354,828,840)</u>
General revenues and other changes in Net Assets				
Governmental activities:				
Unrestricted county appropriations- operating	312,059,879	311,373,607	308,550,944	296,964,799
Unrestricted county appropriations - capital	97,823,234	119,613,110	291,438,862	280,960,672
Unrestricted state appropriation - capital	-	-	8,828,382	14,853,397
Investment earnings, unrestricted	733,422	838,609	2,224,118	3,686,700
Miscellaneous, unrestricted	16,391,839	10,996,171	11,475,315	8,034,792
Transfer	(117,044)	(3,259,191)	(1,346,027)	(1,014,145)
Total governmental activities	<u>426,891,330</u>	<u>439,562,306</u>	<u>621,171,594</u>	<u>603,486,215</u>
Business-type activities:				
Investment earnings, unrestricted	216,954	283,588	553,080	918,242
Loss on sale of capital assets	-	-	-	-
Transfer	117,044	3,259,191	1,346,027	1,014,145
Total business-type activities	<u>333,998</u>	<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>
Total school district	<u>427,225,328</u>	<u>443,105,085</u>	<u>623,070,701</u>	<u>605,418,602</u>
Change in net assets				
Governmental activities	80,053,578	97,670,923	256,774,053	250,909,563
Business-type activities	4,012,636	5,592,830	1,416,612	(319,801)
Total school district	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>	<u>\$ 250,589,762</u>

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ (322,416,039)	\$ (292,374,273)	\$ (289,900,841)	\$ (264,751,796)	\$ (253,848,000)	\$ (236,383,567)
316,026	154,364	1,945,248	735,162	1,178,600	(707,766)
<u>(322,100,013)</u>	<u>(292,219,909)</u>	<u>(287,955,593)</u>	<u>(264,016,634)</u>	<u>(252,669,400)</u>	<u>(237,091,333)</u>
274,229,013	251,247,744	233,570,793	223,700,000	202,999,990	194,529,610
227,836,179	227,358,357	142,056,287	153,394,820	167,596,189	131,388,257
-	-	1,368,603	4,338,486	5,244,967	9,525,356
3,724,919	2,528,306	1,843,816	1,906,244	2,470,238	3,236,177
6,161,693	10,831,136	10,571,156	6,551,451	7,115,900	7,557,832
(4,566,460)	(75,762)	(75,841)	(820,830)	(67,423)	-
<u>507,385,344</u>	<u>491,889,781</u>	<u>389,334,814</u>	<u>389,070,171</u>	<u>385,359,861</u>	<u>346,237,232</u>
951,692	560,405	393,999	348,134	348,014	383,950
(69,289)	-	-	-	-	-
4,566,460	75,762	75,841	820,830	67,423	-
<u>5,448,863</u>	<u>636,167</u>	<u>469,840</u>	<u>1,168,964</u>	<u>415,437</u>	<u>383,950</u>
<u>512,834,207</u>	<u>492,525,948</u>	<u>389,804,654</u>	<u>390,239,135</u>	<u>385,775,298</u>	<u>346,621,182</u>
184,969,305	199,515,508	99,433,973	124,318,375	131,511,861	109,853,665
5,764,889	790,531	2,415,088	1,904,126	1,594,037	(323,816)
<u>\$ 190,734,194</u>	<u>\$ 200,306,039</u>	<u>\$ 101,849,061</u>	<u>\$ 126,222,501</u>	<u>\$ 133,105,898</u>	<u>\$ 109,529,849</u>

WAKE COUNTY BOARD OF EDUCATION

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2011	2010	2009	2008	2007
General fund					
Nonspendable - Inventories	\$ 3,503,879	\$ 3,470,497	\$ 3,119,442	\$ 3,744,657	\$ 3,835,802
Restricted					
Stabilization by state statute	3,661,166	2,876,748	2,058,865	2,144,620	1,921,782
Assigned					
Special projects	366,342	990,699	701,625	1,082,014	1,020,096
Insurance	6,739,799	5,693,602	5,147,789	4,424,855	4,720,980
Flexible benefit plan	1,094,173	1,104,260	966,779	789,294	567,832
Subsequent year expenditures	16,203,025	6,062,845	8,665,600	7,500,000	12,928,333
Unassigned	33,875,157	25,909,770	12,125,691	17,331,201	15,333,685
Total general fund	<u>\$ 65,443,541</u>	<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 503,603	\$ 222,184	\$ 21,024	\$ 111,964	\$ 1,250,790
Capital expenditures	685,615	1,004,297	182,271	2,688,666	963,123
Individual schools	8,110,769	8,406,773	8,295,329	8,523,252	8,203,443
Restricted contributions	35,513	281,398	808,053	2,188,100	986,803
Subsequent years expenditures	202,072	91,135	367,719	-	-
Total all other governmental funds	<u>\$ 9,537,572</u>	<u>\$ 10,005,787</u>	<u>\$ 9,674,396</u>	<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>

