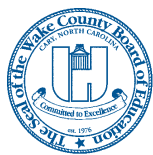




# Comprehensive Annual Finance Report

for the fiscal year ended June 30, 2013



**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, 2013**

**TABLE OF CONTENTS**

Page No.

**INTRODUCTORY SECTION**

Letter of Transmittal.....	i
Certificates of Achievement .....	viii
Organizational Chart.....	x
Board of Education and Leadership Team.....	xi

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds .....	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the Government- Wide Statement of Activities.....	17

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Fund .....	18
Statement of Net Position – Enterprise Funds .....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Funds .....	21
Statement of Cash Flows - Enterprise Funds .....	22
Notes to the Basic Financial Statements .....	23
Supplementary Information and Combining, Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds .....	45
Combining Statement of Revenues, Expenditures, And Changes in Fund Balances – Non-Major Governmental Funds .....	46
Schedules of Revenues, Expenditures, and Changes In Fund Balances – Budget and Actual:	
General Fund .....	47
State Public School Fund .....	50
State Administered Federal Grants Fund .....	52
Direct Grants Fund .....	54
Capital Projects Fund .....	56
Enterprise Fund – Child Nutrition Program .....	58
Enterprise Fund – Tuition Programs .....	59
Other Restricted Funds .....	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Individual School Funds .....	61
 <b>STATISTICAL SECTION</b>	
Net Position by Component .....	66

Expenses, Program Revenues and Net (Expense)/Revenue.....	68
General Revenues and Total Change in Net Position.....	70
Fund Balances, Governmental Funds.....	72
General Governmental Revenues by Source.....	74
General Governmental Expenditures by Function.....	76
Other Financing Sources and Uses and Net Change In Fund Balances, Governmental Funds .....	78
Enterprise Fund Expenses.....	79
Enterprise Fund Revenues and Operating Transfers In by Source .....	80
Long-Term Debt .....	82
Assessed Value of Taxable Property for Wake County .....	83
Property Tax Rates - All Overlapping Governments for Wake County.....	84
Ten Principal Taxpayers for Wake County .....	86
Property Tax Levies and Collections for Wake County .....	87
Ratios of Outstanding Debt by Type for Wake County .....	88
Ratio of General Bonded Debt Outstanding for Wake County .....	90
Direct and Overlapping Governmental Activities Debt for Wake County.....	91
Legal Debt Margin Information for Wake County.....	92
Demographic and Economic Statistics for Wake County .....	94
Principal Employers for Wake County .....	95
Full Time Employees by Category .....	96
Operating Statistics .....	97
Teacher Base Salaries .....	98
Capital Asset Information.....	99

## SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	101
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act .....	103
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and on Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.....	105
Schedule of Findings and Questioned Costs .....	107
Summary Schedule of Prior Year Audit Findings .....	110
Schedule of Expenditures of Federal and State Awards.....	111
Notes to Schedule of Expenditures of Federal and State Awards .....	113



# Introduction





October 31, 2013

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, 2013, 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 2012-13 the school system was the largest in North Carolina and the 16<sup>th</sup> largest system in the nation. It served 149,508 students from kindergarten through 12<sup>th</sup> grade in 104 elementary schools, 33 middle schools, 25 high schools, and 4 special/optional schools, and 3 academies. The school system has over 17,000 full-time employees and is the second largest employer in Wake County. The system has over 10,000 regular classroom teachers, not including media specialists, counselors, psychologists, etc. Growth projections for the next four years show an average of 2.2% 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-one of the school system's 169 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; leadership and technology; and leadership and world languages. 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.



Additionally, the school system offers the following innovative programs for students: twenty-four NC STEM collaborative network schools, sixteen NC global network schools, two single-gender leadership academies and two early college programs.

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

Chartered in 1771, Wake County covers an area of 864 square miles and is the second most populous county in the state. Twelve municipalities reside in Wake County including Raleigh, the county seat and state capital. A unique mix of urban and rural areas with small towns distinguishes Wake County from other counties in the state and provides something for everyone in choosing a lifestyle. Located in the north central section of the state on the piedmont plateau, Wake County is approximately half way between Washington, D. C., and Atlanta. As well as being a part of that major industrial corridor, Wake County is also convenient to the recreation of the beautiful North Carolina mountains and serene North Carolina beaches. 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 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 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) came to a close in the first quarter of the 2013 fiscal year.

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 adjusting formulas for personnel and non-personnel resources supporting schools and departments. We believe that continuation of these financial management practices coupled with effective planning provides 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 1,572. This is seven points higher than the combined score for 2011-12.

Wake's score was 93 points above the North Carolina average of 1,479 and 74 points above the national average of 1,498. Wake students scored an average of 541 on math, 523 on critical reading and 508 on writing.

### **ACT Scores**

Beginning in 2011-12, all high school juniors in North Carolina were required to take the ACT exam. Wake County Public School System students ACT average score was 20.5, which is 1.8 points higher than the North Carolina average of 18.7.

These results included all test-takers who were scheduled to graduate in 2013.

### **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. In October, 2013 the residents of Wake County approved a bond issue of \$810 million. The bond issue along with funds currently available and "pay-as-you-go" funding make up the \$983.7 million building program. This program will provide sixteen new schools, six major renovations creating an additional 1,343 seats; life cycle equipment replacement, technology and security at most all schools; and land acquisition for new schools.

