

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2012



WAKE COUNTY
BOARD OF EDUCATION

CARY, NORTH CAROLINA

PREPARED BY THE FINANCE DEPARTMENT >

WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

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October 31, 2012

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, 2012, 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 2011-12 the school system was the largest in North Carolina and the 16th largest system in the nation. It served 146,848 students from kindergarten through 12th grade in 104 elementary schools, 32 middle schools, 25 high schools, and 4 special/optional schools. The school system has over 16,800 full-time employees and is the second largest employer in Wake County. The system has over 9,800 regular classroom teachers, not including media specialists, counselors, psychologists, etc. Growth projections for the next five years show an average of 2.6% growth for each year.

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-three of the school system's 165 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; 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. During this time, the school system has experienced state and local funding reductions on a per pupil basis while facing increased costs, additional school openings, and student growth. Federal funding has decreased as the revenue stream from the American Recovery and Reinvestment Act (ARRA) comes to a close.

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.

SAT Scores

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,565. This is three points lower than the combined score for 2010-11.

Participation of the Wake County Public School System was 76 percent. National participation was 52 percent and the state participation rate was 68 percent.

Wake's score was 96 points above the North Carolina average of 1,469 and 67 points above the national average of 1,498. Wake students scored an average of 543 on math, 520 on critical reading and 502 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 audit department.

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.

The Board has been engaged in an aggressive building and renovation program for many years. Despite that, the age of our buildings and the number of new students added to the overall student population each year place tremendous demands on our system. We are nearing the end of a one billion dollar building program and the Board and County Commissioners are now starting to make plans for the next building program. The Board has 850 thousand out of 21.1 million permanent square feet that exceed 40 years since a major renovation.

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 Rives & Associates, LLP. 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, 2011. This was the twenty-third 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, Rives & Associates, LLP., for their assistance. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards that we have set for ourselves.

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

Respectfully submitted,



Stephen Gajney, Ed.D.
Acting 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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emmer

Executive Director

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Wake County Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



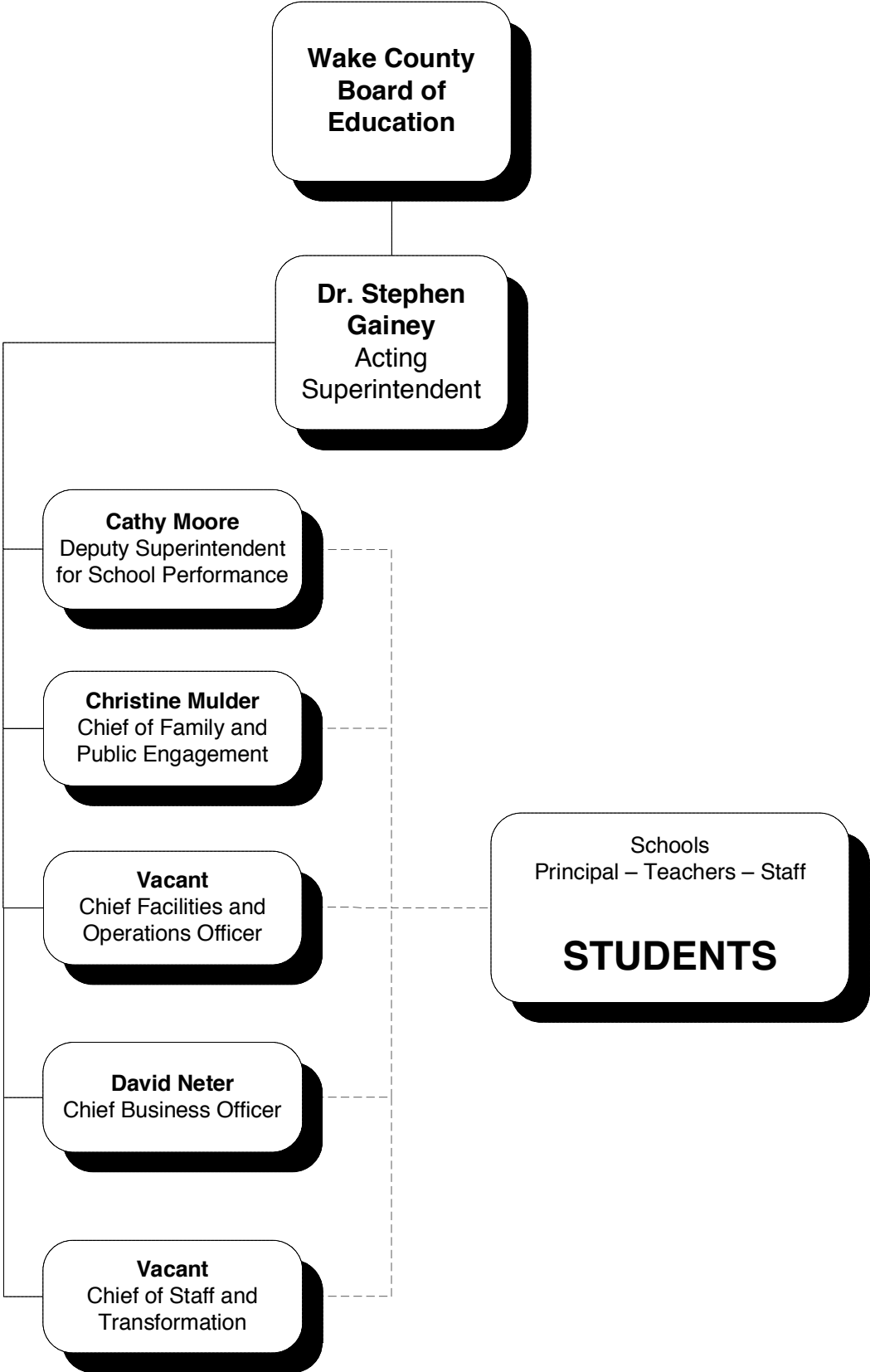
A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

Organizational Chart



Board of Education and Leadership Team



Kevin Hill (District 3)
Chair



Keith Sutton (District 4)
Vice Chair



Chris Malone (District 1)



John Tedesco (District 2)



Jim Martin (District 5)



Christine Kushner (District 6)



Deborah Prickett (District 7)



Susan Evans (District 8)



Debra Goldman (District 9)



Dr. Stephen Gainey
Acting Superintendent

Leadership Team

Dr. Stephen Gainey, Acting Superintendent

Chief Officers

Cathy Moore, Deputy Superintendent for School Performance
Christine Mulder, Chief of Family and Public Engagement
Vacant, Chief Facilities and Operations Officer
David Neter, Chief Business Officer
Vacant, Chief of Staff and Transformation

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
Clinton Robinson - Southwestern Wake County
Jacqueline Ellis - Western Wake County
Rose Gonzalez - Central Wake County

Assistant Superintendents

Todd Wirt - Academics
Stephen Gainey - Human Resources
Joe Desormeaux - Facilities
Vacant - Special Education
Marvin Connelly - Student Support Services
Vacant - Data and Accountability
Vacant - Technology

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Rives & Associates, LLP
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

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Independent Auditors' Report

Wake County Board of Education
Cary, 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, 2012, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2012, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparisons for the General Fund and State Public School Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion on pages 3 through 9 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 performed 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, the combining and individual fund statements and schedules, budgetary schedules, and statistical section are presented for 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements, budgetary schedules, and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 combining and individual fund statements, budgetary schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rives & Associates, LLP

October 31, 2012

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, 2012. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the fiscal year by \$2,708,460,883.
- The government's total net assets increased by \$81,534,324 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 \$102,058,282, an increase of \$27,077,169 in comparison with the prior year. Approximately 31 percent of this total amount, or \$32,089,863, 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.

The government-wide statements are shown on pages ten through twelve of this report.

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. The proprietary fund statements are shown on pages nineteen through twenty-one of this report.

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 \$2,669,410,000 as of June 30, 2012. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$2,638,196,000.

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

Condensed Statements of Net Assets June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 154,943	\$ 129,880	\$ 34,905	\$ 30,381	\$ 189,848	\$ 160,261
Capital assets	2,641,814	2,588,642	8,244	9,264	2,650,058	2,597,906
Total assets	2,796,757	2,718,522	43,149	39,645	2,839,906	2,758,167
Long-term liabilities outstanding	23,876	23,650	293	204	24,169	23,854
Current liabilities	103,471	103,326	3,805	4,061	107,276	107,387
Total liabilities	127,347	126,976	4,098	4,265	131,445	131,241
Net assets						
Invested in capital assets, net of related debt	2,638,196	2,581,406	8,244	9,264	2,646,440	2,590,670
Restricted	14,427	13,199	-	-	14,427	13,199
Unrestricted	16,787	(3,058)	30,807	26,116	47,594	23,058
Total net assets	<u>\$ 2,669,410</u>	<u>\$ 2,591,547</u>	<u>\$ 39,051</u>	<u>\$ 35,380</u>	<u>\$ 2,708,461</u>	<u>\$ 2,626,927</u>

Note that net assets for governmental activities increased by approximately \$77,863,000 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, 2012 and 2011**

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,170	\$ 1,162	\$ 31,597	\$ 31,221	\$ 32,767	\$ 32,383
Operating grants and contributions	823,164	803,822	29,915	27,741	853,079	831,563
Capital grants and contributions	622	787	-	-	622	787
General Revenues:						
Unrestricted county appropriations - operating	311,760	312,060	-	-	311,760	312,060
Unrestricted county appropriations - capital	99,168	97,823	-	-	99,168	97,823
Other	11,160	17,125	181	217	11,341	17,342
Total revenues	1,247,044	1,232,779	61,693	59,179	1,308,737	1,291,958
Expenses:						
Governmental activities:						
Instructional services	901,845	891,567	-	-	901,845	891,567
System-wide support services	214,943	215,518	-	-	214,943	215,518
Ancillary services	245	171	-	-	245	171
Nonprogram charges	9,081	8,432	-	-	9,081	8,432
Depreciation	43,016	36,920	-	-	43,016	36,920
Business-type activities:						
Food services	-	-	47,477	45,662	47,477	45,662
Tuition programs	-	-	10,596	9,621	10,596	9,621
Total expenses	1,169,130	1,152,608	58,073	55,283	1,227,203	1,207,891
Increase in net assets before transfers	77,914	80,171	3,620	3,896	81,534	84,067
Transfers	(51)	(117)	51	117	-	-
Increase in net assets after transfers	77,863	80,054	3,671	4,013	81,534	84,067
Net assets, July 1	2,591,547	2,511,493	35,380	31,367	2,626,927	2,542,860
Net assets, June 30	\$ 2,669,410	\$ 2,591,547	\$ 39,051	\$ 35,380	\$ 2,708,461	\$ 2,626,927

Total governmental activities generated revenues of \$1.25 billion while expenses in this category totaled \$1.17 billion, resulting in a \$78 million increase in net assets. A majority of the increase is due to capital assets from our building program, as well as additional increases generated through spending restrictions including freezing vacant positions, purchasing restrictions and a reduction in force.

Business-type activities generated revenue of \$61.7 million and had expenses of \$58 million. Business-type revenues increased due to an increase in USDA grants. Expenses also increased due to an increase in food costs, purchased services, and employee benefits. This resulted in the increase of net assets for business-type activities of \$3.7 million.

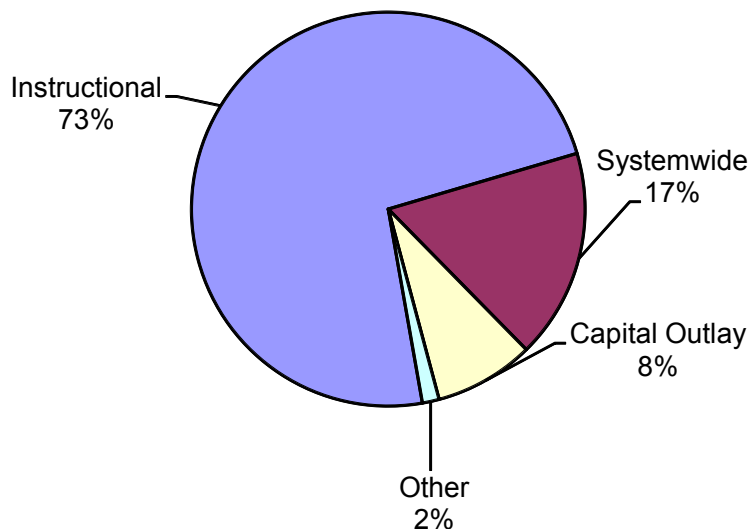
Financial Analysis of the District's Funds

The Board's governmental funds reported a combined fund balance of \$102,058,282, a \$27,077,169 increase over last year. County funding increased over the prior year by \$1 million. This increase was due mainly to the building program. State funding increased approximately \$33 million as a result of student growth. Federal funding decreased by approximately \$19 million due to the conclusion of funds provided through the ARRA grants.

The total fund balance in the general fund increased by \$26,586,485. The underlying reasons for this increase are the prepayment of a large year-end fuel purchase for transportation, realignment of positions through Education Jobs Fund, workers compensation funding set aside due to potential legislation, and the system's continuation of spending restrictions. The unassigned fund balance in the general fund decreased to \$32,089,863. This level of unassigned fund balance equals 2.5 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,270,448,138). The Board assigned \$28 million from fund balance to support the 2012-13 budget.

The total fund balance in the capital projects fund increased by \$542,061, and the restricted fund balance for capital expenditures increased to \$1,273,248. This increase was mainly due to the continued spending restrictions adopted by the System.

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 \$3,671,212. The Child Nutrition Program reflected an increase in net assets over the last year of \$3,529,391. This was mainly due to the increase USDA grants. Tuition Programs reflected an increase in net assets over last year of \$141,821. 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 \$753 thousand. This was mainly due to the appropriation of fund balance for prior year encumbrances, special projects and insurance. Total expenditures for the general fund were 44 million less than the final budget due to the maximization of Education Jobs Fund, prepaid expenditures, and intentional spending restrictions.