Fiscal Year				
2006	2005	2004	2003	2002
\$ 3,750,899	\$ 3,494,266	\$ 3,961,583	\$ 3,280,983	\$ 2,809,411
1,938,410	4,164,002	6,088,964	3,430,435	3,512,344
1,433,931	1,112,659	665,881	8,226,383	5,900,694
4,883,883	4,185,973	3,458,684	-	-
433,413	379,295	297,902	244,811	231,366
8,000,000	7,687,401	15,214,081	8,127,366	10,973,463
22,208,771	15,893,117	9,980,752	17,192,374	16,121,162
<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>	<u>\$ 39,667,847</u>	<u>\$ 40,502,352</u>	<u>\$ 39,548,440</u>
\$ 5,468,597	\$ 2,009,951	\$ 3,382,870	\$ -	\$ 344,175
1,065,858	796,425	4,669,250	5,656,017	4,385,517
8,185,487	7,563,138	7,006,723	6,967,157	6,947,428
3,504,190	2,678,503	724,971	-	-
587,412	2,000,000	-	-	-
<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>	<u>\$ 15,783,814</u>	<u>\$ 12,623,174</u>	<u>\$ 11,677,120</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>
2011	\$ 677,983,052	\$ 313,503,224	\$ 96,379,890	\$ 6,097,760	\$ 117,608,962
2010	664,237,277	313,503,223	117,483,494	3,835,957	98,153,246
2009	734,436,545	310,500,000	289,489,806	4,862,031	55,781,421
2008	706,587,394	300,744,100	277,181,371	4,163,007	50,122,511
2007	622,386,114	275,827,002	226,402,201	4,964,660	49,395,645
2006	552,196,750	254,376,000	224,230,100	6,604,711	50,736,486
2005	500,863,537	233,570,793	142,056,287	3,857,772	46,268,755
2004	464,651,464	223,700,000	153,394,820	3,984,824	41,278,288
2003	442,874,719	202,999,990	167,528,766	3,002,434	34,866,434
2002	432,238,355	194,529,610	131,388,257	4,609,809	32,779,104

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 733,422	\$ 27,031,775	\$ 1,239,338,085
838,609	26,118,634	1,224,170,440
2,282,287	27,882,099	1,425,234,189
3,678,932	32,477,591	1,374,954,906
3,674,519	25,460,444	1,208,110,585
2,573,801	35,293,414	1,126,011,262
1,793,600	14,512,755	942,923,499
1,891,545	10,982,853	899,883,794
2,470,137	11,703,367	865,445,847
3,236,177	24,606,194	823,387,506

WAKE COUNTY BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Average Daily Membership	Instructional Services	Systemwide Support Services	Ancillary Services	Nonprogram Charges	Instruction	Pupil and Instructional Services
2011	143,299	\$ 886,626,928	\$ 211,607,971	\$ 280,991	\$ 14,783,394	\$ -	\$ -
		6,187	1,477	2	103	-	-
2010	139,599	856,329,738	214,130,476	401,826	15,643,117	-	-
		6,134	1,534	3	112	-	-
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	-	-
		6,430	1,669	3	90	-	-
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	-	-
		6,314	1,648	2	86	-	-
2007	128,070	-	-	-	-	5,511	97
		-	-	-	-	705,787,033	12,374,956
2006	120,379	-	-	-	-	5,185	95
		-	-	-	-	624,139,541	11,421,250
2005	114,068	-	-	-	-	5,049	105
		-	-	-	-	575,904,309	11,979,497
2004	108,970	-	-	-	-	4,851	95
		-	-	-	-	528,620,374	10,376,118
2003	104,373	-	-	-	-	4,749	79
		-	-	-	-	495,712,741	8,227,984
2002	101,397	-	-	-	-	4,745	83
		-	-	-	-	481,081,186	8,379,383

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

Administration and Business	Debt Service Principal	Debt Service Interest	Other	Total Operating	Capital Outlay	Total
-	55	-	-	7,824	693	8,517
\$ -	\$ 7,866,703	\$ -	\$ -	\$ 1,121,165,987	\$ 99,288,717	\$ 1,220,454,704
-	18	-	-	7,801	872	8,673
-	2,537,987	1,206	-	1,089,044,350	121,769,895	1,210,814,245
-	28	-	-	8,220	2,183	10,404
-	3,916,152	3,228	-	1,131,997,639	300,679,772	1,432,677,411
-	11	-	-	8,060	2,209	10,270
-	1,410,428	4,985	-	1,080,066,091	296,001,716	1,376,067,807
1,514	6	-	566	7,693	1,832	9,525
193,889,905	715,689	9,712	72,424,079	985,201,374	234,655,146	1,219,856,520
1,441	16	-	572	7,309	1,968	9,277
173,463,534	1,965,025	38,420	68,828,783	879,856,553	236,915,221	1,116,771,774
1,411	11	1	555	7,132	1,276	8,408
160,969,303	1,257,170	108,642	63,339,246	813,558,167	145,514,650	959,072,817
1,383	11	2	528	6,870	1,481	8,351
150,673,320	1,192,333	199,274	57,582,450	748,643,869	161,367,459	910,011,328
1,347	13	1	534	6,724	1,690	8,414
140,572,412	1,366,739	136,908	55,769,882	701,786,666	176,360,895	878,147,561
1,331	17	2	521	6,698	1,414	8,112
134,949,602	1,687,246	225,650	52,813,289	679,136,356	143,424,082	822,560,438