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, 2012. This was the twenty-fourth 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

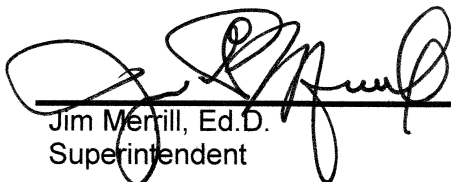
Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

### 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,




---

Jim Merrill, Ed.D.  
Superintendent



---

David Neter  
Chief Business Officer



---

Mark Winters  
Finance Officer



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

# 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, 2012*

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



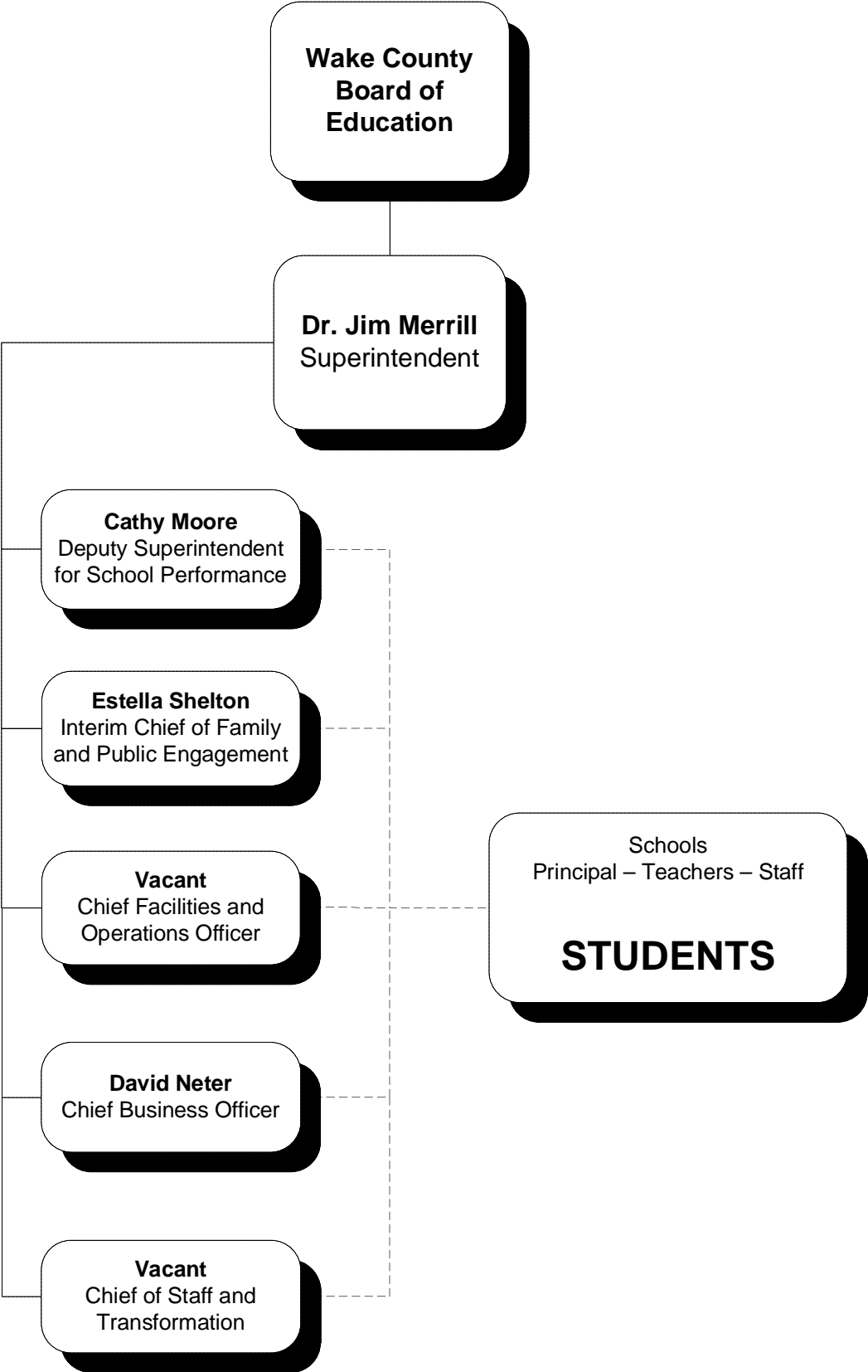
A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO  
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



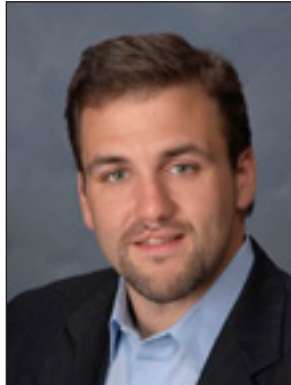
**Keith Sutton (District 4)**  
*Chair*



**Christine Kushner (District 6)**  
*Vice Chair*



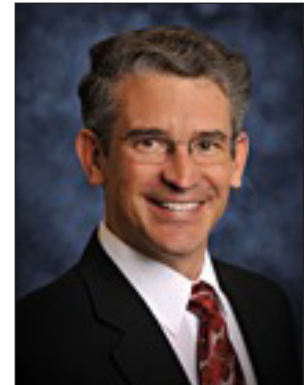
**Tom Benton (District 1)**



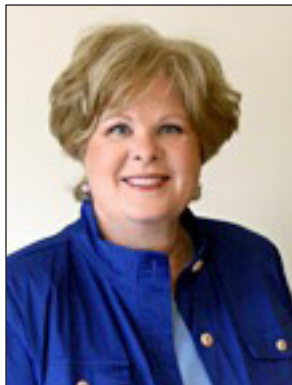
**John Tedesco (District 2)**



**Kevin Hill (District 3)**



**Jim Martin (District 5)**



**Deborah Prickett (District 7)**



**Susan Evans (District 8)**



**Bill Fletcher (District 9)**



**Dr. Jim Merrill**  
*Superintendent*

## Leadership Team

**Dr. Jim Merrill, Superintendent**

### **Chief Officers**

Cathy Moore, Deputy Superintendent for School Performance  
Estella Shelton, Interim 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**

Edward McFarland - 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  
Doug Thilman - Human Resources  
Joe Desormeaux - Facilities  
Karen Hamilton - Special Education  
Marvin Connelly - Student Support Services  
Vacant - Data and Accountability  
Vacant - Technology

**This Page Intentionally Left Blank**

# Financial Section





## Independent Auditors' Report

To the Wake County Board of Education  
Cary, North Carolina

### Report on the Financial Statements

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, 2013 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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, 2013, and the respective changes in financial position, and cash flows, where applicable, 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.