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totals \$2,650,057,962 (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, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 135,382	\$ 132,791	\$ -	\$ -	\$ 135,382	\$ 132,791
Land Improvements	4,493	3,994	-	-	4,493	3,994
Buildings	1,693,776	1,342,143	-	-	1,693,776	1,342,143
Equipment	69,427	6,454	8,170	9,147	77,597	15,601
Vehicles	22,189	28,167	74	117	22,263	28,284
Construction in progress	716,547	1,075,093	-	-	716,547	1,075,093
Total	<u>\$ 2,641,814</u>	<u>\$ 2,588,642</u>	<u>\$ 8,244</u>	<u>\$ 9,264</u>	<u>\$ 2,650,058</u>	<u>\$ 2,597,906</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 \$2,101,149 and the business-type activities debt increased by \$89,489. The increase in the government-type debt was due to increase in compensated absences and workers compensation. The increase in the business-type activities debt was due to the increase in compensated absences. More detailed

information on the Board's outstanding debt is contained on page 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 total assessed value of property in the County increased to \$120.5 billion for the fiscal year ended June 30, 2012, a .85 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2012 were \$120.8 million. This is a 6% increase from \$114 million in the prior fiscal year.
- Property tax collections increased by 1.5% over the previous 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

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WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 102,835,404	\$ 31,492,659	\$ 134,328,063
Due from other governments	35,098,902	1,119,616	36,218,518
Internal balances	(232,713)	232,713	-
Receivables	2,650,153	410,458	3,060,611
Inventory and prepaid expenses	14,591,653	1,649,971	16,241,624
Total current assets	<u>154,943,399</u>	<u>34,905,417</u>	<u>189,848,816</u>
Noncurrent assets:			
Land and construction in progress	851,929,172	-	851,929,172
Capital assets, net of accumulated depreciation	1,789,884,886	8,243,904	1,798,128,790
	<u>2,641,814,058</u>	<u>8,243,904</u>	<u>2,650,057,962</u>
 TOTAL ASSETS	 <u>2,796,757,457</u>	 <u>43,149,321</u>	 <u>2,839,906,778</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	16,073,124	991,781	17,064,905
Bank overdraft	2,143	-	2,143
Accounts payable	32,320,084	2,013,382	34,333,466
Unearned revenue	4,489,766	-	4,489,766
Current portion of long-term obligations	50,586,338	800,000	51,386,338
Total current liabilities	<u>103,471,455</u>	<u>3,805,163</u>	<u>107,276,618</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	23,875,834	293,443	24,169,277
 TOTAL LIABILITIES	 <u>127,347,289</u>	 <u>4,098,606</u>	 <u>131,445,895</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,638,196,366	8,243,904	2,646,440,270
Restricted for:			
Individual school activities	8,059,392	-	8,059,392
Capital expenditures	1,529,504	-	1,529,504
Stabilization by state statute	4,838,409	-	4,838,409
Unrestricted	16,786,497	30,806,811	47,593,308
 TOTAL NET ASSETS	 <u>\$ 2,669,410,168</u>	 <u>\$ 39,050,715</u>	 <u>\$ 2,708,460,883</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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Instructional programs:				
Regular	\$ 519,493,395	\$ 1,135,858	\$ 434,720,961	\$ -
Special populations	169,258,921	-	146,821,983	-
Alternative programs and services	64,474,589	-	52,046,836	-
School leadership	66,186,552	-	42,199,758	-
Co-curricular	20,697,012	-	13,756,394	-
School-based support services	61,734,726	-	49,385,106	-
Systemwide support services				
Support and development	9,914,905	-	4,308,111	-
Special populations support and development	4,115,631	-	1,228,177	-
Alternative programs and services support and development				
Technology support	3,138,741	-	2,221,273	-
Operational support	22,221,921	-	1,870,441	-
Financial and human resource	144,351,091	-	71,585,128	621,850
Accountability	16,134,413	-	994,429	-
Systemwide pupil support	3,305,901	-	663,580	-
Policy, leadership and public relations	4,733,648	-	185,215	-
Ancillary services	7,026,646	-	1,033,897	-
Nonprogram charges	245,029	34,001	92,131	-
Depreciation - unallocated *	9,081,210	-	50,974	-
	43,016,402	-	-	-
Total governmental activities	1,169,130,733	1,169,859	823,164,394	621,850
Business-type activities:				
Food services	47,476,596	20,920,103	29,914,761	-
Tuition programs	10,595,711	10,676,628	-	-
Total business-type activities	58,072,307	31,596,731	29,914,761	-
Total school district	\$ 1,227,203,040	\$ 32,766,590	\$ 853,079,155	\$ 621,850

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
\$ (83,636,576)		\$ (83,636,576)
(22,436,938)		(22,436,938)
(12,427,753)		(12,427,753)
(23,986,794)		(23,986,794)
(6,940,618)		(6,940,618)
(12,349,620)		(12,349,620)
(5,606,794)		(5,606,794)
(2,887,454)		(2,887,454)
(917,468)		(917,468)
(20,351,480)		(20,351,480)
(72,144,113)		(72,144,113)
(15,139,984)		(15,139,984)
(2,642,321)		(2,642,321)
(4,548,433)		(4,548,433)
(5,992,749)		(5,992,749)
(118,897)		(118,897)
(9,030,236)		(9,030,236)
(43,016,402)		(43,016,402)
<u>(344,174,630)</u>		<u>(344,174,630)</u>
	\$ 3,358,268	3,358,268
	80,917	80,917
	<u>3,439,185</u>	<u>3,439,185</u>
(344,174,630)	3,439,185	(340,735,445)
311,759,998	-	311,759,998
99,168,170	-	99,168,170
628,155	181,053	809,208
10,532,393	-	10,532,393
(50,974)	50,974	-
<u>422,037,742</u>	<u>232,027</u>	<u>422,269,769</u>
77,863,112	3,671,212	81,534,324
<u>2,591,547,056</u>	<u>35,379,503</u>	<u>2,626,926,559</u>
<u>\$ 2,669,410,168</u>	<u>\$ 39,050,715</u>	<u>\$ 2,708,460,883</u>

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WAKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 88,330,211	\$ 1,111	\$ 8,799,031	\$ 1,995,806	\$ 3,709,245	\$ 102,835,404
Due from other governments	1,817,178	11,333,416	46,273	20,773,887	1,128,148	35,098,902
Accounts receivable	1,139,445	-	42,300	-	1,468,408	2,650,153
Due from other funds	23,433	-	650	-	3,710	27,793
Prepaid	11,591,489	-	-	-	-	11,591,489
Inventories	3,000,164	-	-	-	-	3,000,164
Total assets	<u>\$ 105,901,920</u>	<u>\$ 11,334,527</u>	<u>\$ 8,888,254</u>	<u>\$ 22,769,693</u>	<u>\$ 6,309,511</u>	<u>\$ 155,203,905</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 3,906,234	\$ 11,333,416	\$ -	\$ -	\$ 833,474	\$ 16,073,124
Bank overdraft	-	-	-	-	2,143	2,143
Accounts payable	9,961,065	1,111	582,292	20,800,829	974,787	32,320,084
Due to other funds	4,595	-	246,570	-	9,341	260,506
Deferred revenues	-	-	-	-	4,489,766	4,489,766
Total liabilities	<u>13,871,894</u>	<u>11,334,527</u>	<u>828,862</u>	<u>20,800,829</u>	<u>6,309,511</u>	<u>53,145,623</u>
Fund balances:						
Nonspendable:						
Inventories	3,000,164	-	-	-	-	3,000,164
Prepaid	11,591,489	-	-	-	-	11,591,489
Restricted:						
Stabilization by state statute	4,399,049	-	-	439,360	-	4,838,409
Capital expenditures	-	-	-	1,273,248	-	1,273,248
Subsequent years expenditures	-	-	-	195,614	-	195,614
Individual schools	-	-	8,059,392	-	-	8,059,392
Restricted contributions	-	-	-	60,642	-	60,642
Assigned						
Special projects	3,819,829	-	-	-	-	3,819,829
Insurance	7,569,663	-	-	-	-	7,569,663
Flexible benefit plan	1,174,388	-	-	-	-	1,174,388
Subsequent years expenditures	28,385,581	-	-	-	-	28,385,581
Unassigned	32,089,863	-	-	-	-	32,089,863
Total fund balances	<u>92,030,026</u>	<u>-</u>	<u>8,059,392</u>	<u>1,968,864</u>	<u>-</u>	<u>102,058,282</u>
Total liabilities and fund balances	<u>\$ 105,901,920</u>	<u>\$ 11,334,527</u>	<u>\$ 8,888,254</u>	<u>\$ 22,769,693</u>	<u>\$ 6,309,511</u>	

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

2,641,814,058

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	\$ (4,563,367)
Compensated absences (vacation)	(66,274,353)
Termination benefits	(6,490)
Installment purchase	(3,617,962)
	<u>(74,462,172)</u>

(74,462,172)

Total net assets - governmental activities

\$ 2,669,410,168

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, 2012

	General Fund	State Public School Fund	Individual Schools Fund
REVENUES:			
County	\$ 311,759,998	\$ -	\$ -
State	32,170	706,636,179	-
Federal	365,517	-	-
Other local	6,044,837	-	13,744,679
Total revenues	<u>318,202,522</u>	<u>706,636,179</u>	<u>13,744,679</u>
EXPENDITURES:			
Current operations:			
Instructional services:			
Regular instruction	81,194,079	415,657,792	-
Special populations	21,496,953	115,790,128	-
Alternative programs and services	13,200,885	20,951,119	-
School leadership	23,510,418	35,212,033	-
Co-curricular	7,255,744	-	13,627,530
School-based support services	11,388,180	43,303,889	-
Systemwide support services			
Support and development	5,971,803	739,192	-
Special populations support and development	2,542,982	976,431	-
Alternative programs and services support and development	925,619	424,092	-
Technology support	13,324,018	1,674,488	-
Operational support	70,109,172	69,735,940	-
Financial and human resource	15,072,428	491,957	-
Accountability	2,603,920	601,693	-
Systemwide pupil support	4,478,442	141,039	-
Policy, leadership and public relations	6,141,272	881,862	-
Ancillary services	102,903	3,550	-
Non-program charges	11,962,030	-	-
Debt service:			
Principal	-	-	-
Capital outlay:			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Total expenditures	<u>291,280,848</u>	<u>706,585,205</u>	<u>13,627,530</u>
Excess of revenues over expenditures	<u>26,921,674</u>	<u>50,974</u>	<u>117,149</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	168,526	-	-
Transfers out	-	(50,974)	(168,526)
Total other financing sources (uses)	<u>168,526</u>	<u>(50,974)</u>	<u>(168,526)</u>
Net change in fund balance	27,090,200	-	(51,377)
Fund balances, beginning of year	65,443,541	-	8,110,769
Increase in reserve for inventories	(503,715)	-	-
Fund balances, end of the year	<u>\$ 92,030,026</u>	<u>\$ -</u>	<u>\$ 8,059,392</u>

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 99,168,170	\$ -	\$ 410,928,168
3,617,971	201,970	710,488,290
-	98,321,886	98,687,403
1,770,027	9,558,038	31,117,581
<u>104,556,168</u>	<u>108,081,894</u>	<u>1,251,221,442</u>
-	18,935,876	515,787,747
-	31,083,661	168,370,742
-	30,169,939	64,321,943
-	6,978,842	65,701,293
-	11,716	20,894,990
-	6,032,836	60,724,905
-	3,436,766	10,147,761
-	251,711	3,771,124
-	1,786,644	3,136,355
-	107,540	15,106,046
-	7,584,919	147,430,031
-	442,914	16,007,299
-	61,886	3,267,499
-	44,140	4,663,621
-	2,000	7,025,134
-	193,317	299,770
-	957,187	12,919,217
3,617,971	-	3,617,971
98,927,167	-	98,927,167
1,468,969	-	1,468,969
<u>104,014,107</u>	<u>108,081,894</u>	<u>1,223,589,584</u>
<u>542,061</u>	<u>-</u>	<u>27,631,858</u>
-	-	168,526
-	-	(219,500)
-	-	<u>(50,974)</u>
542,061	-	27,580,884
1,426,803	-	74,981,113
-	-	(503,715)
<u>\$ 1,968,864</u>	<u>\$ -</u>	<u>\$ 102,058,282</u>

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WAKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds		\$ 27,580,884
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	\$ 98,119,177
	Depreciation expense	<u>(44,659,729)</u>
		53,459,448
The net effect of various miscellaneous transactions involving capital assets (i.e., retirement) is to decrease net assets.		(287,643)
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 \$5,000,438.		(5,000,438)
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	3,617,971
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 \$829,713.		(829,713)
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 \$111,031.		111,031
Prepaid expenses use current year financial resources and were reported as an expenditure in the governmental funds in prior year. The decrease in prepaid expense was \$284,713.		(284,713)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.		<u>(503,715)</u>
Change in net assets of governmental activities		<u>\$ 77,863,112</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, 2012

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 311,759,998	\$ 311,759,998	\$ 311,759,998	\$ -
State	60,000	60,000	32,170	(27,830)
Federal	250,000	315,844	365,517	49,673
Other local	5,949,670	5,956,557	6,044,837	88,280
Total revenues	<u>318,019,668</u>	<u>318,092,399</u>	<u>318,202,522</u>	<u>110,123</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	88,325,016	86,454,948	81,194,079	5,260,869
Special populations	29,146,679	22,683,049	21,496,953	1,186,096
Alternative programs and services	14,722,010	14,178,314	13,200,885	977,429
School leadership	29,050,892	25,318,202	23,510,418	1,807,784
Co-curricular	7,740,999	7,781,954	7,255,744	526,210
School-based support services	8,432,359	12,418,101	11,388,180	1,029,921
Systemwide support services				
Support and development	5,112,942	6,490,413	5,971,803	518,610
Special populations support and development	2,901,046	3,145,348	2,542,982	602,366
Alternative programs and services support and development	933,523	1,034,034	925,619	108,415
Technology support	13,260,634	14,223,211	13,324,018	899,193
Operational support	85,356,291	83,293,619	70,109,172	13,184,447
Financial and human resource	22,893,018	15,880,354	15,072,428	807,926
Accountability	2,276,636	2,887,415	2,603,920	283,495
Systemwide pupil support	4,680,099	4,701,868	4,478,442	223,426
Policy, leadership and public relation	6,616,574	7,147,011	6,141,272	1,005,739
Ancillary services	106,280	202,409	102,903	99,506
Non-program charges	12,667,695	27,135,124	11,962,030	15,173,094
Total expenditures	<u>334,222,693</u>	<u>334,975,374</u>	<u>291,280,848</u>	<u>43,694,526</u>
Revenues over (under) expenditures	<u>(16,203,025)</u>	<u>(16,882,975)</u>	<u>26,921,674</u>	<u>43,804,649</u>
Other financing sources (uses):				
Appropriated fund balance	16,203,025	16,714,449	-	(16,714,449)
Transfers in	-	168,526	168,526	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>16,203,025</u>	<u>16,882,975</u>	<u>168,526</u>	<u>(16,714,449)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>27,090,200</u>	<u>\$ 27,090,200</u>
Fund balances, beginning of year			65,443,541	
Increase in reserve for inventories			<u>(503,715)</u>	
Fund balances, end of year			<u>\$ 92,030,026</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)
\$ -	\$ -	\$ -	\$ -
721,871,958	721,760,706	706,636,179	(15,124,527)
-	-	-	-
-	-	-	-
<u>721,871,958</u>	<u>721,760,706</u>	<u>706,636,179</u>	<u>(15,124,527)</u>
426,374,837	424,958,013	415,657,792	9,300,221
114,267,349	115,981,906	115,790,128	191,778
20,596,463	22,892,680	20,951,119	1,941,561
36,972,995	35,762,372	35,212,033	550,339
838	-	-	-
45,645,276	44,335,432	43,303,889	1,031,543
2,359,036	804,337	739,192	65,145
905,243	976,431	976,431	-
500,981	479,116	424,092	55,024
3,430,263	3,624,772	1,674,488	1,950,284
69,205,486	69,749,862	69,735,940	13,922
137,773	491,957	491,957	-
191,471	602,847	601,693	1,154
143,205	141,432	141,039	393
1,081,845	890,809	881,862	8,947
58,897	17,766	3,550	14,216
-	-	-	-
<u>721,871,958</u>	<u>721,709,732</u>	<u>706,585,205</u>	<u>15,124,527</u>
-	50,974	50,974	-
-	-	-	-
-	-	-	-
-	(50,974)	(50,974)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		<u>-</u>	
		<u>-</u>	
		<u>\$ -</u>	