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
2011	\$ 18,883,381	\$ 256,957	\$ (306,815)	\$ -	\$ (49,858)	\$ 18,833,523	0.7017%
2010	13,356,195	118,283	(171,512)	-	(53,229)	13,302,966	0.2330%
2009	(7,443,222)	6,385,320	(6,385,320)	-	-	(7,443,222)	0.3460%
2008	(1,112,901)	6,001,775	(6,001,775)	-	-	(1,112,901)	0.1306%
2007	(11,745,935)	4,814,767	(4,814,767)	1,932,850	1,932,850	(9,813,085)	0.0726%
2006	9,239,488	10,429,873	(10,429,873)	-	-	9,239,488	0.2233%
2005	(3,077,152)	4,033,616	(3,976,078)	-	57,538	(3,019,614)	0.1705%
2004	1,401,041	7,524,462	(7,524,462)	244,494	244,494	1,645,535	0.1888%
2003	(1,155,756)	3,058,105	(3,058,105)	2,584,150	2,584,150	1,428,394	0.2178%
2002	827,068	3,204,753	(3,204,753)	197,082	197,082	1,024,150	0.2870%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Salaries</u>	<u>Benefits</u>	<u>Food</u>	<u>Donated</u> <u>Commodities</u>	<u>Indirect</u> <u>Costs</u>	<u>Other</u>	<u>Total</u>
2011	\$ 18,618,839	\$ 6,860,415	\$ 15,977,831	\$ 2,894,971	\$ 3,200,615	\$ 7,730,765	\$ 55,283,436
2010	18,513,706	6,279,343	16,417,957	2,291,820	3,073,038	6,698,083	53,273,947
2009	19,652,098	6,042,465	16,637,951	2,312,450	3,462,432	6,894,730	55,002,126
2008	19,150,138	5,260,983	16,297,770	2,152,435	3,616,206	7,266,093	53,743,625
2007	16,412,178	5,087,746	14,074,390	1,802,152	3,556,706	6,973,666	47,906,838
2006	14,754,445	4,543,460	12,481,744	1,649,019	3,849,726	7,513,214	44,791,608
2005	13,608,931	3,914,007	11,105,915	1,431,714	3,066,313	5,832,360	38,959,240
2004	13,336,985	3,469,277	10,187,202	1,663,322	3,091,723	6,030,344	37,778,853
2003	12,741,778	3,128,850	9,884,383	1,335,204	2,730,192	4,581,865	34,402,272
2002	12,422,508	3,188,022	9,322,349	1,388,357	2,329,565	4,144,652	32,795,453

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
2011	\$ 21,206,179	35.76%	\$ 10,014,453	16.89%	\$ 24,813,180	41.85%	\$ 2,894,971	4.88%
2010	21,716,235	36.89	8,881,458	15.09	22,421,567	38.09	2,291,820	3.89
2009	23,417,878	41.51	9,001,762	15.96	19,660,171	34.85	2,312,450	4.10
2008	22,800,190	42.68	9,063,099	16.96	17,524,774	32.80	2,152,435	4.03
2007	22,738,873	42.37	8,087,758	15.07	15,475,657	28.83	1,802,152	3.36
2006	21,117,778	46.33	7,762,168	17.03	14,309,759	31.39	1,649,019	3.62
2005	19,755,708	47.68	7,142,588	17.24	12,508,106	30.19	1,431,714	3.46
2004	18,422,471	46.42	6,724,366	16.95	10,888,909	27.44	1,663,322	4.19
2003	17,555,871	48.68	6,742,024	18.69	9,119,916	25.29	1,335,204	3.70
2002	16,644,230	51.26	4,501,694	13.86	8,432,761	25.97	1,827,158	5.63

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 117,044	0.20%	\$ 250,245	0.42%	\$ 59,296,072	100%
3,259,191	5.54	296,506	0.50	58,866,777	100
1,346,027	2.38	680,450	1.20	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

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>
2011	\$ 62,277,869	\$ -	\$ 3,733,654	\$ 7,235,933	\$ -	\$ 117,521	\$ 73,364,977
2010	59,810,539	-	2,818,415	1,786,673	-	222,243	64,637,870
2009	60,382,833	15,407	2,288,634	4,309,253	-	353,078	67,349,205
2008	56,080,035	28,792	2,103,937	223,018	-	-	58,435,782
2007	51,350,280	40,420	2,174,002	1,621,818	-	-	55,186,520
2006	46,509,697	91,925	2,153,011	305,296	47,856	-	49,107,785
2005	42,391,392	405,994	2,512,162	1,751,749	116,966	-	47,178,263
2004	37,278,306	1,595,512	2,079,118	-	184,618	-	41,137,554
2003	37,967,334	2,478,701	741,469	-	249,268	-	41,436,772
2002	31,493,828	1,201,332	-	-	309,226	-	33,004,386

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

Fiscal Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Total	County- wide Tax Rate (3)	Special Tax Districts Tax Rate (3)	Average County Tax Rate (3)
2011	\$ 103,067,247,714	\$13,630,432,081	\$2,837,941,846	\$ 119,535,621,641	\$0.0534	\$ 0.080	\$0.614
2010	103,093,250,199	13,015,000,000	3,050,000,000	119,158,250,199	0.534	0.080	0.614
2009 (2)	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

Notes:

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

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

(3) Per \$1000 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

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
2011	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2010	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2009 (2)	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2008	.678	.100	.778	.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

- 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 2009.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

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
.41	.367	.374	.420	.51	.49	.50
.40	.367	.374	.420	.51	.49	.50
.40	.367	.374	.420	.51	.49	.51
.50	.468	.435	.515	.55	.54	.55
.50	.468	.435	.485	.54	.54	.50
.50	.468	.395	.485	.54	.54	.49
.50	.47	.395	.485	.54	.54	.48
.48	.47	.385	.485	.53	.54	.48
.46	.47	.385	.485	.52	.54	.48
.44	.47	.385	.485	.52	.54	.46