## **Other Matters**

### *Required Supplementary Information*

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.

### *Supplementary and Other Information*

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, statistical section as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 financials statements, budgetary schedules and the accompanying schedule of expenditures of federal and State awards is fairly stated, in all material respects in relation to the financial statements taken as a whole.

The introductory information and the 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 assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, 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* in considering the Board's internal control over financial reporting and compliance.

Rives & Associates, LLP

Raleigh, North Carolina  
October 31, 2013

## 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, 2013. 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 and deferred inflows of resources at the close of the fiscal year by \$2,690,935,371.
- The Board's total net position decreased by \$17,525,512 primarily due to depreciation in the Governmental Activities.
- As of the close of the current fiscal year, the Board's governmental funds reported combined ending fund balances of \$97,692,945, a decrease of \$4,365,337 in comparison with the prior year. Approximately 37 percent of this total amount, or \$36,320,179, 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 position and the statement of activities. The statement of net position includes all of the Board's assets and liabilities and deferred inflows of resources. 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, deferred inflows of resources, 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 position includes all of the Board's assets, deferred inflows of resources, 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 position and how it has changed. Net position – the difference between the Board's assets and the total of liabilities and deferred inflows – is one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net position 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 eleven through thirteen 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 fourteen through seventeen 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 position is an indicator of the fiscal health of the Board. Assets exceeded liabilities and deferred inflows of resources by approximately \$2,690,935,000 as of June 30, 2013. The largest component of net assets is invested in capital assets, net of related debt, of approximately \$2,639,495,000.

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

#### Condensed Statements of Net Position June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 151,961	\$ 154,943	\$ 38,561	\$ 34,905	\$ 190,522	\$ 189,848
Capital assets	2,641,504	2,641,814	8,011	8,244	2,649,515	2,650,058
Total assets	2,793,465	2,796,757	46,572	43,149	2,840,037	2,839,906
Long-term liabilities outstanding	42,853	19,386	705	293	43,558	19,679
Current liabilities	96,405	103,471	3,891	3,805	100,296	107,276
Total liabilities	139,258	122,857	4,596	4,098	143,854	126,955
Deferred Inflows of Resources	5,248	4,490	-	-	5,248	4,490
Net position						
Net investment in capital assets	2,631,484	2,638,196	8,011	8,244	2,639,495	2,646,440
Restricted	12,011	14,427	-	-	12,011	14,427
Unrestricted	5,464	16,787	33,965	30,807	39,429	47,594
Total net position	\$ 2,648,959	\$ 2,669,410	\$ 41,976	\$ 39,051	\$ 2,690,935	\$ 2,708,461

Note that net position for governmental activities decreased by approximately \$17,525,000 during the year. The decrease in net position was due largely to depreciation in the governmental activities. 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 Position  
For the Years Ended June 30, 2013 and 2012**

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,166	\$ 1,170	\$ 30,741	\$ 31,597	\$ 31,907	\$ 32,767
Operating grants and contributions	830,319	823,164	31,579	29,915	861,898	853,079
Capital grants and contributions	372	622	-	-	372	622
General Revenues:						
Unrestricted county appropriations - operating	317,181	311,760	-	-	317,181	311,760
Unrestricted county appropriations - capital	72,690	99,168	-	-	72,690	99,168
Unrestricted state appropriations - capital	32,522	-	-	-	32,522	-
Other	5,059	11,160	135	181	5,194	11,341
<b>Total revenues</b>	<b>1,259,309</b>	<b>1,247,044</b>	<b>62,455</b>	<b>61,693</b>	<b>1,321,764</b>	<b>1,308,737</b>
<b>Expenses:</b>						
Governmental activities:						
Instructional services	933,376	901,845	-	-	933,376	901,845
System-wide support services	250,145	214,943	-	-	250,145	214,943
Ancillary services	516	245	-	-	516	245
Nonprogram charges	9,880	9,081	-	-	9,880	9,081
Depreciation	85,310	43,016	-	-	85,310	43,016
Business-type activities:						
Food services	-	-	49,840	47,477	49,840	47,477
Tuition programs	-	-	10,223	10,596	10,223	10,596
<b>Total expenses</b>	<b>1,279,227</b>	<b>1,169,130</b>	<b>60,063</b>	<b>58,073</b>	<b>1,339,290</b>	<b>1,227,203</b>
Transfers	(533)	(51)	533	51	-	-
<b>Increase (decrease) in net position</b>	<b>(20,451)</b>	<b>77,863</b>	<b>2,925</b>	<b>3,671</b>	<b>(17,526)</b>	<b>81,534</b>
Net position, beginning	2,669,410	2,591,547	39,051	35,380	2,708,461	2,626,927
<b>Net position, ending</b>	<b>\$ 2,648,959</b>	<b>\$ 2,669,410</b>	<b>\$ 41,976</b>	<b>\$ 39,051</b>	<b>\$ 2,690,935</b>	<b>\$ 2,708,461</b>

Total governmental activities generated revenues of \$1.26 billion while expenses in this category totaled \$1.28 billion. The resulting \$20 million decrease in net position was mainly due to depreciation of capital assets.