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
JUNE 30, 2012

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,379,231	\$ 9,113,428	\$ 31,492,659
Accounts receivable	33,288	377,170	410,458
Due from other governments	1,104,570	15,046	1,119,616
Due from other funds	184	243,388	243,572
Prepaid expenses	189	19,836	20,025
Inventory	1,629,946	-	1,629,946
Total current assets	<u>25,147,408</u>	<u>9,768,868</u>	<u>34,916,276</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>7,823,293</u>	<u>420,611</u>	<u>8,243,904</u>
Total assets	<u>32,970,701</u>	<u>10,189,479</u>	<u>43,160,180</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	974,270	17,511	991,781
Accounts payable	1,439,474	573,908	2,013,382
Due to other funds	10,667	192	10,859
Current portion of long-term obligations	712,000	88,000	800,000
Total current liabilities	<u>3,136,411</u>	<u>679,611</u>	<u>3,816,022</u>
Noncurrent liabilities:			
Long-term obligations	<u>260,133</u>	<u>33,310</u>	<u>293,443</u>
Total liabilities	<u>3,396,544</u>	<u>712,921</u>	<u>4,109,465</u>
NET ASSETS			
Invested in capital assets	7,823,293	420,611	8,243,904
Unrestricted	21,750,864	9,055,947	30,806,811
Total net assets	<u>\$ 29,574,157</u>	<u>\$ 9,476,558</u>	<u>\$ 39,050,715</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, 2012

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 20,920,103	\$ -	\$ 20,920,103
Participant fees	-	10,676,628	10,676,628
Total operating revenues	<u>20,920,103</u>	<u>10,676,628</u>	<u>31,596,731</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	14,233,623	4,308,949	18,542,572
Food	18,178,501	-	18,178,501
Supplies	1,510,134	2,474,202	3,984,336
Purchased services	1,557,893	1,931,872	3,489,765
Other supporting services:			
Employee benefits	6,365,435	950,845	7,316,280
Donated commodities	2,518,294	-	2,518,294
Indirect costs	2,051,579	880,214	2,931,793
Depreciation	1,061,137	49,025	1,110,162
TOTAL OPERATING EXPENSES	<u>47,476,596</u>	<u>10,595,107</u>	<u>58,071,703</u>
Operating income (loss)	<u>(26,556,493)</u>	<u>81,521</u>	<u>(26,474,972)</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	26,987,296	-	26,987,296
USDA grants - summer feeding program	421,047	-	421,047
Federal commodities	2,518,294	-	2,518,294
Healthier US school challenge	59,500	-	59,500
Interest	120,149	60,904	181,053
Loss on sale of capital assets	(71,376)	(604)	(71,980)
Total non-operating revenues	<u>30,034,910</u>	<u>60,300</u>	<u>30,095,210</u>
Income before contributions and transfers	3,478,417	141,821	3,620,238
Transfers from other funds	50,974	-	50,974
	<u>50,974</u>	<u>-</u>	<u>50,974</u>
Change in net assets	3,529,391	141,821	3,671,212
Net assets, beginning of year	<u>26,044,766</u>	<u>9,334,737</u>	<u>35,379,503</u>
Net assets, end of year	<u>\$ 29,574,157</u>	<u>\$ 9,476,558</u>	<u>\$ 39,050,715</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, 2012

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 20,906,671	\$ 10,428,065	\$ 31,334,736
Payments to employees for services	(20,699,186)	(5,246,802)	(25,945,988)
Payments to suppliers for goods and services	(21,450,912)	(4,260,359)	(25,711,271)
Payments for other operating expenses	(1,796,765)	(793,155)	(2,589,920)
Net cash provided by (used by) operating activities	<u>(23,040,192)</u>	<u>127,749</u>	<u>(22,912,443)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	26,987,296	-	26,987,296
USDA grants - summer feeding program	421,047	-	421,047
Healthier US school challenge	59,500	-	59,500
Net cash provided by non-capital financing activities	<u>27,467,843</u>	<u>-</u>	<u>27,467,843</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(140,358)	(39,989)	(180,347)
Proceeds from sale of equipment	17,947	-	17,947
Net cash used for capital and related financing activities	<u>(122,411)</u>	<u>(39,989)</u>	<u>(162,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	120,149	60,904	181,053
Net increase in cash and cash equivalents	4,425,389	148,664	4,574,053
Cash and cash equivalents, beginning of year	17,953,842	8,964,764	26,918,606
Cash and cash equivalents, end of year	<u>\$ 22,379,231</u>	<u>\$ 9,113,428</u>	<u>\$ 31,492,659</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (26,556,493)	\$ 81,521	\$ (26,474,972)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,061,137	49,025	1,110,162
Salaries paid by special revenue fund	50,974	-	50,974
Decrease (increase) in accounts receivable and due from other governments	257,402	(159,017)	98,385
Increase in inventories	(25,460)	-	(25,460)
Decrease (increase) in prepaid expenses	4,317	(9,135)	(4,818)
Increase (decrease) in accounts payable and salaries and benefits payable	(429,971)	155,474	(274,497)
Increase in accrued vacation	79,608	9,881	89,489
Donated commodities	2,518,294	-	2,518,294
Total adjustments	<u>3,516,301</u>	<u>46,228</u>	<u>3,562,529</u>
Net cash provided by (used by) operating activities	<u>\$ (23,040,192)</u>	<u>\$ 127,749</u>	<u>\$ (22,912,443)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:			
Donated commodities	<u>\$ 2,518,294</u>	<u>\$ -</u>	<u>\$ 2,518,294</u>
Payments of salaries by state public school fund	<u>\$ 50,974</u>	<u>\$ -</u>	<u>\$ 50,974</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, 2012

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 \$10,178,720 approved by the Board as follows:

General fund	\$ 752,681
State public school fund	(111,252)
Grants and other restricted funds	19,982,617
Capital projects funds	(32,655,012)
Enterprise fund	1,852,246
	<u>\$ (10,178,720)</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.

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 buildings 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, 2012 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.

Prepaid – portion of fund balance that is not an available resource because it represents the year-end balance of assets held for prepaid items, 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)]. This consists primarily of outstanding encumbrances and receivables.

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. As of June 30, 2012 the Board does not have committed fund balances.

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 \$2,567,351,886 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)	\$ 3,146,379,313
Less accumulated depreciation	<u>(504,565,255)</u>
Net capital assets	<u>2,641,814,058</u>
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	(4,563,367)
Compensated absences	(66,274,353)
Termination benefits	(6,490)
Installment purchase	<u>(3,617,962)</u>
Total adjustments	<u>\$ 2,567,351,886</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 \$50,282,228 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.	\$ 98,119,177
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.	(44,659,729)
The net effect of various miscellaneous transactions involving capital assets (i.e. retirement) is to decrease net assets.	(287,643)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	3,617,971
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(5,000,438)
Estimated cost for terminated employee’s healthcare benefits is recorded as a long-term obligation in the government-wide statements.	111,031
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	(503,715)
Estimated reserve for workers’ compensation self-insurance recorded as a long-term obligation in the government-wide statements.	(829,713)
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>(284,713)</u>
Total adjustments	<u>\$ 50,282,228</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, 2012, the Board's deposits with banks had a carrying amount of \$12,142,256 and with the State Treasurer of (\$1,032). The bank balances with the financial institutions and the State Treasurer were \$24,725,816 and \$8,715,849, respectively. Of these balances, \$3,696,421 was covered by federal depository insurance and \$29,745,244 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Investments

At June 30, 2012, 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	\$ 8,969	Term Portfolio duration of .17	AAAm
State Treasurer's Short Term Investment Fund	<u>122,175,727</u>	Weighted average maturity of 1.5 years	Unrated
Total Investments	<u>\$ 122,184,696</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 1.5 years as of June 30, 2012.

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, 2012. 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, 2012, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 18,838	\$ 1,817,178	\$ 1,139,445
Other governmental activities	(251,551)	33,281,724	1,510,708
Total	\$ (232,713)	\$ 35,098,902	\$ 2,650,153
Business-type activities:			
Child Nutrition Program	\$ (10,483)	\$ 1,104,570	\$ 33,288
Tuition Programs	243,196	15,046	377,170
Total	\$ 232,713	\$ 1,119,616	\$ 410,458

Due from other governments consists of the following:

Governmental activities			
General Fund	\$ 698,514	Sales tax refund from state	
	2,480	Miscellaneous revenue from state	
	1,070,082	Miscellaneous revenue from municipalities	
	46,102	Miscellaneous revenue from federal	
	<u>1,817,178</u>		
State Public School Fund	11,333,416	Operating funds from DPI	
Individual Schools Fund	46,273	Sales tax refund from state	
Capital Outlay Fund	97,834	Sales tax refund from state	
	<u>20,676,053</u>	County funds from county appropriations	
	<u>20,773,887</u>		
Direct Grants Fund	43,174	Federal grant funds	
	8,624	Sales tax refund from state	
	<u>51,798</u>		
Other Restricted Fund	9,454	Sales tax refund from state	
State Administered Federal Grants Fund	<u>1,066,896</u>	Federal grant funds	
Total	\$ 35,098,902		

Business-type activities:

Child Nutrition Program	\$ 1,058,206	USDA Reimbursement from state
	<u>46,364</u>	Sales tax refund from state
	<u>1,104,570</u>	
Tuition Programs	10,086	Sales tax refund from state
	<u>4,960</u>	Miscellaneous revenue from municipalities
	<u>15,046</u>	
Total	<u>\$ 1,119,616</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, 2012 was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 132,790,722	\$ 2,740,106	\$ -	\$ (149,000)	\$ 135,381,828
Construction in Progress	1,075,093,244	91,780,468	(450,326,368)	-	716,547,344
Total capital assets not being depreciated	<u>1,207,883,966</u>	<u>94,520,574</u>	<u>(450,326,368)</u>	<u>(149,000)</u>	<u>851,929,172</u>
Capital assets being depreciated:					
Land Improvements	8,989,188	795,108	-	(457,660)	9,326,636
Buildings	1,756,060,260	43,798	386,645,025	-	2,142,749,083
Equipment	20,196,348	1,831,566	63,681,343	(314,576)	85,394,681
Vehicles and motor equipment	56,858,563	928,131	-	(806,953)	56,979,741
Total capital assets being depreciated	<u>1,842,104,359</u>	<u>3,598,603</u>	<u>450,326,368</u>	<u>(1,579,189)</u>	<u>2,294,450,141</u>
Less accumulated depreciation for:					
Land Improvements	4,995,155	286,193	-	(447,522)	4,833,826
Buildings	413,916,816	35,055,684	-	-	448,972,500
Equipment	13,741,691	2,436,117	-	(210,216)	15,967,592
Vehicles and motor equipment	28,692,410	6,881,735	-	(782,808)	34,791,337
Total accumulated depreciation	<u>461,346,072</u>	<u>\$ 44,659,729</u>	<u>\$ -</u>	<u>\$ (1,440,546)</u>	<u>504,565,255</u>
Total capital assets being depreciated, net	<u>1,380,758,287</u>				<u>1,789,884,886</u>
Governmental activity capital assets, net	<u>\$ 2,588,642,253</u>				<u>\$ 2,641,814,058</u>

Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 17,826,949	\$ 137,658	\$ (409,486)	\$ 17,555,121
Vehicles	794,684	2,700	(11,414)	785,970
Total capital assets being depreciated	18,621,633	140,358	(420,900)	18,341,091
Less accumulated depreciation for:				
Equipment	9,080,883	1,020,537	(320,163)	9,781,257
Vehicles	707,355	40,600	(11,414)	736,541
Total accumulated depreciation	9,788,238	1,061,137	(331,577)	10,517,798
School food service capital assets, net	8,833,395			7,823,293
Other Business-type activities				
Capital assets being depreciated:				
Equipment	829,287	39,989	(311,839)	557,437
Vehicles	30,000	-	-	30,000
Total capital assets being depreciated	859,287	39,989	(311,839)	587,437
Less accumulated depreciation for:				
Equipment	427,786	45,275	(311,235)	161,826
Vehicles	1,250	3,750	-	5,000
Total accumulated depreciation	429,036	\$ 49,025	\$ (311,235)	166,826
Other enterprise funds capital assets, net	430,251			420,611
Business-type activities capital assets, net	\$ 9,263,646			\$ 8,243,904

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 43,016,402
Operational support services	1,643,327
Total	<u>\$ 44,659,729</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2012. At year-end, the Board's commitments with contractors for school construction totaled approximately \$61,247,089. 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. The Wake County Board of Education has entered into an agreement to purchase 239 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, 2012, has been recorded.

The payments due in the fiscal year ended June 30, 2013 are as follows:

Total purchase price, 239 buses	\$19,462,187
Total payments due in fiscal year 2013	6,487,396
Remaining payments due in subsequent years	12,974,791

B. Liabilities

1. Pension Plan Obligations and Other Postemployment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The 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 13.12% 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, 2012, 2011, and 2010 were \$95,070,836, \$76,807,263, and \$63,301,626, 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 establishes 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, 2012, 2011, and 2010, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$36,231,264, \$35,809,285, and \$32,803,340, respectively. These contributions represented 5.0%, 4.9%, and 4.5% 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, 2012, 2011, and 2010, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,768,051, \$3,800,169, and \$3,790,608, 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, 2012, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 9,961,065	\$ 3,906,234
Other Governmental	22,359,019	12,166,890
Total Governmental activities	<u>\$ 32,320,084</u>	<u>\$ 16,073,124</u>
Business-type Activities		
Child Nutrition Program	\$ 1,439,474	\$ 974,270
Tuition Programs	573,908	17,511
Total Business-type activities	<u>\$ 2,013,382</u>	<u>\$ 991,781</u>

4. Unearned Revenue

The balance in unearned revenue at year-end is composed of grants not yet earned of \$4,489,766.