WAKE COUNTY BOARD OF EDUCATION

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

Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$1,571,094,900	1	1.31 %	\$ -	-	- %
Cisco Systems, Inc.	492,766,064	2	.41	-	-	-
Novartis Vaccines & Diagnostics	491,415,325	3	.41	-	-	-
SAS Institute, Inc	473,069,966	4	.40	211,907,119	6	.18
CVM Holdings LLC	334,450,819	5	.28	170,805,503	7	.14
NC Eastern Municipal Power Agency	290,478,093	6	.24	377,734,679	3	.32
Bellsouth Tel Co	267,054,965	7	.22	385,137,193	2	.32
Highwoods Realty LP	248,841,511	8	.21	143,765,261	8	.12
Weeks Realty LP	248,405,750	9	.21	266,522,446	4	.22
Network Appliance Inc.	242,527,026	10	.20	-	-	-
Carolina Power & Light	-	-	-	1,954,555,733	1	1.64
Midway Airlines Corp	-	-	-	242,873,696	5	.20
Public Service Co of NC, Inc	-	-	-	142,689,436	9	.12
MCI World Com Network Services	-	-	-	134,489,635	10	.11
	<u>\$4,660,104,419</u>		<u>3.89 %</u>	<u>\$4,030,480,701</u>		<u>3.37 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

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
2011	\$ 661,292,534	\$ (4,849,315)	\$ 656,443,219	\$ 648,750,058	98.83%	\$ -	\$ 648,750,058	98.83%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	5,731,855	646,725,188	99.57%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	7,594,629	638,242,840	99.74%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	4,630,003	574,275,018	99.74%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,331,220	513,413,065	99.78%
2006	471,423,336	(4,606,253)	466,817,083	460,044,525	98.55%	5,935,150	465,979,675	99.82%
2005	447,296,073	(2,915,368)	444,380,705	438,197,505	98.61%	5,436,486	443,633,991	99.83%
2004	429,108,412	(2,841,221)	426,267,191	420,310,912	98.60%	5,259,507	425,570,419	99.84%
2003	388,161,413	(2,532,263)	385,629,150	377,914,460	98.00%	6,969,956	384,884,416	99.81%
2002	371,311,309	(4,175,679)	367,135,630	359,727,946	97.98%	5,467,744	365,195,690	99.47%

Notes:

Taxes for the fiscal year ended June 30, 2011 at the collection rate of 98.69% are a composite of the following collections by category:

Vehicle taxes	89.39%
Real and personal property taxes	99.43%

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, 2011.

WAKE COUNTY BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Governmental Activities					
	General Obligation Bonds	General Obligation Commercial Paper	Limited Obligation Bonds	Installment Purchases	Quality Zoning Academy Bonds	Clean Water Revolving Loans
2011	\$ 1,831,620,000	\$ -	\$ 303,480,000	\$ 6,961,421	\$ 980,772	\$ -
2010	1,794,370,000	-	303,480,000	8,181,909	1,144,233	-
2009	1,772,370,000	-	-	9,356,965	1,307,694	-
2008	1,434,595,000	-	-	8,472,500	1,471,155	-
2007	1,505,200,000	-	-	7,778,972	1,634,616	-
2006	1,020,850,000	58,250,000	-	7,763,477	1,798,077	237,923
2005	1,049,485,000	-	-	8,570,962	1,961,538	475,843
2004	1,123,210,000	-	-	9,474,957	2,124,999	713,763
2003	926,625,000	-	-	-	2,288,460	951,683
2002	782,130,000	-	-	-	-	1,189,604

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

			Business- Type Activities			
Capital Leases	Notes Payable	Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 173,449	\$ -	\$ 2,143,215,642	\$ -	\$ 1,839,735,642	5.15%	\$ 1,972.56
157,095	299,767	2,107,633,004	-	1,803,853,237	5.05%	2,002.21
328,068	-	1,783,362,727	-	1,783,362,727	4.99%	1,987.67
419,418	-	1,444,958,073	-	1,444,958,073	3.99%	1,667.75
571,090	-	1,515,184,678	-	1,515,184,678	4.31%	1,825.46
733,181	-	1,089,632,658	-	1,089,632,658	3.34%	1,377.17
607,239	-	1,061,100,582	-	1,061,100,582	3.60%	1,408.06
200,710	-	1,135,724,429	-	1,135,724,429	4.18%	1,571.25
118,956	-	929,984,099	6,998,403	936,982,502	3.71%	1,336.53
86,536	-	783,406,140	10,287,604	793,693,744	3.23%	1,166.92

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			
2011	\$ 1,831,620,000	\$ -	\$ -	\$ 1,831,620,000	1.53%	\$ 1,693.86
2010	1,794,370,000	-	391,870,000	1,402,500,000	1.18%	1,556.72
2009	1,772,370,000	-	514,500,000	1,257,870,000	1.08%	1,401.97
2008	1,434,595,000	-	911,000,000	523,595,000	0.63%	604.33
2007	1,505,200,000	-	1,058,390,000	446,810,000	0.57%	538.31
2006	1,020,850,000	58,250,000	718,500,000	360,600,000	0.48%	455.76
2005	1,049,485,000	-	718,510,000	330,975,000	0.47%	439.20
2004	1,123,210,000	-	403,600,000	719,610,000	1.05%	995.56
2003	926,625,000	-	20,000,000	906,625,000	1.36%	1,293.22
2002	782,130,000	-	216,000,000	566,130,000	0.89%	832.35