Business-type activities generated revenue of \$62.5 million and had expenses of \$60 million. Business-type revenues increased due to an increase in USDA grants. Expenses also increased due to an increase in cost for supplies, salaries, and employee benefits. This resulted in the increase of net position for business-type activities of \$2.9 million.

## Financial Analysis of the District's Funds

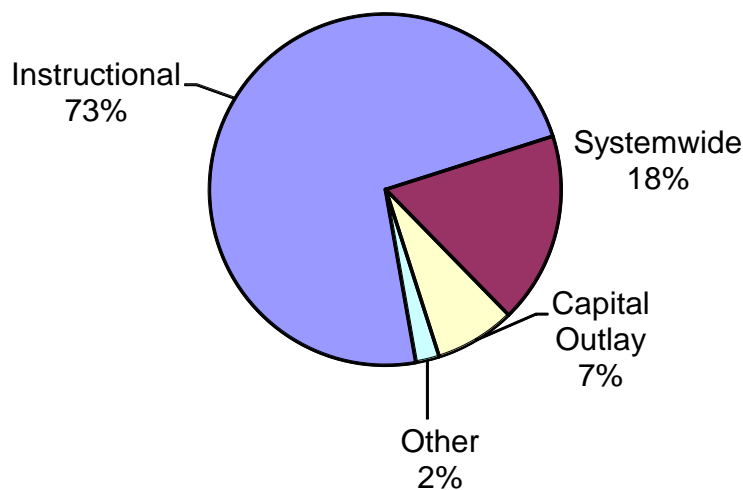
The Board's governmental funds reported a combined fund balance of \$97,692,945, a \$4,365,337 decrease over last year. County funding decreased over the prior year by \$21 million. This increase was due mainly to the decrease in the building program. State funding increased approximately \$50 million as a result of student growth. Federal funding decreased by approximately \$34 million due to the conclusion of funds provided through the ARRA grants.

The total fund balance in the general fund decreased by \$3,846,598. The underlying reasons for this decrease is the use of prior year fund balance assigned to balance the 2012-13 budget. The unassigned fund balance in the general fund increased to \$36,320,179. This level of unassigned fund balance equals 2.8 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,302,167,611). The Board assigned \$28.4 million from fund balance to support the 2013-14 budget.

The total fund balance in the capital projects fund decreased by \$876,385, and the restricted fund balance for capital expenditures decreased to \$253,610. This decrease was also due to the use of prior year fund balance assigned to balance the 2012-13 budget.

The Board's business-type funds reflected a total increase in net position of \$2,925,350. The Child Nutrition Program reflected an increase in net position over the last year of \$2,361,737. This was mainly due to the increase USDA grants and the donation of equipment. Tuition Programs reflected an increase in net position over last year of \$563,613. This was due to the reduction of expenses for purchased services and supplies.

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



## 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 \$5.7 million. This was mainly due to the appropriation of fund balance for prior year encumbrances, and a one-time bonus for support personnel. Total expenditures for the general fund were \$31 million less than the final budget due to 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, 2013, totals \$2,649,514,362 (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, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 139,938	\$ 135,382	\$ -	\$ -	\$ 139,938	\$ 135,382
Land Improvements	4,363	4,493	-	-	4,363	4,493
Buildings	2,188,096	1,693,776	-	-	2,188,096	1,693,776
Equipment	62,320	69,427	7,953	8,170	70,273	77,597
Vehicles	35,116	22,189	58	74	35,174	22,263
Construction in progress	211,671	716,547	-	-	211,671	716,547
Total	<u>\$ 2,641,504</u>	<u>\$ 2,641,814</u>	<u>\$ 8,011</u>	<u>\$ 8,244</u>	<u>\$ 2,649,515</u>	<u>\$ 2,650,058</u>

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

## Debt Outstanding

During the year the Board's outstanding government-type debt increased by \$15,775,285 and the business-type activities debt increased by \$211,412. The increase in the government-type debt was due to increase in installment purchases and compensated absences. The increase in the business-type activities debt was due to the increase in compensated absences. More detailed information on the Board's outstanding debt is contained on page 41 of the notes to the financial statements. The county holds virtually all debt issued for school capital construction.

## **Economic Factors**

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

- The total assessed value of property in the County increased to \$122.5 billion for the fiscal year ended June 30, 2013, a 1.7 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2013 were \$127.3 million. This is a 5% increase from \$120.8 million in the prior fiscal year.
- Property tax collections increased by 1.7% 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