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 each wrongful act. The Board has an annual aggregate limit for general liability of \$3,000,000 and \$1,000,000 each wrongful act 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 8/1/2011-12 with a self-insured specific retention of \$500,000; 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 \$17.5 million, second layer \$7.5 million, and third layer \$20.5 million for a total of \$55.5 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 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Estimated claims payable, beginning of year	\$ 3,733,654	\$ 2,818,415
Current year claims and changes in estimates	2,368,216	2,095,639
Claim payments	<u>(1,538,503)</u>	<u>(1,180,400)</u>
Estimated claims payable, end of year	<u>\$ 4,563,367</u>	<u>\$ 3,733,654</u>

6. Contingent Liabilities

At June 30, 2012, 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 \$3,595,516 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2013	\$ 3,682,557
2014	4,816,064
2015	4,864,510
2016	4,884,037
2017	4,464,642
2018-2022	18,763,193
2023-2027	15,028,144
2028-2100	<u>1,192,800</u>
Total	<u>\$ 57,695,947</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, 2012 is \$6,490. This liability consists of 3 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 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 \$3,040,015 and \$3,040,008 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, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$61,273,915	\$49,304,632	\$44,304,194	\$66,274,353	\$45,000,000
Worker's compensation	3,733,654	2,368,216	1,538,503	4,563,367	2,250,863
Terminated employee benefits	117,521	6,490	117,521	6,490	6,490
Installment purchase	7,235,933	-	3,617,971	3,617,962	3,328,985
Total	<u>\$72,361,023</u>	<u>\$51,679,338</u>	<u>\$49,578,189</u>	<u>\$74,462,172</u>	<u>\$50,586,338</u>

Business-type activities:	Compensated <u>Absences</u>
Beginning balance	\$1,003,954
Increases	819,036
Decreases	<u>729,547</u>
Ending Balance	<u>\$1,093,443</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, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Administered Federal Grants Fund	\$ 527
General Fund	Tuition Program	192
General Fund	Child Nutrition Program	10,667
General Fund	Individual Schools Fund	3,423
General Fund	Direct Grants Fund	8,624
Individual School Fund	General Fund	650
State Administered Federal Grants Fund	General Fund	3,520
State Administered Federal Grants Fund	Other Restricted Funds	190
Tuition Program	General Fund	320
Tuition Program	Individual Schools Fund	243,068
Child Nutrition Program	General Fund	105
Child Nutrition Program	Individual Schools Fund	79
		<u>\$ 271,365</u>

Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$243,068 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, 2012:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General Fund</u>	<u>Child Nutrition Program</u>
State Public School Fund	\$ -	\$ 50,974
Individual Schools Fund	168,526	-
Total	<u>\$ 168,526</u>	<u>\$ 50,974</u>

During the year, the State Public School Fund transferred \$50,974 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$168,526 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	\$92,030,026
Less:	
Inventories	3,000,164
Prepays	11,591,489
Stabilization by State Statute	4,399,049
Special Projects	3,819,829
Insurance	7,569,663
Flexible benefit plan	1,174,388
Appropriated Fund balance in 2013 budget	<u>28,385,581</u>
Remaining fund balance	<u>\$32,089,863</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	\$ 1,418,993
Capital Projects Fund	439,360

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, 2012 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, 2012

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
ASSETS				
Cash	\$ 451,632	\$ -	\$ 3,257,613	\$ 3,709,245
Due from other governments	51,798	1,066,896	9,454	1,128,148
Accounts receivable	314,411	-	1,153,997	1,468,408
Due from other funds	-	3,710	-	3,710
	<u>817,841</u>	<u>1,070,606</u>	<u>4,421,064</u>	<u>6,309,511</u>
Total assets	<u>\$ 817,841</u>	<u>\$ 1,070,606</u>	<u>\$ 4,421,064</u>	<u>\$ 6,309,511</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and benefits payable	\$ 12,948	\$ 818,776	\$ 1,750	\$ 833,474
Bank overdraft	-	2,143	-	2,143
Accounts payable	38,866	249,160	686,761	974,787
Due to other funds	8,624	527	190	9,341
Deferred revenues	757,403	-	3,732,363	4,489,766
	<u>817,841</u>	<u>1,070,606</u>	<u>4,421,064</u>	<u>6,309,511</u>
Total liabilities	<u>817,841</u>	<u>1,070,606</u>	<u>4,421,064</u>	<u>6,309,511</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 817,841</u>	<u>\$ 1,070,606</u>	<u>\$ 4,421,064</u>	<u>\$ 6,309,511</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
REVENUES:				
Federal	\$ 1,039,882	\$ 97,282,004	\$ -	\$ 98,321,886
State	201,970	-	-	201,970
Other	1,145,981	-	8,412,057	9,558,038
Total revenues	<u>2,387,833</u>	<u>97,282,004</u>	<u>8,412,057</u>	<u>108,081,894</u>
EXPENDITURES:				
Instructional services:				
Regular instructional	517,164	18,388,044	30,668	18,935,876
Special populations	494	29,832,228	1,250,939	31,083,661
Alternative programs	890,423	28,799,684	479,832	30,169,939
School leadership	2,139	6,976,703	-	6,978,842
Co-curricular	11,716	-	-	11,716
School-based support	38,592	5,988,873	5,371	6,032,836
Systemwide support services				
Support and development	409,459	2,269,875	757,432	3,436,766
Special populations support and development	-	251,711	-	251,711
Alternative programs and services support and development	143,636	1,643,008	-	1,786,644
Technology support	-	-	107,540	107,540
Operational support	41,080	1,802,682	5,741,157	7,584,919
Financial and human resource	117,231	325,683	-	442,914
Accountability services	26,500	35,386	-	61,886
Systemwide pupil support	2,561	2,461	39,118	44,140
Policy, leadership and public relations	2,000	-	-	2,000
Ancillary services	169,964	23,353	-	193,317
Non-program charges	14,874	942,313	-	957,187
Total expenditures	<u>2,387,833</u>	<u>97,282,004</u>	<u>8,412,057</u>	<u>108,081,894</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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
Wake County:				
County appropriation	\$ 311,759,998	\$ 311,759,998	\$ -	\$ 312,059,879
State: other	60,000	32,170	(27,830)	71,236
Federal:				
ROTC	315,844	365,081	49,237	299,037
Other	-	436	436	2,352
Total	315,844	365,517	49,673	301,389
Other:				
Fines and forfeitures	3,800,000	3,645,125	(154,875)	6,097,760
Interest	750,000	597,287	(152,713)	698,050
Other local	1,406,557	1,802,425	395,868	1,833,551
Total	5,956,557	6,044,837	88,280	8,629,361
Total revenues	318,092,399	318,202,522	110,123	321,061,865
EXPENDITURES:				
Regular instructional services				
Regular curricular		77,001,955		80,995,746
CTE curricular		4,192,124		4,388,207
	86,454,948	81,194,079	5,260,869	85,383,953
Special populations services				
Children with disabilities curricular		13,222,294		17,110,669
Children with disabilities CTE curricular		217,698		994,752
Pre-K children with disabilities curricular		894,089		1,618,124
Speech and language pathology		3,953,072		3,743,432
Audiology		692,149		665,781
Academically/intellectually gifted curricular		983,672		1,105,031
Limited english proficiency		1,533,979		1,519,426
	22,683,049	21,496,953	1,186,096	26,757,215
Alternative programs and services				
Alternative instructional K-12		1,032,793		809,395
Attendance and social work		1,207,349		817,959
Remedial and supplemental K-12		8,873,842		10,351,486
Pre-K readiness/remedial and supplemental		1,319,430		1,201,006
Extended day/year instructional		767,471		731,558
	14,178,314	13,200,885	977,429	13,911,404

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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)
 (Continued)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
School leadership	\$ 25,318,202	\$ 23,510,418	\$ 1,807,784	\$ 26,405,749
Co-Curricular services	7,781,954	7,255,744	526,210	7,610,512
School-based support services				
Educational media		2,767,988		4,548,348
Student accounting		2,562,493		19,648
Guidance		4,735,081		5,539,186
Health		570,748		562,442
Safety and security		112,641		116,780
Instructional technology		215,801		278,739
Staff development unallocated		425,590		527,033
Parent involvement		(52)		5,594
Volunteer		(2,110)		(1,073)
	<u>12,418,101</u>	<u>11,388,180</u>	<u>1,029,921</u>	<u>11,596,697</u>
Support and development services				
Regular curricular support and development		5,871,727		4,736,770
CTE curricular support and development		100,076		18,479
	<u>6,490,413</u>	<u>5,971,803</u>	<u>518,610</u>	<u>4,755,249</u>
Special population support and development services	<u>3,145,348</u>	<u>2,542,982</u>	<u>602,366</u>	<u>2,932,648</u>
Alternative programs and services support and development services	<u>1,034,034</u>	<u>925,619</u>	<u>108,415</u>	<u>871,354</u>
Technology support services	<u>14,223,211</u>	<u>13,324,018</u>	<u>899,193</u>	<u>12,457,422</u>
Operational support services				
Communication		197,554		106,088
Printing and copying		183,093		42,086
Public utility and energy		22,144,820		21,204,700
Custodial/housekeeping		7,844,471		8,914,538
Transportation		12,333,662		12,215,958
Warehouse and delivery		328,270		462,701
Facilities planning		2,428,002		2,233,220
Maintenance		24,649,300		24,792,029
	<u>83,293,619</u>	<u>70,109,172</u>	<u>13,184,447</u>	<u>69,971,320</u>
Financial and human resource services				
Financial		8,674,873		8,620,936
Human resource		6,397,555		6,223,760
	<u>15,880,354</u>	<u>15,072,428</u>	<u>807,926</u>	<u>14,844,696</u>

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)
(Continued)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,761,376	\$ -	\$ 1,391,059
Planning, research development and program evaluation		842,544		809,321
	<u>2,887,415</u>	<u>2,603,920</u>	<u>283,495</u>	<u>2,200,380</u>
Systemwide pupil support services				
Educational media support		48,959		101,184
Student accounting support		1,891,315		1,966,408
Guidance support		440,047		458,326
Health support		59,534		58,173
Safety and security support		2,038,587		1,990,261
	<u>4,701,868</u>	<u>4,478,442</u>	<u>223,426</u>	<u>4,574,352</u>
Policy, leadership and public relations services				
Board of education		246,165		188,309
Legal		982,249		1,190,947
Audit		420,902		529,443
Leadership		3,450,110		2,881,770
Public relations and marketing		1,041,846		1,266,859
	<u>7,147,011</u>	<u>6,141,272</u>	<u>1,005,739</u>	<u>6,057,328</u>
Ancillary services				
Community services		3,340		534
Nutrition services		752		591
Adult services		98,811		102,783
	<u>202,409</u>	<u>102,903</u>	<u>99,506</u>	<u>103,908</u>
Nonprogram charges:				
Payments to charter schools	27,135,124	11,962,030	15,173,094	11,582,897
	<u>334,975,374</u>	<u>291,280,848</u>	<u>43,694,526</u>	<u>302,017,084</u>
Excess (deficiency) of revenues over expenditures before other financing sources	(16,882,975)	26,921,674	43,804,649	19,044,781
OTHER FINANCING SOURCES:				
Appropriated fund balance	16,714,449	-	(16,714,449)	-
Transfers in	168,526	168,526	-	256,957
Total other financing sources	<u>16,882,975</u>	<u>168,526</u>	<u>(16,714,449)</u>	<u>256,957</u>
Net change in fund balance	<u>\$ -</u>	27,090,200	<u>\$ 27,090,200</u>	19,301,738
Fund balance, beginning of year		65,443,541		46,108,421
Increase (decrease) in reserve for inventories		(503,715)		33,382
Fund balance, end of year		<u>\$ 92,030,026</u>		<u>\$ 65,443,541</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 721,760,706	\$ 706,636,179	\$ (15,124,527)	\$ 669,995,459
Total revenues	721,760,706	706,636,179	(15,124,527)	669,995,459
EXPENDITURES:				
Regular instructional services				
Regular curricular		385,078,346		380,685,704
CTE curricular		30,579,446		31,260,174
	424,958,013	415,657,792	9,300,221	411,945,878
Special populations services				
Children with disabilities curricular		86,221,258		86,155,963
Children with disabilities CTE curricular		4,295,991		3,506,714
Pre-K children with disabilities curricular		4,463,647		4,494,326
Speech and language pathology		3,376,439		2,187,011
Audiology		433,082		376,393
Academically/intellectually gifted curricular		7,128,092		7,033,679
Limited english proficiency		9,871,619		10,489,188
	115,981,906	115,790,128	191,778	114,243,274
Alternative programs and services				
Alternative instructional K-12		6,004,762		4,016,442
Attendance and social work		4,994,354		4,698,203
Remedial and supplemental K-12		8,875,161		7,228,448
Pre-K readiness/remedial and supplemental		(5,662)		6,085
Extended day/year instructional		1,082,504		953,647
	22,892,680	20,951,119	1,941,561	16,902,825
School leadership	35,762,372	35,212,033	550,339	29,509,855
Co-curricular services	-	-	-	313
School-based support services				
Educational media		11,961,753		12,113,301
Student accounting		4,942,481		502,822
Guidance		23,260,526		23,457,295
Health		1,279,280		1,107,885
Safety and security		832,436		870,274
Instructional technology		876,901		420,129
Staff development unallocated		132,028		491,167
Parent involvement		18,484		80,505
	44,335,432	43,303,889	1,031,543	39,043,378
Support and development services				
Regular curricular support and development		283,061		1,464,405
CTE curricular support and development		452,432		549,941
Jobs commission development		3,699		-
	804,337	739,192	65,145	2,014,346

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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)
(Continued)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
Special population support and development services	\$ 976,431	\$ 976,431	\$ -	\$ 1,096,295
Alternative programs and services support and development services	479,116	424,092	55,024	383,813
Technology support services	3,624,772	1,674,488	1,950,284	2,071,649
Operational support services				
Communication		-		128,900
Custodial/housekeeping		17,603,482		710,112
Transportation		51,764,321		50,559,398
Warehouse and delivery		-		(6,417)
Facility planning		687		-
Maintenance		367,450		6,707
	<u>69,749,862</u>	<u>69,735,940</u>	<u>13,922</u>	<u>51,398,700</u>
Financial and human resource services				
Financial		267,254		126,059
Human resource		224,703		53,003
	<u>491,957</u>	<u>491,957</u>	<u>-</u>	<u>179,062</u>
Accountability services				
Student testing		591,100		114,895
Planning, research development and program evaluation		10,593		-
	<u>602,847</u>	<u>601,693</u>	<u>1,154</u>	<u>114,895</u>
Systemwide pupil support services				
Educational media support		-		115,410
Student accounting		141,039		-
	<u>141,432</u>	<u>141,039</u>	<u>393</u>	<u>115,410</u>
Policy, leadership and public relations services				
Leadership	890,809	881,862	8,947	944,800
Ancillary services				
Nutrition services	17,766	3,550	14,216	(18,892)
Total expenditures	<u>721,709,732</u>	<u>706,585,205</u>	<u>15,124,527</u>	<u>669,945,601</u>
Excess of revenues over expenditures before other financing uses	<u>50,974</u>	<u>50,974</u>	<u>-</u>	<u>49,858</u>
OTHER FINANCING USES:				
Transfers out	<u>(50,974)</u>	<u>(50,974)</u>	<u>-</u>	<u>(49,858)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
Federal:				
IDEA	\$ 47,153,929	\$ 28,821,777	\$ 18,332,152	\$ 19,149,244
ESEA	31,889,957	26,881,037	5,008,920	23,540,722
Career technical education	1,267,035	1,240,237	26,798	1,263,901
Improving teacher quality	3,947,772	2,870,676	1,077,096	3,849,311
ARRA	2,675,409	2,030,343	645,066	63,479,613
Race to the top	10,027,144	3,063,325	6,963,819	803,292
Education jobs fund	28,260,750	28,218,053	42,697	386,946
Other federal	5,470,304	4,156,556	1,313,748	2,635,588
Total revenues	130,692,300	97,282,004	33,410,296	115,108,617
EXPENDITURES:				
Regular instructional services				
Regular curricular		17,174,094		1,895,278
CTE curricular		1,213,950		1,221,266
	19,504,487	18,388,044	1,116,443	3,116,544
Special populations services				
Children with disabilities curricular		21,845,779		20,771,083
Children with disabilities CTE curricular		9,144		9,838
Pre-K children with disabilities curricular		2,743,089		2,537,136
Speech and language pathology		4,181,334		5,627,021
Audiology		-		78,893
Gifted and talented		5,007		-
Limited english proficiency		1,047,875		848,683
	37,545,930	29,832,228	7,713,702	29,872,654
Alternative programs and services				
Attendance and social work		136,433		99,386
Remedial and supplemental K-12		20,201,908		24,691,406
Pre-K readiness/remedial and supplemental		3,312,495		4,014,609
Extended day/year instructional		5,148,848		5,042,583
	32,097,569	28,799,684	3,297,885	33,847,984
School leadership	6,984,338	6,976,703	7,635	9,753,382
School-based support services				
Educational media		248,470		1,275,099
Student accounting		4,278		6,814,501
Guidance		2,071,158		922,820
Health		-		77
Instructional technology		84,119		348,637
Staff development unallocated		3,267,452		1,003,766
Parent involvement		313,396		428,980
	7,412,410	5,988,873	1,423,537	10,793,880