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY
AS OF JUNE 30, 2011

Municipality:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Apex	\$ 23,890,000	100%	\$ 23,890,000
Cary	168,510,000	100%	168,510,000
Fuquay-Varina	8,640,000	100%	8,640,000
Garner	6,375,000	100%	6,375,000
Holly Springs	14,511,900	100%	14,511,900
Knightdale	6,747,588	100%	6,747,588
Morrisville	11,954,851	100%	11,954,851
Raleigh	222,485,001	100%	222,485,001
Rolesville	471,500	100%	471,500
Wake Forest	16,790,000	100%	16,790,000
Wendell	-	100%	-
Zebulon	5,107,439	100%	5,107,439
Overlapping debt	485,483,279		485,483,279
Direct debt	2,143,215,642		2,143,215,642
Total direct and overlapping debt	<u>\$ 2,628,698,921</u>		<u>\$ 2,628,698,921</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY
LAST TEN YEARS

	Fiscal Year			
	2011	2010	2009	2008
Assessed value of property	\$ 119,535,621,641	\$ 119,158,250,199	\$ 116,610,525,500	\$ 83,122,951,280
Debt limit, 8% of assessed value (Statutory Limitation)	9,562,849,731	9,532,660,016	9,328,842,040	6,649,836,102
Amount of debt applicable to limit				
General obligation bonds	1,831,620,000	1,794,370,000	1,772,370,000	1,434,595,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	311,595,642	313,263,004	10,664,659	9,943,655
Bonds Authorized not Issued	239,070,000	391,870,000	514,500,000	911,000,000
Total net debt applicable to limit	2,382,285,642	2,499,503,004	2,297,534,659	2,355,538,655
Legal debt margin	\$ 7,180,564,089	\$ 7,033,157,012	\$ 7,031,307,381	\$ 4,294,297,447
Total net debt applicable to limit as a percentage of debt limit	24.91%	26.22%	24.63%	35.42%

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, 2011.

Fiscal Year					
2007	2006	2005	2004	2003	2002
<u>\$ 78,844,604,531</u>	<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>6,307,568,362</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>
1,505,200,000	1,020,850,000	1,049,485,000	1,123,210,000	926,625,000	782,130,000
-	58,250,000	-	-	-	-
9,413,588	9,799,477	11,008,343	12,313,719	3,240,143	1,189,604
<u>1,058,390,000</u>	<u>718,500,000</u>	<u>718,510,000</u>	<u>403,600,000</u>	<u>20,000,000</u>	<u>216,000,000</u>
<u>2,573,003,588</u>	<u>1,807,399,477</u>	<u>1,779,003,343</u>	<u>1,539,123,719</u>	<u>949,865,143</u>	<u>999,319,604</u>
<u>\$ 3,734,564,774</u>	<u>\$ 4,203,378,168</u>	<u>\$ 3,910,989,625</u>	<u>\$ 3,935,040,593</u>	<u>\$ 4,366,523,024</u>	<u>\$ 4,070,026,869</u>
<u>40.79%</u>	<u>30.07%</u>	<u>31.27%</u>	<u>28.12%</u>	<u>17.87%</u>	<u>19.71%</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>
2011	932,665	*	*	143,299	7.8%
2010	900,933	*	*	139,889	8.5%
2009	897,214	\$ 35,727,859	\$ 39,821	137,706	8.4%
2008	866,410	36,190,313	41,691	134,002	4.6%
2007	830,029	35,134,837	42,242	128,072	3.5%
2006	791,214	32,581,446	41,089	119,306	3.6%
2005	753,589	29,470,723	39,095	113,547	4.1%
2004	722,817	27,164,020	37,566	108,620	4.4%
2003	701,058	25,260,035	36,016	104,373	5.3%
2002	980,159	24,608,879	36,166	101,397	5.6%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,739	1	5.86%	23,230	1	6.40%
Wake County Public Schools	17,572	2	4.16%	12,500	3	3.44%
International Business Machines (IBM)	10,500	3	2.49%	13,000	2	3.58%
North Carolina State University	7,730	4	1.83%	7,787	4	2.15%
WakeMed Health and Hospitals	7,607	5	1.80%	5,000	6	1.38%
GlaxoSmithKline, Inc.	4,900	6	1.16%	5,850	5	1.61%
Rex Healthcare	4,800	7	1.14%	3,779	8	1.04%
SAS Institute, Inc.	4,742	8	1.12%	3,600	9	0.99%
Wake County Government	4,272	9	1.01%	-	-	-
Cisco Systems	3,800	10	0.90%	-	-	-
Nortel	-	-	-	4,848	7	1.34%
Progress Energy	-	-	-	3,428	10	0.94%
	<u>90,662</u>		<u>21.43%</u>	<u>83,022</u>		<u>22.87%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2011