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 120,738,798	\$ 34,890,705	\$ 155,629,503
Due from other governments	24,172,947	1,265,573	25,438,520
Internal balances	(243,125)	243,125	-
Receivables	2,633,488	154,758	2,788,246
Inventory and prepaid expenses	4,659,385	2,006,882	6,666,267
Total current assets	<u>151,961,493</u>	<u>38,561,043</u>	<u>190,522,536</u>
Noncurrent assets:			
Land and construction in progress	351,609,175	-	351,609,175
Capital assets, net of accumulated depreciation	2,289,894,643	8,010,544	2,297,905,187
	<u>2,641,503,818</u>	<u>8,010,544</u>	<u>2,649,514,362</u>
 TOTAL ASSETS	 <u>2,793,465,311</u>	 <u>46,571,587</u>	 <u>2,840,036,898</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	18,738,569	1,029,386	19,767,955
Accounts payable	30,282,146	2,261,281	32,543,427
Current portion of long-term obligations	47,384,475	600,000	47,984,475
Total current liabilities	<u>96,405,190</u>	<u>3,890,667</u>	<u>100,295,857</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	42,852,982	704,855	43,557,837
 TOTAL LIABILITIES	 <u>139,258,172</u>	 <u>4,595,522</u>	 <u>143,853,694</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 5,247,833	 -	 5,247,833
<b>NET POSITION</b>			
Net investment in capital assets	2,631,483,747	8,010,544	2,639,494,291
Restricted for:			
Individual school activities	8,417,038	-	8,417,038
Stabilization by state statute	3,340,564	-	3,340,564
School capital outlay	253,610	-	253,610
Unrestricted	5,464,347	33,965,521	39,429,868
 TOTAL NET POSITION	 <u>\$ 2,648,959,306</u>	 <u>\$ 41,976,065</u>	 <u>\$ 2,690,935,371</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, 2013

<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>
<b>Governmental activities:</b>				
Instructional programs:				
Regular	\$ 541,574,616	\$ 1,136,084	\$ 442,329,000	\$ -
Special populations	177,338,087	-	150,451,444	-
Alternative programs and services	64,409,245	-	52,753,740	-
School leadership	68,170,100	-	38,441,600	-
Co-curricular	21,733,809	-	15,041,778	-
School-based support services	60,149,751	-	47,511,016	-
Systemwide support services				
Support and development	9,919,952	-	3,894,418	-
Special populations support and development	4,299,423	-	1,538,464	-
Alternative programs and services support and development	2,469,867	-	1,405,409	-
Technology support	17,505,099	-	2,800,082	-
Operational support	183,977,661	-	71,748,662	371,846
Financial and human resource	16,587,230	-	1,295,848	-
Accountability	3,221,131	-	609,723	-
Systemwide pupil support	4,915,910	-	115,569	-
Policy, leadership and public relations	7,248,610	-	158,075	-
Ancillary services	516,479	30,271	171,759	-
Nonprogram charges	9,879,925	-	52,140	-
Depreciation - unallocated *	85,310,073	-	-	-
Total governmental activities	<u>1,279,226,968</u>	<u>1,166,355</u>	<u>830,318,727</u>	<u>371,846</u>
<b>Business-type activities:</b>				
Food services	49,839,848	20,004,234	31,578,527	-
Tuition programs	10,222,509	10,736,600	-	-
Total business-type activities	<u>60,062,357</u>	<u>30,740,834</u>	<u>31,578,527</u>	<u>-</u>
Total school district	<u>\$ 1,339,289,325</u>	<u>\$ 31,907,189</u>	<u>\$ 861,897,254</u>	<u>\$ 371,846</u>

General revenues

  Unrestricted county appropriations - operating  
  Unrestricted county appropriations - capital  
  Unrestricted state appropriations - capital  
  Investment earnings, unrestricted  
  Miscellaneous, unrestricted

Transfer

  Subtotal, general revenues and transfers

  Changes in net position

  Net position - beginning

  Net position - 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 Position

Governmental Activities	Business- Type Activities	Total
\$ (98,109,532)		\$ (98,109,532)
(26,886,643)		(26,886,643)
(11,655,505)		(11,655,505)
(29,728,500)		(29,728,500)
(6,692,031)		(6,692,031)
(12,638,735)		(12,638,735)
(6,025,534)		(6,025,534)
(2,760,959)		(2,760,959)
(1,064,458)		(1,064,458)
(14,705,017)		(14,705,017)
(111,857,153)		(111,857,153)
(15,291,382)		(15,291,382)
(2,611,408)		(2,611,408)
(4,800,341)		(4,800,341)
(7,090,535)		(7,090,535)
(314,449)		(314,449)
(9,827,785)		(9,827,785)
<u>(85,310,073)</u>		<u>(85,310,073)</u>
<u>(447,370,040)</u>		<u>(447,370,040)</u>
	\$ 1,742,913	1,742,913
	514,091	514,091
	<u>2,257,004</u>	<u>2,257,004</u>
<u>(447,370,040)</u>	<u>2,257,004</u>	<u>(445,113,036)</u>
317,181,372	-	317,181,372
72,689,611	-	72,689,611
32,522,268	-	32,522,268
443,039	135,374	578,413
4,615,860	-	4,615,860
<u>(532,972)</u>	<u>532,972</u>	<u>-</u>
<u>426,919,178</u>	<u>668,346</u>	<u>427,587,524</u>
(20,450,862)	2,925,350	(17,525,512)
<u>2,669,410,168</u>	<u>39,050,715</u>	<u>2,708,460,883</u>
<u>\$ 2,648,959,306</u>	<u>\$ 41,976,065</u>	<u>\$ 2,690,935,371</u>