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)
 (Continued)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ -	\$ 2,266,288	\$ -	\$ 2,262,959
CTE curricular support and development		3,587		-
	<u>2,472,250</u>	<u>2,269,875</u>	<u>202,375</u>	<u>2,262,959</u>
Special population support and development services	<u>537,202</u>	<u>251,711</u>	<u>285,491</u>	<u>276,773</u>
Alternative programs and services support and development services	<u>1,781,951</u>	<u>1,643,008</u>	<u>138,943</u>	<u>940,309</u>
Operational support services				
Custodial/housekeeping		11,915		17,987,250
Transportation		1,790,767		2,801,579
	<u>2,488,358</u>	<u>1,802,682</u>	<u>685,676</u>	<u>20,788,829</u>
Financial and human resource services				
Human resource	<u>337,823</u>	<u>325,683</u>	<u>12,140</u>	<u>310,850</u>
Accountability services				
Planning, research development and program evaluation	<u>73,017</u>	<u>35,386</u>	<u>37,631</u>	<u>-</u>
Systemwide pupil support services				
Instructional technology	<u>2,461</u>	<u>2,461</u>	<u>-</u>	<u>8,279</u>
Ancillary services				
Nutrition services	<u>40,226</u>	<u>23,353</u>	<u>16,873</u>	<u>21,254</u>
Nonprogram charges:				
Indirect cost	<u>19,414,278</u>	<u>942,313</u>	<u>18,471,965</u>	<u>3,114,920</u>
Total expenditures	<u>130,692,300</u>	<u>97,282,004</u>	<u>33,410,296</u>	<u>115,108,617</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 BALANCES - BUDGET AND ACTUAL
DIRECT GRANTS FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 329,657	\$ 201,970	\$ 127,687	\$ 49,654
Federal:				
Transition to teaching	736,465	325,393	411,072	450,603
Teacher incentive fund	1,097,552	318,466	779,086	116,085
Magnet school assistance	469,292	315,367	153,925	1,341,880
Other federal	78,411	80,656	(2,245)	290,388
Total	2,381,720	\$ 1,039,882	1,341,838	2,198,956
Other:				
Parents as teachers	397,829	394,834	2,995	402,924
NC Pre-K	538,624	285,239	253,385	175,235
Other	700,016	465,908	234,108	739,115
Total	1,636,469	1,145,981	490,488	1,317,274
Total Revenues	4,347,846	2,387,833	1,960,013	3,565,884
EXPENDITURES:				
Regular instructional services				
Regular curricular		477,603		1,046,458
CTE curricular		39,561		-
	1,354,377	517,164	837,213	1,046,458
Special populations services				
Children with disabilities curricular				558
Children with disabilities CTE curricular				26
Pre-K children with disabilities curricular		494		18,723
	503	494	9	19,307
Alternative programs and services				
Alternative instruction		98		-
Remedial and supplemental K-12		8,184		14,442
Pre-K readiness/remedial and supplemental		683,645		677,894
Extended day/year instructional		198,496		125,120
	1,238,114	890,423	347,691	817,456
School leadership	3,577	2,139	1,438	35,876
Co-Curricular services	41,553	11,716	29,837	8,993
School-based support services				
Educational media		9,992		19,788
Guidance		-		234,586
Instructional technology		5,538		33,162
Staff development unallocated		17,858		23,166
Parent involvement		5,204		3,449
	129,943	38,592	91,351	314,151

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DIRECT GRANTS FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)
(Continued)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ -	\$ 409,459	\$ -	\$ 647,986
CTE curricular support and development		-		569
	<u>723,089</u>	<u>409,459</u>	<u>313,630</u>	<u>648,555</u>
Special population support and development services	<u>7</u>	<u>-</u>	<u>7</u>	<u>22</u>
Alternative programs and services support and development services	<u>145,877</u>	<u>143,636</u>	<u>2,241</u>	<u>142,724</u>
Technology support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,630</u>
Operational support services				
Custodial/housekeeping		409		-
Transportation		40,671		98
	<u>57,135</u>	<u>41,080</u>	<u>16,055</u>	<u>98</u>
Financial and human resource services				
Human resource	<u>307,375</u>	<u>117,231</u>	<u>190,144</u>	<u>217,700</u>
Accountability services				
Planning, research development and program evaluation	<u>84,670</u>	<u>26,500</u>	<u>58,170</u>	<u>7,950</u>
Systemwide pupil support services				
Guidance support	<u>5,209</u>	<u>2,561</u>	<u>2,648</u>	<u>2,666</u>
Policy, leadership and public relations services				
Public relations and marketing	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Ancillary services				
Community services		169,964		173,992
Nutrition services		-		729
	<u>183,365</u>	<u>169,964</u>	<u>13,401</u>	<u>174,721</u>
Nonprogram charges:				
Indirect cost	<u>71,052</u>	<u>14,874</u>	<u>56,178</u>	<u>85,577</u>
Total expenditures	<u>4,347,846</u>	<u>2,387,833</u>	<u>1,960,013</u>	<u>3,565,884</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 AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 2,651,594	\$ 2,651,594	\$ -	\$ 1,443,345
Capital improvements fund	209,765,457	59,004,411	(150,761,046)	65,399,506
2010B RZEBD bonds	17,115,067	17,115,067	-	20,241,206
2010 QSCB bonds	20,397,098	20,397,098	-	10,739,178
	<u>249,929,216</u>	<u>99,168,170</u>	<u>(150,761,046)</u>	<u>97,823,235</u>
State				
LEA financed purchase of school buses	3,617,971	3,617,971	-	7,866,703
	<u>3,617,971</u>	<u>3,617,971</u>	<u>-</u>	<u>7,866,703</u>
Other:				
Sale of school property	150,000	190,190	40,190	118,475
Interest	12,000	6,930	(5,070)	5,499
Other local	968,335	1,572,907	604,572	1,169,297
	<u>1,130,335</u>	<u>1,770,027</u>	<u>639,692</u>	<u>1,293,271</u>
Total revenues	<u>254,677,522</u>	<u>104,556,168</u>	<u>(150,121,354)</u>	<u>106,983,209</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	11,698,760	2,657,662	9,041,098	11,422,014
Buildings:				
General contracts		3,881,586		3,170,380
Heating contracts		9,821,281		7,854,943
Architect fees		2,581,393		3,673,592
Equipment contracts		13,070,867		10,911,652
Miscellaneous contracts		66,224,244		60,262,376
	<u>236,107,946</u>	<u>95,579,371</u>	<u>140,528,575</u>	<u>85,872,943</u>
Other:				
Library books	2,200,253	690,134	1,510,119	1,247,144
	<u>250,006,959</u>	<u>98,927,167</u>	<u>151,079,792</u>	<u>98,542,101</u>

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WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012
 (Continued)
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 17,934	\$ -	\$ 70,274
Administrative		849,099		337,862
	<u>873,699</u>	<u>867,033</u>	<u>6,666</u>	<u>408,136</u>
Vehicles:				
Administration		241,982		164,008
Transportation		359,954		174,472
	<u>1,394,797</u>	<u>601,936</u>	<u>792,861</u>	<u>338,480</u>
Debt service:				
Principal	<u>3,617,971</u>	<u>3,617,971</u>	<u>-</u>	<u>7,866,703</u>
Total expenditures	<u>255,893,426</u>	<u>104,014,107</u>	<u>151,879,319</u>	<u>107,155,420</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,215,904)</u>	<u>542,061</u>	<u>(1,757,965)</u>	<u>(172,211)</u>
OTHER FINANCING SOURCES:				
Appropriated fund balance	<u>1,215,904</u>	<u>-</u>	<u>1,215,904</u>	<u>-</u>
Total other financing sources	<u>1,215,904</u>	<u>-</u>	<u>1,215,904</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 542,061</u>	<u>\$ (542,061)</u>	<u>\$ (172,211)</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ENTERPRISE FUND - CHILD NUTRITION PROGRAM
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
Federal:				
Regular USDA grants	\$ 25,594,703	\$ 26,987,296	\$ 1,392,593	\$ 24,439,099
USDA Grants - Fresh fruit & vegetable program	-	-	-	45,445
USDA Grants - Summer feeding program	278,097	421,047	142,950	328,636
	<u>25,872,800</u>	<u>27,408,343</u>	<u>1,535,543</u>	<u>24,813,180</u>
Other:				
Food sales	22,735,669	20,920,103	(1,815,566)	21,206,179
Interest	161,004	120,149	(40,855)	131,110
NCDPI kindergarten breakfast	19,516	-	(19,516)	19,266
Healthier US school challenge	-	59,500	59,500	-
Donation of equipment	-	-	-	67,186
	<u>22,916,189</u>	<u>21,099,752</u>	<u>(1,816,437)</u>	<u>21,423,741</u>
Total revenues	<u>48,788,989</u>	<u>48,508,095</u>	<u>(280,894)</u>	<u>46,236,921</u>
EXPENDITURES:				
Business supporting services:				
Salaries		14,233,623		14,545,943
Food		18,178,501		15,977,831
Supplies		1,510,134		1,470,130
Purchased services		1,557,893		1,346,749
Indirect costs paid		2,051,579		2,283,983
Equipment purchases		140,358		123,356
	<u>41,462,976</u>	<u>37,672,088</u>	<u>3,790,888</u>	<u>35,747,992</u>
Other supporting services:				
Employee benefits	<u>7,376,987</u>	<u>6,365,435</u>	<u>1,011,552</u>	<u>6,054,748</u>
Total expenditures	<u>48,839,963</u>	<u>44,037,523</u>	<u>4,802,440</u>	<u>41,802,740</u>
Excess(deficiency) of revenues over expenditures	<u>(50,974)</u>	<u>4,470,572</u>	<u>4,521,546</u>	<u>4,434,181</u>
OTHER FINANCING SOURCES:				
Operating transfer in	<u>50,974</u>	<u>50,974</u>	<u>-</u>	<u>49,858</u>
Excess of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>4,521,546</u>	<u>\$ 4,521,546</u>	<u>4,484,039</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		140,358		123,356
Depreciation		(1,061,137)		(1,087,745)
Gain (Loss) on sale of capital assets		(71,376)		18,241
Change in net assets		<u>\$ 3,529,391</u>		<u>\$ 3,537,891</u>

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

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ENTERPRISE FUND - TUITION PROGRAMS
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actual
REVENUES:				
Other:				
Participant fees	17,700,935	10,676,628	7,024,307	10,014,453
Interest	-	60,904	(60,904)	85,844
Total revenues	<u>17,700,935</u>	<u>10,737,532</u>	<u>6,963,403</u>	<u>10,100,297</u>
EXPENDITURES:				
Business supporting services:				
Salaries		4,308,949		4,072,896
Supplies		2,474,202		2,359,981
Purchased services		1,931,872		1,424,265
Indirect costs paid		880,214		916,632
Equipment purchases		39,989		126,866
	16,532,729	9,635,226	6,897,503	8,900,640
Other supporting services:				
Employee benefits	1,168,206	950,845	217,361	805,667
Total expenditures	<u>17,700,935</u>	<u>10,586,071</u>	<u>7,114,864</u>	<u>9,706,307</u>
Excess of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	151,461	<u>\$ (151,461)</u>	393,990
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		39,989		126,866
Depreciation		(49,025)		(41,895)
Loss on sale of capital assets		(604)		(4,216)
Change in net assets		<u>\$ 141,821</u>		<u>\$ 474,745</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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011)

	2012		Variance- Positive (Negative)	2011
	Budget	Actual		Actuals
REVENUES:				
Other Local:				
Medicaid	\$ 6,181,235	\$ 2,563,360	\$ (3,617,875)	\$ 1,263,375
Indirect cost	4,000,000	3,888,981	(111,019)	6,401,112
E-Rate	1,935,779	1,935,779	-	1,836,614
Interest	14,000	23,937	9,937	29,873
Total revenues	<u>12,131,014</u>	<u>8,412,057</u>	<u>(3,718,957)</u>	<u>9,530,974</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular	35,613	30,668	4,945	-
Special populations services				
Children with disabilities curricular		990,411		297,536
Children with disabilities CTE curricular		188,318		195,522
Pre-K children with disabilities curricular		9,268		9,326
Speech and language pathology		62,867		-
Audiology services		75		-
	<u>2,246,203</u>	<u>1,250,939</u>	<u>995,264</u>	<u>502,384</u>
Alternative programs and services				
Alternative instructional K-13	479,857	479,832	25	55,536
School-based support services				
Guidance		5,000		-
Health		371		146
	<u>17,000</u>	<u>5,371</u>	<u>11,629</u>	<u>146</u>
Support and development services				
Regular curricular support and development	757,432	757,432	-	667,091
Technology support services	107,540	107,540	-	285,748
Operational support services				
Communication		1,828,239		1,543,124
Public utility and energy		3,912,918		6,438,726
	<u>5,842,239</u>	<u>5,741,157</u>	<u>101,082</u>	<u>7,981,850</u>
Systemwide pupil support services				
Health support	39,162	39,118	44	38,219
Nonprogram charges				
Other	2,605,968	-	2,605,968	-
Total expenditures	<u>12,131,014</u>	<u>8,412,057</u>	<u>3,718,957</u>	<u>9,530,974</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, 2012