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
School & School Based Support										
Principals	163	159	157	152	147	138	132	125	123	122
Assistant Principals, Nonteaching	285	277	289	286	262	236	228	210	209	184
Elementary Teachers	4,069	4,059	4,123	4,036	3,274	2,750	2,592	2,416	2,160	3,033
Secondary Teachers	3,635	3,580	3,769	3,517	2,861	2,781	2,660	2,518	2,298	2,741
Other Teachers	1,675	1,638	1,654	1,651	2,467	2,592	2,488	2,320	2,292	598
Guidance	420	411	436	311	296	276	262	260	259	242
Psychological	90	86	88	61	74	72	71	65	56	46
Librarian, Audiovisual	323	359	338	201	195	183	176	168	171	152
Consultant, Supervisor	87	92	89	86	99	103	101	96	108	104
Teacher Assistants	2,065	2,057	2,383	2,292	2,191	1,907	1,852	1,727	1,700	1,417
Total School & School Based Support	<u>12,812</u>	<u>12,718</u>	<u>13,326</u>	<u>12,593</u>	<u>11,866</u>	<u>11,038</u>	<u>10,562</u>	<u>9,905</u>	<u>9,376</u>	<u>8,639</u>
Central Services										
Administrators, Managers	16	19	19	19	16	17	19	19	24	17
Technicians	319	311	322	98	94	106	106	99	124	82
Clerical, Secretarial	905	943	943	1,071	945	899	879	837	878	797
Service Workers	1,737	1,808	1,788	2,132	2,023	2,016	1,981	1,850	1,844	1,662
Skilled Crafts	269	292	289	164	148	130	126	124	175	94
Other Professionals	629	625	582	489	663	648	606	575	556	414
Laborers, Unskilled	-	-	-	-	-	-	-	-	-	63
Total Central Services	<u>3,875</u>	<u>3,998</u>	<u>3,943</u>	<u>3,973</u>	<u>3,889</u>	<u>3,816</u>	<u>3,717</u>	<u>3,504</u>	<u>3,601</u>	<u>3,129</u>
Total Full Time Employees	<u>16,687</u>	<u>16,716</u>	<u>17,269</u>	<u>16,566</u>	<u>15,755</u>	<u>14,854</u>	<u>14,279</u>	<u>13,409</u>	<u>12,977</u>	<u>11,768</u>

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>
2011	143,299	2.65%	\$ 1,121,165,987	\$ 7,824	0.29%	163	8,959
2010	139,599	1.37%	1,089,044,350	7,801	-5.10%	159	8,447
2009	137,706	2.76%	1,131,997,639	8,220	1.99%	156	8,286
2008	134,002	4.63%	1,080,066,091	8,060	4.77%	153	7,756
2007	128,070	6.39%	985,201,374	7,693	5.25%	147	7,249
2006	120,379	5.53%	879,856,553	7,309	2.48%	139	6,804
2005	114,068	4.68%	813,558,167	7,132	3.81%	132	6,215
2004	108,970	4.40%	748,643,869	6,870	2.17%	125	6,071
2003	104,373	2.93%	701,786,666	6,724	0.39%	123	5,431
2002	101,397	3.91%	679,136,356	6,698	1.56%	122	5,406

Source: Wake County Public Schools Growth Management Department

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>
2011	\$ 34,462.00	\$ 78,128.70	\$ 45,905.70
2010	34,462.00	78,128.70	46,488.40
2009	34,462.00	78,125.70	46,488.40
2008	33,691.90	77,436.80	45,368.70
2007	32,287.60	74,191.20	43,952.00
2006	29,673.80	69,401.00	41,290.80
2005	28,724.60	68,096.20	40,299.00
2004	28,532.50	67,665.20	40,025.40
2003	28,153.80	67,528.40	39,849.90
2002	28,153.80	67,528.40	39,849.90

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION
LAST TEN YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Schools						
Elementary						
Buildings	220	220	217	214	209	204
Square feet	8,925,284	8,896,687	8,532,044	8,173,730	7,410,687	7,024,803
Capacity	76,851	75,438	72,872	70,674	68,484	55,572
Enrollment	69,277	67,748	67,468	65,641	62,395	58,220
Mobile classrooms	602	504	499	696	636	613
Middle						
Buildings	107	105	105	104	102	102
Square feet	5,570,506	5,176,364	5,156,547	4,652,335	4,482,347	4,479,713
Capacity	37,780	33,317	32,449	32,316	30,818	28,099
Enrollment	32,596	31,482	30,813	29,895	29,031	27,686
Mobile classrooms	190	127	127	193	217	173
High						
Buildings	210	210	210	209	209	203
Square feet	5,894,216	5,894,216	5,897,099	5,966,408	5,620,679	5,288,295
Capacity	43,780	43,056	41,019	41,862	39,607	34,270
Enrollment	41,014	39,994	39,075	38,127	36,295	34,284
Mobile classrooms	368	130	130	302	243	221
Special						
Buildings	7	7	7	7	7	7
Square feet	195,471	195,471	195,471	195,471	195,877	195,877
Capacity	384	366	366	422	422	471
Enrollment	412	375	350	339	351	314
Mobile classrooms	1	1	1	1	1	-
Administrative						
Buildings	23	23	23	23	22	21
Square Feet	523,725	523,725	523,725	523,725	491,868	444,620
Transportation						
Buses	920	905	895	874	838	798

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

2005	2004	2003	2002
202	201	192	184
6,814,920	6,674,075	6,220,015	5,927,268
52,575	49,452	48,925	51,068
54,741	52,221	50,431	49,635
402	352	336	312
99	97	96	92
4,360,162	4,290,499	4,097,391	3,539,558
27,670	27,148	26,436	24,952
26,647	25,947	25,225	24,415
122	132	153	125
203	196	192	191
5,178,676	4,640,956	4,368,488	4,345,450
33,589	30,486	30,382	27,454
32,351	30,433	28,420	27,032
185	163	158	121
6	5	4	4
122,032	122,032	75,294	61,805
418	685	481	402
329	369	297	315
-	-	-	-
21	20	20	20
444,620	432,231	432,231	432,231
767	747	731	714