**This Page Intentionally Left Blank**

WAKE COUNTY BOARD OF EDUCATION

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General Fund</u>	<u>State Public School Fund</u>	<u>Individual Schools Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 97,526,870	\$ 6,074,021	\$ 9,042,686	\$ 3,242,825	\$ 4,852,396	\$ 120,738,798
Due from other governments	1,038,636	12,350,052	94,306	9,566,527	1,123,426	24,172,947
Accounts receivable	1,283,561	-	40,947	-	1,308,980	2,633,488
Due from other funds	66,490	-	-	-	1,350	67,840
Prepaid	1,537,187	-	-	-	-	1,537,187
Inventories	3,122,198	-	-	-	-	3,122,198
Total assets	<u>\$ 104,574,942</u>	<u>\$ 18,424,073</u>	<u>\$ 9,177,939</u>	<u>\$ 12,809,352</u>	<u>\$ 7,286,152</u>	<u>\$ 152,272,458</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Salaries and benefits payable	\$ 5,474,628	\$ 12,350,052	\$ -	\$ -	\$ 913,889	\$ 18,738,569
Accounts payable	10,915,233	6,074,021	467,846	11,716,873	1,108,173	30,282,146
Due to other funds	1,653	-	293,055	-	16,257	310,965
Total liabilities	<u>16,391,514</u>	<u>18,424,073</u>	<u>760,901</u>	<u>11,716,873</u>	<u>2,038,319</u>	<u>49,331,680</u>
Deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,247,833</u>	<u>5,247,833</u>
Fund balances:						
Nonspendable:						
Inventories	3,122,198	-	-	-	-	3,122,198
Prepaid	1,537,187	-	-	-	-	1,537,187
Restricted:						
Stabilization by state statute	3,163,132	-	-	177,432	-	3,340,564
Capital expenditures	-	-	-	253,610	-	253,610
Subsequent years expenditures	-	-	-	273,248	-	273,248
Individual schools	-	-	8,417,038	-	-	8,417,038
Restricted contributions	-	-	-	388,189	-	388,189
Assigned						
Special projects	6,008,131	-	-	-	-	6,008,131
Insurance	8,388,026	-	-	-	-	8,388,026
Flexible benefit plan	1,244,575	-	-	-	-	1,244,575
Subsequent years expenditures	28,400,000	-	-	-	-	28,400,000
Unassigned	36,320,179	-	-	-	-	36,320,179
Total fund balances	<u>88,183,428</u>	<u>-</u>	<u>8,417,038</u>	<u>1,092,479</u>	<u>-</u>	<u>97,692,945</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 104,574,942</u>	<u>\$ 18,424,073</u>	<u>\$ 9,177,939</u>	<u>\$ 12,809,352</u>	<u>\$ 7,286,152</u>	

Amounts reported for governmental activities in the statement of net position are different because:

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

2,641,503,818

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	\$ (4,801,559)
Compensated absences (vacation)	(75,415,827)
Installment purchase	<u>(10,020,071)</u>

(90,237,457)

Total net position - governmental activities

\$ 2,648,959,306

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, 2013**

	General Fund	State Public School Fund	Individual Schools Fund
<b>REVENUES:</b>			
County	\$ 317,181,372	\$ -	\$ -
State	12,858	747,394,317	-
Federal	461,618	-	-
Other local	4,513,103	-	15,039,001
Total revenues	322,168,951	747,394,317	15,039,001
<b>EXPENDITURES:</b>			
<b>Current operations:</b>			
Instructional services:			
Regular instruction	92,924,342	438,300,689	-
Special populations	25,201,038	121,177,219	-
Alternative programs and services	11,783,671	24,421,442	-
School leadership	29,935,187	38,368,202	-
Co-curricular	7,380,563	-	14,349,715
School-based support	11,634,349	46,659,739	-
Systemwide support services			
Support and development	6,356,863	897,748	-
Special populations support and development	2,751,303	1,104,879	-
Alternative programs and services support and development	1,011,004	789,119	-
Technology support	13,211,782	2,800,083	-
Operational support	81,272,852	71,312,237	-
Financial and human resource	15,383,486	773,115	-
Accountability	2,606,094	494,306	-
Systemwide pupil support	4,783,744	72,928	-
Policy, leadership and public relations	7,125,334	158,075	-
Ancillary services	393,088	12,396	-
Non-program charges	12,714,523	-	-
<b>Debt service:</b>			
Principal	-	-	-
<b>Capital outlay:</b>			
Land, buildings, and other	-	-	-
Equipment	-	-	-
Total expenditures	326,469,223	747,342,177	14,349,715
Excess (deficiency) of revenues over expenditures	(4,300,272)	52,140	689,286
<b>OTHER FINANCING SOURCES (USES):</b>			
Installment purchase obligations issued	-	-	-
Transfers in	331,640	-	-
Transfers out	-	(52,140)	(331,640)
Total other financing sources (uses)	331,640	(52,140)	(331,640)
Net change in fund balance	(3,968,632)	-	357,646
Fund balances, beginning of year	92,030,026	-	8,059,392
Increase in reserve for inventories	122,034	-	-
Fund balances, end of the year	\$ 88,183,428	\$ -	\$ 8,417,038

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

Capital Projects Fund	Non-Major Funds	Total Governmental Funds
\$ 72,689,611	\$ -	\$ 389,870,983
13,060,081	96,290	760,563,546
-	64,145,601	64,607,219
719,173	8,557,538	28,828,815
<u>86,468,865</u>	<u>72,799,429</u>	<u>1,243,870,563</u>
-	3,913,386	535,138,417
-	28,943,273	175,321,530
-	27,853,024	64,058,137
-	73,229	68,376,618
-	2,756	21,733,034
-	815,146	59,109,234
-	2,964,951	10,219,562
-	428,287	4,284,469
-	722,872	2,522,995
-	42,000	16,053,865
-	5,452,374	158,037,463
-	489,792	16,646,393
-	114,500	3,214,900
-	42,642	4,899,314
-	-	7,283,409
-	159,544	565,028
-	781,653	13,496,176
13,060,081	-	13,060,081
73,028,681	-	73,028,681
20,718,675	-	20,718,675
<u>106,807,437</u>	<u>72,799,429</u>	<u>1,267,767,981</u>
<u>(20,338,572)</u>	<u>-</u>	<u>(23,897,418)</u>
19,462,187	-	19,462,187
-	-	331,640
-	-	(383,780)
<u>19,462,187</u>	<u>-</u>	<u>19,410,047</u>
(876,385)	-	(4,487,371)
1,968,864	-	102,058,282
-	-	122,034
<u>\$ 1,092,479</u>	<u>\$ -</u>	<u>\$ 97,692,945</u>