	Fund Balance June 30, 2011	Revenues	Expenditures	Fund Balance June 30, 2012
HIGH SCHOOLS:				
Apex	\$ 427,196	\$ 467,119	\$ 482,459	\$ 411,856
Athens	127,640	331,469	337,052	122,057
Broughton	312,495	318,290	286,431	344,354
Cary	83,711	347,795	365,072	66,434
East Wake (includes 4 schools)	76,581	182,870	178,125	81,326
Enloe	368,159	491,185	539,737	319,607
Fuquay-Varina	218,344	272,790	264,511	226,623
Garner	70,968	387,069	360,095	97,942
Green Hope	250,794	418,109	430,582	238,321
Heritage	19,025	165,519	154,579	29,965
Holly Springs	128,777	315,239	313,142	130,874
Knightdale	103,592	161,773	166,917	98,448
Leesville Road	165,583	445,611	430,047	181,147
Middle Creek	258,656	326,069	324,892	259,833
Millbrook	210,815	485,185	501,178	194,822
Panther Creek	122,036	354,963	330,270	146,729
Sanderson	150,321	303,949	289,782	164,488
Southeast Raleigh	130,465	218,394	234,539	114,320
Wake NCSU STEM Early College	-	791	399	392
Wake Early College	14,131	14,646	9,079	19,698
Wake Forest-Rolesville	167,980	335,531	350,919	152,592
Wakefield	265,867	391,267	441,869	215,265
	<u>3,673,136</u>	<u>6,735,633</u>	<u>6,791,676</u>	<u>3,617,093</u>
MIDDLE SCHOOLS:				
Apex	128,066	122,405	116,392	134,079
Carnage	45,218	145,716	147,058	43,876
Carroll	43,036	39,622	55,603	27,055
Centennial	47,592	54,605	55,766	46,431
Daniels	42,314	133,534	166,675	9,173
Davis Drive	31,177	102,524	102,926	30,775
Dillard Drive	33,561	46,460	63,391	16,630
Durant Road	37,402	93,575	89,347	41,630
East Cary	19,783	37,749	43,706	13,826
East Garner	101,201	94,458	75,780	119,879
East Millbrook	37,480	112,044	121,193	28,331
East Wake	14,200	51,693	43,093	22,800
Fuquay-Varina	47,115	75,542	75,719	46,938
Heritage	80,183	153,252	188,411	45,024
Holly Ridge	111,107	55,285	69,121	97,271
Holly Grove	13,332	54,836	29,072	39,096
Leesville Road	145,823	110,652	93,148	163,327
Ligon	56,348	160,897	152,451	64,794
Lufkin Road	27,294	58,368	60,864	24,798
Martin	72,144	58,133	55,352	74,925
Mills Park	17,699	163,169	143,671	37,197

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WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2012
(Continued)

	Fund Balance June 30, 2011	Revenues	Expenditures	Fund Balance June 30, 2012
Moore Square	\$ 20,465	\$ 41,050	\$ 37,321	\$ 24,194
North Garner	42,976	45,074	46,854	41,196
Reedy Creek	46,203	45,301	56,185	35,319
Salem	43,438	156,295	144,732	55,001
Wake Forest-Rolesville	66,126	65,687	88,401	43,412
Wakefield	79,808	78,938	65,728	93,018
Wendell	25,092	27,624	34,008	18,708
West Cary	34,583	27,274	37,628	24,229
West Lake	93,670	114,247	102,206	105,711
West Millbrook	61,301	42,537	60,941	42,897
Zebulon	55,214	59,799	87,271	27,742
	<u>1,720,951</u>	<u>2,628,345</u>	<u>2,710,014</u>	<u>1,639,282</u>

ELEMENTARY SCHOOLS:

Adams	20,737	43,699	46,213	18,223
Akins	10,781	39,604	31,212	19,173
Alston Ridge	6,642	39,312	30,963	14,991
Apex	39,867	45,031	45,190	39,708
Aversboro	9,941	30,391	27,894	12,438
Baileywick	28,832	23,672	29,975	22,529
Ballentine	69,147	14,961	38,283	45,825
Banks	9,837	31,035	24,613	16,259
Barwell Road	10,884	17,155	21,350	6,689
Baucom	50,793	75,406	78,195	48,004
Brassfield	29,287	53,409	57,547	25,149
Brentwood	15,703	24,422	18,424	21,701
Briarcliff	33,224	37,202	34,339	36,087
Brier Creek	6,087	143,092	127,105	22,074
Brooks	25,335	27,499	23,682	29,152
Bugg	12,289	62,137	59,652	14,774
Carpenter	41,149	34,152	36,924	38,377
Carver	36,498	27,234	42,695	21,037
Cary	32,218	34,359	36,304	30,273
Cedar Fork	23,393	31,193	34,817	19,769
Combs	13,003	110,703	109,422	14,284
Conn	12,890	32,444	35,246	10,088
Creech Road	20,898	13,552	13,856	20,594
Davis Drive	33,726	66,873	53,078	47,521
Dillard Drive	34,977	17,571	21,337	31,211
Douglas	19,174	90,100	63,901	45,373
Douglas Discretionary Funds	8,499	1,478	611	9,366
Durant Road	14,791	33,535	33,661	14,665
East Garner	9,551	12,714	13,541	8,724
Farmington Woods	17,868	41,737	37,777	21,828
Forest Pines	6,534	24,739	18,511	12,762

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, 2012
(Continued)

	Fund Balance June 30, 2011	Revenues	Expenditures	Fund Balance June 30, 2012
Forestville	\$ 14,129	\$ 23,682	\$ 25,118	\$ 12,693
Fox Road	23,261	26,901	26,244	23,918
Fuller	36,603	25,566	28,614	33,555
Fuquay-Varina	21,485	41,936	34,268	29,153
Green	13,012	22,166	17,549	17,629
Green Hope	38,420	64,582	63,043	39,959
Harris Creek	29,584	52,287	55,135	26,736
Heritage	22,912	34,413	28,427	28,898
Highcroft	15,487	79,120	79,375	15,232
Hodge Road	11,437	43,204	47,194	7,447
Holly Grove	13,903	54,967	46,495	22,375
Holly Ridge	63,049	52,068	56,993	58,124
Holly Springs	13,742	46,979	38,775	21,946
Hunter	42,107	17,727	27,865	31,969
Jeffreys Grove	14,540	35,568	29,448	20,660
Jones Dairy	11,434	43,465	41,249	13,650
Joyner	10,461	92,350	89,484	13,327
Kingswood	13,172	29,274	32,807	9,639
Knightdale	23,512	18,619	14,447	27,684
Lacy	13,343	118,437	109,775	22,005
Lake Myra	6,459	19,618	14,953	11,124
Laurel Park	32,106	60,794	65,157	27,743
Lead Mine	17,033	32,674	28,712	20,995
Leesville Road	49,336	54,910	53,981	50,265
Lincoln Heights	20,457	18,957	25,509	13,905
Lockhart	48,911	17,677	26,908	39,680
Lynn Road	17,998	20,465	24,185	14,278
Middle Creek	37,988	27,602	35,343	30,247
Millbrook	11,376	38,150	35,618	13,908
Mills Park	28,879	79,862	80,470	28,271
Morrisville	29,756	47,074	46,591	30,239
North Forest Pines	22,101	59,026	49,061	32,066
North Ridge	22,452	67,288	69,606	20,134
Northwoods	23,240	28,647	26,576	25,311
Oak Grove	37,802	62,859	50,434	50,227
Olds	21,708	26,539	30,727	17,520
Olive Chapel	114,412	89,068	85,606	117,874
Partnership Primary	12,551	24,144	19,432	17,263
Penny Road	22,240	57,114	42,508	36,846
Pleasant Union	44,242	85,585	80,804	49,023
Poe	12,168	10,790	14,246	8,712
Powell	8,791	6,968	9,526	6,233
Rand Road	50,866	51,984	55,769	47,081
Reedy Creek	30,437	60,511	48,183	42,765
River Bend	16,313	17,883	11,858	22,338
Rolesville	52,637	53,094	60,739	44,992

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, 2012
(Continued)

	Fund Balance June 30, 2011	Revenues	Expenditures	Fund Balance June 30, 2012
Root	\$ 20,591	\$ 129,919	\$ 71,719	\$ 78,791
Salem	74,140	47,083	32,824	88,399
Sanford Creek	16,569	53,350	43,688	26,231
Smith	9,207	16,273	13,760	11,720
Stough	7,741	29,371	26,896	10,216
Swift Creek	18,343	35,080	36,553	16,870
Sycamore Creek	9,320	49,109	38,663	19,766
Timber Drive	44,399	32,608	37,045	39,962
Turner Creek	26,507	54,746	62,175	19,078
Underwood	8,820	28,627	30,567	6,880
Vance	14,650	26,202	23,478	17,374
Vandora Springs	64,676	29,986	28,447	66,215
Wake Forest	54,918	28,778	42,077	41,619
Wakefield	16,972	42,970	52,917	7,025
Wakelon	17,961	15,523	22,706	10,778
Walnut Creek	-	34,443	32,528	1,915
Washington	53,669	54,038	53,508	54,199
Weatherstone	48,803	24,570	34,593	38,780
Wendell	9,978	31,722	33,869	7,831
West Lake	69,046	56,991	70,256	55,781
Wilburn	24,059	18,375	19,859	22,575
Wildwood Forest	6,338	40,975	45,471	1,842
Wiley	56,934	19,035	31,844	44,125
Willow Springs	28,507	44,734	47,383	25,858
Yates Mill	20,652	22,479	30,130	13,001
York	13,278	27,343	28,962	11,659
Zebulon	8,896	16,992	14,420	11,468
	<u>2,687,381</u>	<u>4,334,327</u>	<u>4,237,463</u>	<u>2,784,245</u>
OTHER:				
Hilburn	7,021	33,105	35,609	4,517
Longview School	16,731	1,418	12,172	5,977
Mt. Vernon	2,157	3,995	1,807	4,345
Phillips High School	1,119	7,423	7,035	1,507
River Oaks	2,273	433	280	2,426
	<u>29,301</u>	<u>46,374</u>	<u>56,903</u>	<u>18,772</u>
TOTAL	<u>\$ 8,110,769</u>	<u>\$ 13,744,679</u>	<u>\$ 13,796,056</u>	<u>\$ 8,059,392</u>



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			
	2012	2011	2010	2009
Governmental activities:				
Invested in capital assets, net of related debt	\$ 2,638,196,366	\$ 2,581,406,320	\$ 2,516,805,009	\$ 2,432,805,178
Restricted	14,427,305	13,198,738	8,406,773	8,295,329
Unrestricted	16,786,497	(3,058,002)	(13,718,304)	(27,277,985)
Total net assets	2,669,410,168	2,591,547,056	2,511,493,478	2,413,822,522
Business-type activities				
Invested in capital assets, net of related debt	8,243,904	9,263,646	10,080,094	7,570,688
Unrestricted	30,806,811	26,115,857	21,286,773	18,203,349
Total net assets	39,050,715	35,379,503	31,366,867	25,774,037
Government-wide				
Invested in capital assets, net of related debt	2,646,440,270	2,590,669,966	2,526,885,103	2,440,375,866
Restricted	14,427,305	13,198,738	8,406,773	8,295,329
Unrestricted	47,593,308	23,057,855	7,568,469	(9,074,636)
Total net assets	\$ 2,708,460,883	\$ 2,626,926,559	\$ 2,542,860,345	\$ 2,439,596,559

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 2,163,062,885	\$ 1,906,571,596	\$ 1,707,105,617	\$ 1,511,403,239	\$ 1,403,289,473	\$ 1,280,865,426
8,523,252	8,203,443	8,185,487	-	-	-
(14,537,635)	(8,636,100)	5,878,530	8,347,146	17,026,939	15,132,611
<u>2,157,048,502</u>	<u>1,906,138,939</u>	<u>1,721,169,634</u>	<u>1,519,750,385</u>	<u>1,420,316,412</u>	<u>1,295,998,037</u>
6,895,575	6,601,516	2,287,185	2,219,436	2,483,893	2,393,879
<u>17,461,850</u>	<u>18,075,710</u>	<u>16,625,152</u>	<u>15,902,370</u>	<u>13,222,825</u>	<u>11,408,713</u>
<u>24,357,425</u>	<u>24,677,226</u>	<u>18,912,337</u>	<u>18,121,806</u>	<u>15,706,718</u>	<u>13,802,592</u>
2,169,958,460	1,913,173,112	1,709,392,802	1,513,622,675	1,405,773,366	1,283,259,305
8,523,252	8,203,443	8,185,487	-	-	-
<u>2,924,215</u>	<u>9,439,610</u>	<u>22,503,682</u>	<u>24,249,516</u>	<u>30,249,764</u>	<u>26,541,324</u>
<u>\$ 2,181,405,927</u>	<u>\$ 1,930,816,165</u>	<u>\$ 1,740,081,971</u>	<u>\$ 1,537,872,191</u>	<u>\$ 1,436,023,130</u>	<u>\$ 1,309,800,629</u>

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

	Fiscal Year			
	2012	2011	2010	2009
Expenses				
Governmental activities:				
Instructional programs				
Regular	\$ 519,493,395	\$ 504,048,718	\$ 488,546,948	\$ 520,736,969
Special populations	169,258,921	172,013,848	165,788,455	162,672,147
Alternative programs and services	64,474,589	66,020,928	58,426,846	56,432,546
School leadership	66,186,552	65,743,983	62,680,216	64,582,811
Co-curricular	20,697,012	20,795,975	18,982,397	19,741,681
School-based support services	61,734,726	62,943,658	64,506,361	66,411,122
Systemwide support services				
Support and development	9,914,905	9,936,030	10,612,453	11,519,131
Special populations support and development	4,115,631	3,938,268	5,287,193	5,497,400
Alternative programs and services support and development	3,138,741	2,487,540	1,533,361	1,921,084
Technology support	22,221,921	16,729,489	16,624,585	28,033,386
Operational support	144,351,091	152,934,837	151,786,145	148,788,642
Financial and human resource	16,134,413	15,495,361	15,472,245	16,726,131
Accountability	3,305,901	2,326,694	2,255,479	2,508,241
Systemwide pupil support	4,733,648	4,760,279	4,205,184	4,517,008
Policy, leadership and public relations	7,026,646	6,909,359	7,915,174	8,287,942
Ancillary Services	245,029	171,092	418,998	344,305
Instruction	-	-	-	-
Support services	-	-	-	-
Nonprogram charges	9,081,210	8,432,140	10,169,808	11,185,748
Interest on long-term debt	-	-	-	-
Depreciation-unallocated	43,016,402	36,919,821	32,449,321	31,830,062
Total governmental activities expenses	<u>1,169,130,733</u>	<u>1,152,608,020</u>	<u>1,117,661,169</u>	<u>1,161,736,356</u>
Business-type activities:				
Food service	47,476,596	45,662,100	45,061,386	46,467,797
Tuition programs	10,595,711	9,621,336	8,212,561	8,534,329
Print shop	-	-	-	-
Total business-type activities	<u>58,072,307</u>	<u>55,283,436</u>	<u>53,273,947</u>	<u>55,002,126</u>
Total school district expenses	<u>1,227,203,040</u>	<u>1,207,891,456</u>	<u>1,170,935,116</u>	<u>1,216,738,482</u>
Program revenues				
Governmental activities:				
Charges for services-regular instructional	1,135,858	1,133,966	1,107,459	1,106,269
Charges for services-operational support	-	-	-	-
Charges for services-ancillary services	34,001	27,719	34,609	35,352
Charges for services-central	-	-	-	-
Charges for services-community	-	-	-	-
Operating grants and contributions	823,164,394	803,822,002	772,481,123	793,580,424
Capital grants and contributions	621,850	786,581	2,146,595	2,616,770
Total governmental activities program revenues	<u>824,956,103</u>	<u>805,770,268</u>	<u>775,769,786</u>	<u>797,338,815</u>
Business-type activities:				
Charges for services-food services	20,920,103	21,206,179	21,716,235	23,417,878
Charges for services-tuition programs	10,676,628	10,014,453	8,881,458	9,001,762
Operating grants and contributions	29,914,761	27,741,442	24,726,305	22,099,991
Total business-type activities program revenues	<u>61,511,492</u>	<u>58,962,074</u>	<u>55,323,998</u>	<u>54,519,631</u>
Total school district program revenues	<u>886,467,595</u>	<u>864,732,342</u>	<u>831,093,784</u>	<u>851,858,446</u>
Net (expense)/revenue				
Governmental activities	(344,174,630)	(346,837,752)	(341,891,383)	(364,397,541)
Business-type activities	3,439,185	3,678,638	2,050,051	(482,495)
Total school district net expense	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</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