S I N G L E A U D I T S E C T I O N

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE
FISCAL
YEAR ENDED
JUNE 30, 2011



Prepared by the Finance Department



WAKE COUNTY
BOARD OF EDUCATION
Cary, North Carolina



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

Wake County Board of Education
Raleigh, North Carolina

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wake County Board of Education (the "Board") as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 26, 2011. 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

Management of the Board is responsible for establishing and maintaining effective 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.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 11-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

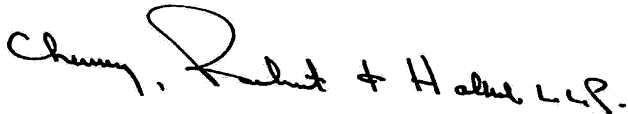
Compliance and Other Matters

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

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

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

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

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

Raleigh, North Carolina
October 26, 2011



**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 Wake County Board of Education (the "Board") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2011. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

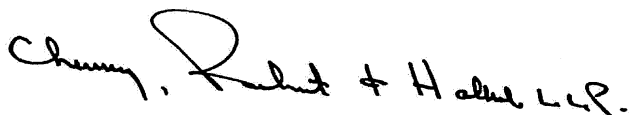
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance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

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

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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 26, 2011



**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 Wake County Board of Education (the "Board"), compliance 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, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

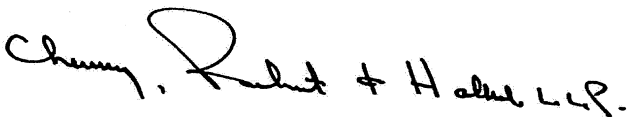
Management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the Board's internal control over compliance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

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

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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 26, 2011

Wake County Board of Education, North Carolina
 Schedule of Findings And Questioned Costs
 Year Ended June 30, 2011

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 X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program
	Title I, Part A Cluster
84.010A	Title I – School Improvement
84.389	ARRA – Title I
84.389	ARRA – Title I School Improvement
84.010	Title I, Low Income

Wake County Board of Education, North Carolina
 Schedule of Findings And Questioned Costs
 Year Ended June 30, 2011

Section I - Summary of Auditors' Results (continued)

	Special Education Cluster
84.173	Preschool Grants
84.027	Grants to States
84.027	Capacity Building Improvement
84.027A	IDEA VI-B – Early Intervening Services
84.027A	IDEA VI-B – Special Needs
84.173A	IDEA Targeted Assistance
84.391	ARRA – IDEA VI-B
84.392	ARRA – IDEA VI-B Pre-School
84.394	ARRA – Education Stabilization
84.410A	ARRA - Education Jobs Fund

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

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

- Program Name
- State Public School Fund
- Technology Fund
- Driver's Training
- Financed Purchase of School Buses

Section II – Financial Statement Findings

Finding 11-01

SIGNIFICANT DEFICIENCY

SEGREGATION OF DUTIES AT INDIVIDUAL SCHOOLS

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

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

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

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

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

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

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – State Award Findings and Questioned Costs

None noted.

Wake County Board of Education, North Carolina
Corrective Action Plan
Year Ended June 30, 2011

Section II – Financial Statement Findings

Finding 11-01

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.

Wake County Board of Education, North Carolina
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Finding: 10-01
Status: See current year finding 11-01.

Finding: 10-02
Status: Corrected.

Finding: 10-03
Status: Corrected.

Finding: 10-04
Status: Corrected.

Finding: 10-05
Status: Corrected.

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>FEDERAL GRANTS:</u>		
<u>U.S. Department of Education</u>		
Passed through the N. C. Department of Public Instruction:		
Special Education Cluster:		
Preschool Grant	84.173	98-49-920
Grants to States	84.027	98-60-920
Capacity Building Improvement	84.027	99-44-920
IDEA VI B - Early Intervening Services	84.027.A	70
IDEA VI B - Special Needs	84.027A	118
IDEA Targeted Assistance	84.173A	119
ARRA - IDEA VI-B	84.391	144
ARRA - IDEA VI-B Pre-School	84.392	145
Total Special Education Cluster		
Title 1, Part A Cluster:		
Title I - School Improvement	84.010A	105
ARRA - Title 1	84.389	141
ARRA - Title I School Improvement	84.389	142
Title 1, Low Income	84.010	98-50-920
Total Title 1, Part A Cluster		
Educational Technology State Grants Cluster:		
Educational Technology	84.318X	107
ARRA - Education Technology - Formula	84.386	146
Total Educational Technology State Grants Cluster		
Education of Homeless Children and Youth Cluster:		
McKinney-Vento Homeless Assistance	84.196	98-26-920
ARRA - McKinney Vento	84.387	148
Total Education of Homeless Children and Youth Cluster		
Vocational Education: Program Improvement		
Vocational Education: Federal Tech Preparation	84.048	98-17-920
Vocational Education: Federal Tech Preparation	84.243A	023
Drug Free Schools and Communities	84.186	98-48-920
Improving Teacher Quality	84.367A	103
Language Acquisition	84.365A	104
Title III Immigrant & Youth	84.365A	111
IDEA VI B - Special Education State Improvement	84.323A	082
21st Century Community Learning Centers	84.287C	110
Emergency Impact Aid - IDEA	84.938C	114
School Improvement Grants	84.377A	117
Reading First Grant	84.357	106
ARRA - Education Jobs Fund	84.410A	155
Race to the Top	84.395	156
ARRA - Education Stabilization	84.394	140
Direct Programs:		
Indian Education Act	84.060A	310
Elementary Counseling	84.215E	359