**This Page Intentionally Left Blank**

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, 2013

Total net change in fund balances - governmental funds	\$ (4,487,371)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	45,038
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items	(6,402,109)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(9,141,474)
Loss on disposal of assets	(355,278)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements.	(238,192)
The estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the district-wide statements.	6,490
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.	<u>122,034</u>
Change in net assets of governmental activities	<u>\$ (20,450,862)</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, 2013**

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
County	\$ 317,181,372	\$ 317,181,372	\$ 317,181,372	\$ -
State	60,000	60,000	12,858	(47,142)
Federal	400,000	492,856	461,618	(31,238)
Other local	5,687,000	5,661,649	4,513,103	(1,148,546)
Total revenues	<u>323,328,372</u>	<u>323,395,877</u>	<u>322,168,951</u>	<u>(1,226,926)</u>
<b>EXPENDITURES:</b>				
<b>Current operations:</b>				
Instructional services:				
Regular instruction	102,101,591	94,595,798	92,924,342	1,671,456
Special populations	27,633,212	26,517,621	25,201,038	1,316,583
Alternative programs and services	13,978,137	13,170,690	11,783,671	1,387,019
School leadership	37,853,506	30,658,874	29,935,187	723,687
Co-curricular	8,091,133	8,055,827	7,380,563	675,264
School-based support services	11,921,018	12,335,673	11,634,349	701,324
Systemwide support services				
Support and development	6,174,528	6,827,858	6,356,863	470,995
Special populations support and development	3,098,201	2,987,608	2,751,303	236,305
Alternative programs and services support and development	1,011,036	1,133,675	1,011,004	122,671
Technology support	13,801,616	13,907,748	13,211,782	695,966
Operational support	82,440,195	89,634,810	81,272,852	8,361,958
Financial and human resource	15,982,697	15,764,854	15,383,486	381,368
Accountability	2,811,504	2,743,404	2,606,094	137,310
Systemwide pupil support	4,678,461	4,881,266	4,783,744	97,522
Policy, leadership and public relations	7,088,350	7,666,240	7,125,334	540,906
Ancillary services	103,357	473,266	393,088	80,178
Non-program charges	12,945,411	12,945,411	12,714,523	13,392,231
Unbudgeted Funds	-	13,161,343	-	-
Total expenditures	<u>351,713,953</u>	<u>357,461,966</u>	<u>326,469,223</u>	<u>30,992,743</u>
Revenues over (under) expenditures	<u>(28,385,581)</u>	<u>(34,066,089)</u>	<u>(4,300,272)</u>	<u>29,765,817</u>
Other financing sources (uses):				
Appropriated fund balance	28,385,581	33,743,979	-	(33,743,979)
Transfers in	-	322,110	331,640	9,530
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>28,385,581</u>	<u>34,066,089</u>	<u>331,640</u>	<u>(33,734,449)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,968,632)</u>	<u>\$ (3,968,632)</u>
Fund balances, beginning of year			92,030,026	
Increase in reserve for inventories			122,034	
Fund balances, end of year			<u>\$ 88,183,428</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)
\$ -	\$ -	\$ -	\$ -
732,967,960	766,126,655	747,394,317	(18,732,338)
-	-	-	-
-	-	-	-
<u>732,967,960</u>	<u>766,126,655</u>	<u>747,394,317</u>	<u>(18,732,338)</u>
443,395,391	450,094,205	438,300,689	11,793,516
117,564,000	121,933,659	121,177,219	756,440
22,380,286	26,094,513	24,421,442	1,673,071
28,289,505	39,153,817	38,368,202	785,615
-	-	-	-
45,724,152	48,409,829	46,659,739	1,750,090
937,600	938,564	897,748	40,816
931,784	1,104,881	1,104,879	2
545,477	942,932	789,119	153,813
3,337,195	4,489,127	2,800,083	1,689,044
67,640,125	71,333,690	71,312,237	21,453
477,886	779,469	773,115	6,354
529,053	535,366	494,306	41,060
150,337	74,821	72,928	1,893
1,004,112	174,763	158,075	16,688
61,057	14,879	12,396	2,483
-	-	-	-
<u>732,967,960</u>	<u>766,074,515</u>	<u>747,342,177</u>	<u>18,732,338</u>
-	52,140	52,140	-
-	-	-	-
-	-	-	-
-	(52,140)	(52,140)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		-	
		-	
		<u>\$ -</u>	



WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2013

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 24,919,804	\$ 9,970,901	\$ 34,890,705
Accounts receivable	149,063	5,695	154,758
Due from other governments	1,247,533	18,040	1,265,573
Due from other funds	1,729	283,606	285,335
Prepaid expenses	1,531	3,428	4,959
Inventory	2,001,923	-	2,001,923
Total current assets	<u>28,321,583</u>	<u>10,281,670</u>	<u>38,603,253</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>7,609,543</u>	<u>401,001</u>	<u>8,010,544</u>
Total assets	<u>35,931,126</u>	<u>10,682,671</u>	<u>46,613,797</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	1,014,494	14,892	1,029,386
Accounts payable	1,745,105	516,176	2,261,281
Due to other funds	38,284	3,926	42,210
Current portion of long-term obligations	552,000	48,000	600,000
Total current liabilities	<u>3,349,883</u>	<u>582,994</u>	<u>3,932,877</u>
Noncurrent liabilities:			
Long-term obligations	<u>645,349</u>	<u>59,506</u>	<u>704,855</u>
Total liabilities	<u>3,995,232</u>	<u>642,500</u>	<u>4,637,732</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,609,543	401,001	8,010,544
Unrestricted	24,326,351	9,639,170	33,965,521
Total net position	<u>\$ 31,935,894</u>	<u>\$ 10,040,171</u>	<u>\$ 41,976,065</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 POSITION  
ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2013