	2008	2007	2006	2005	2004	2003
\$	499,787,125	\$ -	\$ -	\$ -	\$ -	\$ -
	154,036,707	-	-	-	-	-
	51,795,462	-	-	-	-	-
	60,295,993	-	-	-	-	-
	19,897,732	-	-	-	-	-
	66,510,312	-	-	-	-	-
	10,788,721	-	-	-	-	-
	6,095,269	-	-	-	-	-
	2,001,281	-	-	-	-	-
	26,328,759	-	-	-	-	-
	148,183,392	-	-	-	-	-
	16,757,435	-	-	-	-	-
	2,147,180	-	-	-	-	-
	3,844,828	-	-	-	-	-
	8,550,793	-	-	-	-	-
	253,544	-	-	-	-	-
	-	709,746,607	626,497,392	581,298,217	526,728,536	499,686,781
	-	269,002,952	259,029,601	236,913,262	222,483,556	213,078,903
	9,742,580	9,497,563	9,017,665	7,747,097	7,077,757	5,649,370
	-	780	487,882	1,230,508	1,334,307	1,455,731
	30,404,042	26,695,661	24,952,001	24,032,883	23,960,590	21,167,432
	<u>1,117,421,155</u>	<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>
	45,846,155	40,130,227	36,208,155	32,275,494	30,472,447	28,662,693
	7,897,470	7,776,611	8,583,453	6,683,746	6,669,789	5,148,918
	-	-	-	1,725	636,617	590,661
	<u>53,743,625</u>	<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>1,171,164,780</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>
	805,693	109,324	143,028	145,006	84,948	43,631
	47,410	-	-	-	-	-
	-	-	-	-	-	-
	-	-	90,131	74,832	323,131	67,284
	-	801,148	861,470	709,254	693,578	669,970
	756,603,642	688,176,379	616,013,072	560,329,447	515,294,495	486,341,647
	7,387,758	3,440,673	10,502,567	62,587	436,798	67,685
	<u>764,844,503</u>	<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>
	22,800,190	22,738,873	28,879,946	26,898,296	25,834,374	24,866,619
	9,063,099	8,087,758	-	-	-	-
	19,628,148	17,396,233	16,066,026	14,007,917	12,679,641	10,714,253
	51,491,437	48,222,864	44,945,972	40,906,213	38,514,015	35,580,872
	816,335,940	740,750,388	672,556,240	602,227,339	555,346,965	522,771,089
	(352,576,652)	(322,416,039)	(292,374,273)	(289,900,841)	(264,751,796)	(253,848,000)
	(2,252,188)	316,026	154,364	1,945,248	735,162	1,178,600
\$	<u>(354,828,840)</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

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

	Fiscal Year			
	2012	2011	2010	2009
Net (expense)/revenue				
Governmental activities	\$ (344,174,630)	\$ (346,837,752)	\$ (341,891,383)	\$ (364,397,541)
Business-type activities	3,439,185	3,678,638	2,050,051	(482,495)
Total school district net expense	<u>(340,735,445)</u>	<u>(343,159,114)</u>	<u>(339,841,332)</u>	<u>(364,880,036)</u>
General revenues and other changes in Net Assets				
Governmental activities:				
Unrestricted county appropriations- operating	311,759,998	312,059,879	311,373,607	308,550,944
Unrestricted county appropriations - capital	99,168,170	97,823,234	119,613,110	291,438,862
Unrestricted state appropriation - capital	-	-	-	8,828,382
Investment earnings, unrestricted	628,155	733,422	838,609	2,224,118
Miscellaneous, unrestricted	10,532,393	16,391,839	10,996,171	11,475,315
Transfer	(50,974)	(117,044)	(3,259,191)	(1,346,027)
Total governmental activities	<u>422,037,742</u>	<u>426,891,330</u>	<u>439,562,306</u>	<u>621,171,594</u>
Business-type activities:				
Investment earnings, unrestricted	181,053	216,954	283,588	553,080
Loss on sale of capital assets	-	-	-	-
Transfer	50,974	117,044	3,259,191	1,346,027
Total business-type activities	<u>232,027</u>	<u>333,998</u>	<u>3,542,779</u>	<u>1,899,107</u>
Total school district	<u>422,269,769</u>	<u>427,225,328</u>	<u>443,105,085</u>	<u>623,070,701</u>
Change in net assets				
Governmental activities	77,863,112	80,053,578	97,670,923	256,774,053
Business-type activities	3,671,212	4,012,636	5,592,830	1,416,612
Total school district	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ (352,576,652)	\$ (322,416,039)	\$ (292,374,273)	\$ (289,900,841)	\$ (264,751,796)	\$ (253,848,000)
(2,252,188)	316,026	154,364	1,945,248	735,162	1,178,600
<u>(354,828,840)</u>	<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>
296,964,799	274,229,013	251,247,744	233,570,793	223,700,000	202,999,990
280,960,672	227,836,179	227,358,357	142,056,287	153,394,820	167,596,189
14,853,397	-	-	1,368,603	4,338,486	5,244,967
3,686,700	3,724,919	2,528,306	1,843,816	1,906,244	2,470,238
8,034,792	6,161,693	10,831,136	10,571,156	6,551,451	7,115,900
(1,014,145)	(4,566,460)	(75,762)	(75,841)	(820,830)	(67,423)
<u>603,486,215</u>	<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>
918,242	951,692	560,405	393,999	348,134	348,014
-	(69,289)	-	-	-	-
1,014,145	4,566,460	75,762	75,841	820,830	67,423
<u>1,932,387</u>	<u>5,448,863</u>	<u>636,167</u>	<u>469,840</u>	<u>1,168,964</u>	<u>415,437</u>
<u>605,418,602</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>
250,909,563	184,969,305	199,515,508	99,433,973	124,318,375	131,511,861
(319,801)	5,764,889	790,531	2,415,088	1,904,126	1,594,037
<u>\$ 250,589,762</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2011	2010	2009
General fund				
Nonspendable				
Inventories	\$ 3,000,164	\$ 3,503,879	\$ 3,470,497	\$ 3,119,442
Prepaid	11,591,489	-	-	-
Restricted				
Stabilization by state statute	4,399,049	3,661,166	2,876,748	2,058,865
Assigned				
Special projects	3,819,829	366,342	990,699	701,625
Insurance	7,569,663	6,739,799	5,693,602	5,147,789
Flexible benefit plan	1,174,388	1,094,173	1,104,260	966,779
Subsequent year expenditures	28,385,581	16,203,025	6,062,845	8,665,600
Unassigned	32,089,863	33,875,157	25,909,770	12,125,691
Total general fund	<u>\$ 92,030,026</u>	<u>\$ 65,443,541</u>	<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>
All other governmental funds				
Restricted				
Stabilization by State Statute	\$ 439,360	\$ 503,603	\$ 222,184	\$ 21,024
Capital expenditures	1,273,248	685,615	1,004,297	182,271
Individual schools	8,059,392	8,110,769	8,406,773	8,295,329
Restricted contributions	60,642	35,513	281,398	808,053
Subsequent years expenditures	195,614	202,072	91,135	367,719
Total all other governmental funds	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>	<u>\$ 10,005,787</u>	<u>\$ 9,674,396</u>

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 3,744,657	\$ 3,835,802	\$ 3,750,899	\$ 3,494,266	\$ 3,961,583	\$ 3,280,983
-	-	-	-	-	-
2,144,620	1,921,782	1,938,410	4,164,002	6,088,964	3,430,435
1,082,014	1,020,096	1,433,931	1,112,659	665,881	8,226,383
4,424,855	4,720,980	4,883,883	4,185,973	3,458,684	-
789,294	567,832	433,413	379,295	297,902	244,811
7,500,000	12,928,333	8,000,000	7,687,401	15,214,081	8,127,366
17,331,201	15,333,685	22,208,771	15,893,117	9,980,752	17,192,374
<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>	<u>\$ 39,667,847</u>	<u>\$ 40,502,352</u>
\$ 111,964	\$ 1,250,790	\$ 5,468,597	\$ 2,009,951	\$ 3,382,870	\$ -
2,688,666	963,123	1,065,858	796,425	4,669,250	5,656,017
8,523,252	8,203,443	8,185,487	7,563,138	7,006,723	6,967,157
2,188,100	986,803	3,504,190	2,678,503	724,971	-
-	-	587,412	2,000,000	-	-
<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>	<u>\$ 15,783,814</u>	<u>\$ 12,623,174</u>

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>
2012	\$ 710,488,290	\$ 314,411,592	\$ 96,516,576	\$ 3,645,125	\$ 98,687,403
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

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 628,154	\$ 26,844,302	\$ 1,251,221,442
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

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
2012	146,848	6,100 \$ 895,801,620	1,434 \$ 210,554,870	2 \$ 299,770	88 \$ 12,919,217	- \$ -	- \$ -
2011	143,299	6,187 886,626,928	1,477 211,607,971	2 280,991	103 14,783,394	- -	- -
2010	139,599	6,134 856,329,738	1,534 214,130,476	3 401,826	112 15,643,117	- -	- -
2009	137,706	6,430 885,457,869	1,669 229,840,575	3 350,864	90 12,428,951	- -	- -
2008	134,002	6,314 846,087,326	1,648 220,789,998	2 253,509	86 11,519,845	- -	- -
2007	128,070	- -	- -	- -	- -	5,511 705,787,033	97 12,374,956
2006	120,379	- -	- -	- -	- -	5,185 624,139,541	95 11,421,250
2005	114,068	- -	- -	- -	- -	5,049 575,904,309	105 11,979,497
2004	108,970	- -	- -	- -	- -	4,851 528,620,374	95 10,376,118
2003	104,373	- -	- -	- -	- -	4,749 495,712,741	79 8,227,984

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
-	25	-	-	7,649	683	8,332
\$ -	\$ 3,617,971	\$ -	\$ -	\$ 1,123,193,448	\$ 100,396,136	\$ 1,223,589,584
-	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

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
2012	\$ 27,631,858	\$ 168,526	\$ (219,500)	\$ -	\$ (50,974)	\$ 27,580,884	0.3221%
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%

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>
2012	\$ 18,542,572	\$ 7,316,280	\$ 18,178,501	\$ 2,518,294	\$ 2,931,793	\$ 8,584,263	\$ 58,071,703
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

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
2012	\$ 20,920,103	33.88%	\$ 10,676,628	17.29%	\$ 27,408,343	44.39%	\$ 2,518,294	4.08%
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

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 50,974	0.08%	\$ 168,573	0.28%	\$ 61,742,915	100%
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

WAKE COUNTY BOARD OF EDUCATION

OUTSTANDING DEBT
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Capital</u> <u>Leases</u>	<u>Installment</u> <u>Purchase</u>	<u>Mortgage</u> <u>Payable</u>	<u>Total</u>	<u>Per</u> <u>Student</u>
2012	\$ -	\$ 3,617,962	\$ -	\$ 3,617,962	\$ 24.64
2011	-	7,235,933	-	7,235,933	50.50
2010	-	1,786,673	-	1,786,673	12.80
2009	15,407	4,309,253	-	4,324,660	31.41
2008	28,792	223,018	-	251,810	1.88
2007	40,420	1,621,818	-	1,662,238	12.98
2006	91,925	305,296	47,856	445,077	3.70
2005	405,994	1,751,749	116,966	2,274,709	19.94
2004	1,595,512	-	184,618	1,780,130	16.34
2003	2,478,701	-	249,268	2,727,969	26.14

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)
2012	\$ 104,028,407,900	\$ 13,698,928,311	\$ 2,828,064,440	\$ 120,555,400,651	\$ 0.534	\$ 0.080	\$ 0.614
2011	103,067,247,714	13,630,432,081	2,837,941,846	119,535,621,641	0.534	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	0.678	0.100	0.778
2008	66,679,502,469	13,556,157,155	2,887,291,656	83,122,951,280	0.634	0.100	0.734
2007	62,996,405,923	12,506,221,915	3,341,976,693	78,844,604,531	0.604	0.100	0.704
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	0.564	0.100	0.664
2003	51,858,523,059	10,521,444,050	4,074,884,981	66,454,852,090	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, 2012.

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
2012	.534	.080	.614	.53	.34	.33	.525	.385	.49	.415
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	.46	.40	.42	-	.52	.56	.53
2003	.564	.100	.664	-	.40	.42	-	.52	.56	.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, 2012.

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	.440	.51	.49	.50
.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

WAKE COUNTY BOARD OF EDUCATION

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

Taxpayer	Fiscal Year 2012			Fiscal Year 2003		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$1,539,985,652	1	1.28 %	\$ -	-	- %
SAS Institute, Inc	498,736,086	2	.41	225,024,120	6	.19
Cisco Systems, Inc.	461,467,059	3	.38	380,256,354	2	0.32
Novartis Vaccines & Diagnostics	337,946,650	4	.28	-	-	-
CVM Holdings LLC	334,450,819	5	.28	170,805,503	8	.14
NC Eastern Municipal Power Agency	292,809,888	6	.24	336,873,909	4	.28
Highwoods Realty LP	264,000,889	7	.22	179,832,599	7	.15
Bellsouth Tel Co	252,247,667	8	.21	355,688,558	3	.30
Weeks Realty LP	248,405,750	9	.21	268,421,970	5	.22
G&I v LP	241,980,608	10	.20	-	-	-
Carolina Power & Light	-	-	-	2,082,486,205	1	1.73
Public Service Co of NC, Inc	-	-	-	143,730,763	9	.12
UDRT of North Carolina LLC	-	-	-	116,333,662	10	.10
	<u>\$4,472,031,068</u>		<u>3.71 %</u>	<u>\$4,259,453,643</u>		<u>3.53 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012.

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
2012	\$ 665,819,212	\$ (2,298,064)	\$ 663,521,148	\$ 657,541,978	99.10%	\$ -	\$ 657,541,978	99.10%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	4,752,255	653,502,313	98.83%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,235,522	648,228,855	99.57%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,035,826	638,684,037	99.74%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	7,864,842	577,509,857	99.74%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,481,536	513,563,381	99.78%
2006	471,423,336	(4,606,253)	466,817,083	460,044,525	98.55%	6,013,266	466,057,791	99.82%
2005	447,296,073	(2,915,368)	444,380,705	438,197,505	98.61%	5,491,180	443,688,685	99.83%
2004	429,108,412	(2,841,221)	426,267,191	420,310,912	98.60%	5,302,956	425,613,868	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%

Notes:

Taxes for the fiscal year ended June 30, 2012 at the collection rate of 99.10% are a composite of the following collections by category:

Vehicle taxes	99.69%
Real and personal property taxes	90.36%

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, 2012.

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
2012	\$ 1,754,870,000	\$ -	\$ 297,295,000	\$ 5,693,721	\$ 817,311	\$ -
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012.