Continued on Following Page

Program or Award Amount	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 465,500	\$ 405,595	\$ -	\$ 405,595	\$ -
29,832,139	14,285,900	-	14,285,900	-
1,339,314	512,384	-	512,384	-
5,979,878	3,945,365	-	3,945,365	-
40,000	7,023	-	7,023	-
36,000	15,672	-	15,672	-
16,123,065	15,549,551	-	15,549,551	-
908,738	776,171	-	776,171	-
	<u>35,497,661</u>	<u>-</u>	<u>35,497,661</u>	<u>-</u>
290,837	161,034	-	161,034	-
10,701,127	9,105,458	-	9,105,458	-
48,923	27,550	-	27,550	-
33,118,744	23,379,688	-	23,379,688	-
	<u>32,673,730</u>	<u>-</u>	<u>32,673,730</u>	<u>-</u>
11,012	8,515	-	8,515	-
373,834	294,955	-	294,955	-
	<u>303,470</u>	<u>-</u>	<u>303,470</u>	<u>-</u>
126,483	64,005	-	64,005	-
56,735	54,611	-	54,611	-
	<u>118,616</u>	<u>-</u>	<u>118,616</u>	<u>-</u>
1,291,121	1,263,982	-	1,263,982	-
-	(81)	-	(81)	-
46,231	6,943	-	6,943	-
5,042,265	3,849,311	-	3,849,311	-
2,303,455	1,460,097	-	1,460,097	-
2,667,622	739,254	-	739,254	-
51,160	24,552	-	24,552	-
98,800	85,480	-	85,480	-
289,023	205,726	-	205,726	-
667,130	-	-	-	-
18,851	18,321	-	18,321	-
28,186,604	386,946	-	386,946	-
10,266,519	803,292	-	803,292	-
37,900,760	37,671,318	-	37,671,318	-
49,400	49,043	-	49,043	-
244,832	241,345	-	241,345	-

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2011
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Magnet School	84.165A	317
Teacher Incentive Fund	84.374A	395
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		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	
Total for Program (Cluster)		
Fresh Fruit and Vegetable Program	10.582	
Total U.S. Department of Agriculture		
<u>U.S. Department of Education - Impact Area Grants</u>	84.041	308
<u>Other Federal Assistance:</u>		
U.S. Department of Defense Direct Program - ROTC	12.xxx	301
Total Federal Assistance		
<u>STATE GRANTS:</u>		
<u>N. C. Department of Public Instruction</u>		
State Public School Fund		
Textbooks		130
Technology Fund		15
Vocational Education:		
Months of Employment		13
Support Funds		14
Drivers Training		12
Financed Purchase of School Buses		120
State Improvement Project		445
Emergent Literacy		331
Professional Leave Funding		509
Education Northwest		558
Dropout Prevention		419
<u>N. C. Department of Cultural Resources</u>		
LSAT School Library Collection Development		453
Total State Assistance		
TOTAL FINANCIAL ASSISTANCE		
Total Program or Award Amount		

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

	Revenues		Expenditures	
	Grantor Recognized	Grantee Contributions	Grantor Funded	Grantee Funded
\$ 1,907,233	\$ 1,341,879	\$ -	\$ 1,341,879	\$ -
685,599	116,085	-	116,085	-
941,907	450,603	-	450,603	-
	<u>117,307,573</u>	<u>-</u>	<u>117,307,573</u>	<u>-</u>
15,865,672	19,137,242	-	19,137,242	-
5,301,857	5,301,857	-	5,301,857	-
135,903	328,636	-	328,636	-
	<u>24,767,735</u>	<u>-</u>	<u>24,767,735</u>	<u>-</u>
-	2,894,971	-	2,894,971	-
	<u>27,662,706</u>	<u>-</u>	<u>27,662,706</u>	<u>-</u>
-	45,445	-	45,445	-
	<u>27,708,151</u>	<u>-</u>	<u>27,708,151</u>	<u>-</u>
-	2,352	-	2,352	-
175,000	299,037	978	299,037	978
	<u>145,317,113</u>	<u>978</u>	<u>145,317,113</u>	<u>978</u>
646,845,582	629,170,638	-	629,170,638	-
2,464,451	1,086,193	-	1,086,193	-
2,990,378	1,652,253	-	1,652,253	-
31,567,145	31,567,145	68,899	31,567,145	68,899
3,220,319	3,220,319	4,958	3,220,319	4,958
3,316,900	3,298,911	-	3,298,911	-
7,866,703	7,866,703	-	7,866,703	-
558	558	-	558	-
19,767	19,256	-	19,256	-
77,531	71,236	-	71,236	-
-	3,000	-	3,000	-
174,024	7,052	-	7,052	-
20,000	19,788	-	19,788	-
	<u>677,983,052</u>	<u>73,857</u>	<u>677,983,052</u>	<u>73,857</u>
	<u>\$ 823,300,165</u>	<u>\$ 74,835</u>	<u>\$ 823,300,165</u>	<u>\$ 74,835</u>
<u>\$ 912,152,631</u>				

WAKE COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2011

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 \$2,894,971 were received during the year ended June 30, 2011. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2011.