			Business- Type Activities			
Capital Leases	Notes Payable	Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 132,027	\$ -	\$ 2,058,808,059	\$ -	\$ 2,058,808,059	5.48%	\$ 2,149.04
173,449	-	2,143,215,642	-	2,143,215,642	6.00%	2,297.95
157,095	299,767	2,107,633,004	-	2,107,633,004	5.90%	2,339.39
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

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			
2012	\$ 1,754,870,000	\$ -	\$ 65,700,000	\$ 1,689,170,000	1.40%	\$ 1,763.20
2011	1,831,620,000	-	239,070,000	1,592,550,000	1.33%	1,707.53
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012.

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY
AS OF JUNE 30, 2012

Municipality:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Apex	\$ 49,895,000	100%	\$ 49,895,000
Cary	156,770,000	100%	156,770,000
Fuquay-Varina	9,150,000	100%	9,150,000
Garner	13,905,680	100%	13,905,680
Holly Springs	13,736,900	100%	13,736,900
Knightdale	6,094,565	100%	6,094,565
Morrisville	10,725,584	100%	10,725,584
Raleigh	350,725,002	100%	350,725,002
Rolesville	471,500	100%	471,500
Wake Forest	14,765,000	100%	14,765,000
Wendell	950,192	100%	950,192
Zebulon	3,700,000	100%	3,700,000
Overlapping debt	630,889,423		630,889,423
Direct debt	<u>2,058,808,059</u>		<u>2,058,808,059</u>
Total direct and overlapping debt	<u>\$ 2,689,697,482</u>		<u>\$ 2,689,697,482</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY
LAST TEN YEARS

	Fiscal Year			
	2012	2011	2010	2009
Assessed value of property	\$ 120,555,400,651	\$ 119,535,621,641	\$ 119,158,250,199	\$ 116,610,525,500
Debt limit, 8% of assessed value (Statutory Limitation)	9,644,432,052	9,562,849,731	9,532,660,016	9,328,842,040
Amount of debt applicable to limit				
General obligation bonds	1,831,620,000	1,831,620,000	1,794,370,000	1,772,370,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	311,595,642	311,595,642	313,263,004	10,664,659
Bonds Authorized not Issued	65,700,000	239,070,000	391,870,000	514,500,000
Total net debt applicable to limit	2,208,915,642	2,382,285,642	2,499,503,004	2,297,534,659
Legal debt margin	\$ 7,435,516,410	\$ 7,180,564,089	\$ 7,033,157,012	\$ 7,031,307,381
Total net debt applicable to limit as a percentage of debt limit	22.90%	24.91%	26.22%	24.63%

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, 2012.

Fiscal Year					
2008	2007	2006	2005	2004	2003
<u>\$ 83,122,951,280</u>	<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>6,649,836,102</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>
1,434,595,000	1,505,200,000	1,020,850,000	1,049,485,000	1,123,210,000	926,625,000
-	-	58,250,000	-	-	-
9,943,655	9,413,588	9,799,477	11,008,343	12,313,719	3,240,143
911,000,000	1,058,390,000	718,500,000	718,510,000	403,600,000	20,000,000
<u>2,355,538,655</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>\$ 4,294,297,447</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>35.42%</u>	<u>40.79%</u>	<u>30.07%</u>	<u>31.27%</u>	<u>28.12%</u>	<u>17.87%</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>
2012	958,015	*	*	146,848	7.7%
2011	932,665	*	*	143,299	7.8%
2010	900,933	\$ 37,576,938	\$ 41,400	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%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2012*			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of North Carolina	24,739	1	5.86%	23,539	1	6.10%
Wake County Public Schools	17,572	2	4.16%	12,997	3	3.37%
International Business Machines (IBM)	10,500	3	2.49%	14,000	2	3.63%
North Carolina State University	7,730	4	1.83%	7,787	4	2.02%
WakeMed Health and Hospitals	7,607	5	1.80%	5,000	6	1.30%
GlaxoSmithKline, Inc.	4,900	6	1.16%	6,050	5	1.57%
Rex Healthcare	4,800	7	1.14%	3,779	9	0.98%
SAS Institute, Inc.	4,742	8	1.12%	4,300	7	1.11%
Wake County Government	4,272	9	1.01%	-	-	-
Cisco Systems	3,800	10	0.90%	-	-	-
Nortel	-	-	-	4,000	8	1.04%
Progress Energy	-	-	-	3,400	10	0.88%
	<u>90,662</u>		<u>21.47%</u>	<u>84,852</u>		<u>22.00%</u>

* As of the date of publication this information was not available for 2012. Data from 2011 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2012

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY
LAST TEN YEARS

	<u>2012</u>	<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>
School and school based support										
Principals	164	163	159	157	152	147	138	132	125	123
Assistant principals, nonteaching	290	285	277	289	286	262	236	228	210	209
Elementary teachers	4,283	4,069	4,059	4,123	4,036	3,274	2,750	2,592	2,416	2,160
Secondary teachers	3,774	3,635	3,580	3,769	3,517	2,861	2,781	2,660	2,518	2,298
Other teachers	1,753	1,675	1,638	1,654	1,651	2,467	2,592	2,488	2,320	2,292
Guidance	397	420	411	436	311	296	276	262	260	259
Psychological	90	90	86	88	61	74	72	71	65	56
Librarian, audiovisual	205	323	359	338	201	195	183	176	168	171
Consultant, supervisor	73	87	92	89	86	99	103	101	96	108
Teacher assistants	2,100	2,065	2,057	2,383	2,292	2,191	1,907	1,852	1,727	1,700
Total school and school based support	<u>13,129</u>	<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>
Central services										
Administrators, managers	19	16	19	19	19	16	17	19	19	24
Technicians	294	319	311	322	98	94	106	106	99	124
Clerical, secretarial	910	905	943	943	1,071	945	899	879	837	878
Service workers	1,671	1,737	1,808	1,788	2,132	2,023	2,016	1,981	1,850	1,844
Skilled crafts	265	269	292	289	164	148	130	126	124	175
Other professionals	589	629	625	582	489	663	648	606	575	556
Laborers, unskilled	-	-	-	-	-	-	-	-	-	-
Total central services	<u>3,748</u>	<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>
Total full time employees	<u>16,877</u>	<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>

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>
2012	146,848	2.48%	\$ 1,123,193,448	\$ 7,649	-2.24%	165	9,284
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

Source: Wake County Public Schools Growth Management Department

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WAKE COUNTY BOARD OF EDUCATION

TEACHER BASE SALARIES
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>System Average Salary</u>
2012	\$ 34,462.00	\$ 78,128.70	\$ 46,243.08
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION
LAST TEN YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Schools						
Elementary						
Buildings	215	220	220	217	214	209
Square feet	8,685,116	8,925,284	8,896,687	8,532,044	8,173,730	7,410,687
Capacity	76,351	76,851	75,438	72,872	70,674	68,484
Enrollment	70,526	69,277	67,748	67,468	65,641	62,395
Mobile classrooms	607	602	504	499	696	636
Middle						
Buildings	111	107	105	105	104	102
Square feet	5,266,057	5,570,506	5,176,364	5,156,547	4,652,335	4,482,347
Capacity	37,233	37,780	33,317	32,449	32,316	30,818
Enrollment	33,604	32,596	31,482	30,813	29,895	29,031
Mobile classrooms	189	190	127	127	193	217
High						
Buildings	211	210	210	210	209	209
Square feet	6,009,897	5,894,216	5,894,216	5,897,099	5,966,408	5,620,679
Capacity	43,619	43,780	43,056	41,019	41,862	39,607
Enrollment	42,143	41,014	39,994	39,075	38,127	36,295
Mobile classrooms	309	368	130	130	302	243
Special						
Buildings	9	7	7	7	7	7
Square feet	276,564	195,471	195,471	195,471	195,471	195,877
Capacity	384	384	366	366	422	422
Enrollment	414	412	375	350	339	351
Mobile classrooms	1	1	1	1	1	1
Administrative						
Buildings	24	23	23	23	23	22
Square Feet	625,877	523,725	523,725	523,725	523,725	491,868
Transportation						
Buses	928	920	905	895	874	838

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

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
204	202	201	192
7,024,803	6,814,920	6,674,075	6,220,015
55,572	52,575	49,452	48,925
58,220	54,741	52,221	50,431
613	402	352	336
102	99	97	96
4,479,713	4,360,162	4,290,499	4,097,391
28,099	27,670	27,148	26,436
27,686	26,647	25,947	25,225
173	122	132	153
203	203	196	192
5,288,295	5,178,676	4,640,956	4,368,488
34,270	33,589	30,486	30,382
34,284	32,351	30,433	28,420
221	185	163	158
7	6	5	4
195,877	122,032	122,032	75,294
471	418	685	481
314	329	369	297
-	-	-	-
21	21	20	20
444,620	444,620	432,231	432,231
798	767	747	731

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SINGLE AUDIT SECTION





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**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
Cary, 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, 2012, which collectively comprises the Board's basic financial statements, and have issued our report thereon dated October 31, 2012. 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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*.

This report is intended solely for the information and use of the Board, management, others within the entity, 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.

Rives & Associates, LLP

October 31, 2012



**Report On Compliance With Requirements Applicable To Each
Major Federal Program And Internal Control Over Compliance
In Accordance With OMB Circular A-133 And The
State Single Audit Implementation Act**

Wake County Board of Education
Cary, 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, 2012. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance 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 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 Board, management, others within the entity, 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.

Rives & Associates, LLP

October 31, 2012



**Report On Compliance With Requirements Applicable To Each
Major State Program And 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
Cary, 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 could have a direct and material effect on each of the Board's major State programs for the year ended June 30, 2012. 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; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board, complied in all material respects, with the 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, 2012.

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 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 with 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 Board, management, others within the entity, 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.

Rives & Associates, LLP

October 31, 2012

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:		Unqualified		
Internal control over financial reporting:				
Material weaknesses identified?	_____	yes	_____ <u>X</u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u>	none reported
Noncompliance material to financial statements noted	_____	yes	_____ <u>X</u>	no

Federal Awards

Internal control over major federal programs:				
Material weaknesses identified?	_____	yes	_____ <u>X</u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ <u>X</u>	none reported
Type of auditors' report issued on compliance for major federal programs:			Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	yes	_____ <u>X</u>	no

Identification of major federal programs:

CFDA Numbers Names of Federal Program or Cluster

	Title 1, Part A Cluster:
84.010	Title 1, Low Income
84.389	ARRA - Title 1
	Educational Technology State Grants Cluster:
84.318X	Education Technology
84.386	ARRA - Education Technology - Formula
84.367A	Improving Teacher Quality
84.394	ARRA - Education Stabilization
84.048	Vocational Education: Program Improvement
84.365A	Language Acquisition
84.365A	Title III Immigrant & Youth
84.410A	ARRA - Education Jobs Fund
84.395	Race to the Top
84.395	Race to the Top - Regional Leadership
84.950	Race to the Top - Stem

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

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 weaknesses identified?

 yes X no

Significant deficiencies identified that are
not considered to be material weaknesses?

 yes X none reported

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

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act?

 yes X no

Identification of major State programs:

Program Name

State Public School Fund
Technology Fund

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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WAKE COUNTY BOARD OF EDUCATION
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2012

Finding 11-01

Status: Corrected.

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<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	\$ 421,571
Grants to States	84.027	98-60-920	22,913,713
Capacity Building Improvement	84.027	99-44-920	746,144
IDEA VI B - Early Intervening Services	84.027.A	70	4,740,349
IDEA VI B - Special Needs	84.027A	118	11,325
IDEA Targeted Assistance	84.173A	119	29,645
ARRA - IDEA VI-B	84.391	144	354,165
ARRA - IDEA VI-B Pre-School	84.392	145	70,388
Total Special Education Cluster			29,287,300
Title 1, Part A Cluster:			
Title I - School Improvement	84.010A	105	437,357
ARRA - Title 1	84.389	141	1,479,699
ARRA - Title I School Improvement	84.389	142	17,333
Title 1, Low Income	84.010	98-50-920	26,443,680
Total Title 1, Part A Cluster			28,378,069
Educational Technology State Grants Cluster:			
Educational Technology	84.318X	107	2,497
ARRA - Education Technology - Formula	84.386	146	77,823
Total Educational Technology State Grants Cluster			80,320
Education of Homeless Children and Youth Cluster:			
McKinney-Vento Homeless Assistance	84.196	98-26-920	49,927
ARRA - McKinney Vento	84.387	148	1,408
Total Education of Homeless Children and Youth Cluster			51,335
Vocational Education: Program Improvement	84.048	98-17-920	1,233,962
Vocational Education: Federal Tech Preparation	84.243A	023	6,275
Drug Free Schools and Communities	84.186	98-48-920	36,551
Improving Teacher Quality	84.367A	103	2,870,676
Language Acquisition	84.365A	104	1,781,210
Title III Immigrant & Youth	84.365A	111	1,814,519
IDEA VI B - Special Education State Improvement	84.323A	082	39,689
21st Century Community Learning Centers	84.287C	110	52,717
Emergency Impact Aid - IDEA	84.938C	114	191,725
School Improvement Grants	84.377A	117	146,752
ARRA - Education Jobs Fund	84.410A	155	28,218,053
Race to the Top	84.395	156	3,009,822
Race to the Top - Regional Leadership	84.395	157	44,352
Race to the Top - Stem	84.395	159	9,151
ARRA - Education Stabilization	84.394	140	29,527
Direct Programs - Indian Education Act	84.060A	310	80,655

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2012
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Revenues Grantor Recognized
Magnet School	84.165A	317	\$ 315,367
Teacher Incentive Fund	84.374A	395	318,466
Transition to Teaching Program	84.350A	346	325,393
Total U.S. Department of Education			<u>98,321,886</u>
<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		20,663,586
School Breakfast Program	10.553		6,323,710
Summer Food Service Program	10.559		421,047
Cash Assistance Subtotal			<u>27,408,343</u>
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		2,518,294
Total U.S. Department of Agriculture			<u>29,926,637</u>
<u>U.S. Department of Education - Impact Area Grants</u>	84.041	308	436
<u>Other Federal Assistance:</u>			
U.S. Department of Defense Direct Program - ROTC	12.xxx	301	365,081
Total Federal Assistance			<u>128,614,040</u>
<u>STATE GRANTS:</u>			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund			668,329,986
Textbooks		130	609,996
Technology Fund		15	1,197,794
Vocational Education:			
Months of Employment		13	32,062,332
Support Funds		14	1,675,969
Drivers Training		12	2,760,102
Financed Purchase of School Buses		120	3,617,971
Emergent Literacy		331	494
Professional Leave Funding		509	32,170
Dropout Prevention		419	125,573
<u>N. C. Department of Health and Human Services</u>			
Refugee School Impact Program	93.576	401	22,491
<u>N. C. Department of Cultural Resources</u>			
LSTA School Library Collection Development		453	9,992
<u>N. C. State University</u>			
Confucious Grant		543	7,531
Partners for Postsecondary Success - RCCC		552	35,889
Total State Assistance			<u>710,488,290</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 839,102,330</u>

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

WAKE COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2012

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 \$2,518,294 were received during the year ended June 30, 2012. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2012.