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>OPERATING REVENUES</b>			
Food sales	\$ 20,004,234	\$ -	\$ 20,004,234
Participant fees	-	10,736,600	10,736,600
Total operating revenues	<u>20,004,234</u>	<u>10,736,600</u>	<u>30,740,834</u>
<b>OPERATING EXPENSES:</b>			
Business supporting services:			
Salaries	15,416,227	4,395,671	19,811,898
Food	18,226,524	-	18,226,524
Supplies	1,772,403	2,311,130	4,083,533
Purchased services	1,518,430	1,586,410	3,104,840
Other supporting services:			
Employee benefits	7,043,856	1,012,905	8,056,761
Donated commodities	2,753,096	-	2,753,096
Indirect costs	2,029,204	857,536	2,886,740
Depreciation	1,080,108	50,254	1,130,362
TOTAL OPERATING EXPENSES	<u>49,839,848</u>	<u>10,213,906</u>	<u>60,053,754</u>
Operating income (loss)	<u>(29,835,614)</u>	<u>522,694</u>	<u>(29,312,920)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Federal regular USDA grants	28,376,361	-	28,376,361
USDA grants - summer feeding program	384,345	-	384,345
USDA grants - fresh fruit & vegetable program	59,278	-	59,278
Federal commodities	2,753,096	-	2,753,096
Healthier US school challenge	1,000	-	1,000
Interest	95,852	39,522	135,374
Gain (loss) on sale of capital assets	4,447	(8,603)	(4,156)
Total non-operating revenues	<u>31,674,379</u>	<u>30,919</u>	<u>31,705,298</u>
Income before contributions and transfers	1,838,765	553,613	2,392,378
Contribution from other funds	470,832	10,000	480,832
Transfers from other funds	52,140	-	52,140
	<u>522,972</u>	<u>10,000</u>	<u>532,972</u>
Change in net position	2,361,737	563,613	2,925,350
Net position, beginning	<u>29,574,157</u>	<u>9,476,558</u>	<u>39,050,715</u>
Net position, ending	<u>\$ 31,935,894</u>	<u>\$ 10,040,171</u>	<u>\$ 41,976,065</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, 2013

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from user charges	\$ 19,886,914	\$ 11,067,857	\$ 30,954,771
Payments to employees for services	(22,142,503)	(5,424,999)	(27,567,502)
Payments to suppliers for goods and services	(21,585,045)	(3,938,864)	(25,523,909)
Payments for other operating expenses	(2,144,550)	(856,796)	(3,001,346)
Net cash provided by (used by) operating activities	<u>(25,985,184)</u>	<u>847,198</u>	<u>(25,137,986)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal regular USDA grants	28,376,361	-	28,376,361
USDA grants - summer feeding program	384,345	-	384,345
USDA grants - fresh fruit & vegetable program	59,278	-	59,278
Healthier US school challenge	1,000	-	1,000
Net cash provided by non-capital financing activities	<u>28,820,984</u>	<u>-</u>	<u>28,820,984</u>
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of equipment	(395,526)	(29,247)	(424,773)
Proceeds from sale of equipment	4,447	-	4,447
Net cash used for capital and related financing activities	<u>(391,079)</u>	<u>(29,247)</u>	<u>(420,326)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	95,852	39,522	135,374
Net increase in cash and cash equivalents	2,540,573	857,473	3,398,046
Cash and cash equivalents, beginning of year	22,379,231	9,113,428	31,492,659
Cash and cash equivalents, end of year	<u>\$ 24,919,804</u>	<u>\$ 9,970,901</u>	<u>\$ 34,890,705</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (29,835,614)	\$ 522,694	\$ (29,312,920)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,080,108	50,254	1,130,362
Salaries paid by special revenue fund	52,140	-	52,140
Decrease (increase) in accounts receivable and due from other governments	(260,283)	328,263	67,980
Increase in inventories	(371,977)	-	(371,977)
Decrease (increase) in prepaid expenses	(1,342)	16,408	15,066
Increase (decrease) in accounts payable and salaries and benefits payable	373,472	(56,617)	316,855
Increase (decrease) in accrued vacation	225,216	(13,804)	211,412
Donated commodities	2,753,096	-	2,753,096
Total adjustments	<u>3,850,430</u>	<u>324,504</u>	<u>4,174,934</u>
Net cash provided by (used by) operating activities	<u>\$ (25,985,184)</u>	<u>\$ 847,198</u>	<u>\$ (25,137,986)</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:</b>			
Donated commodities	<u>\$ 2,753,096</u>	<u>\$ -</u>	<u>\$ 2,753,096</u>
Transfer of equipment from capital projects fund	<u>\$ 470,832</u>	<u>\$ 10,000</u>	<u>\$ 480,832</u>
Payments of salaries by state public school fund	<u>\$ 52,140</u>	<u>\$ -</u>	<u>\$ 52,140</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, 2013**

**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 position 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 position 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.

#### 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 \$173,953,706 approved by the Board as follows:

General fund	\$ 5,748,013
State public school fund	33,158,695
Grants and other restricted funds	16,547,874
Capital projects funds	115,983,493
Enterprise fund	2,515,631
	<u>\$ 173,953,706</u>

E. Assets, Liabilities, Deferred Inflows, 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. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meets this criterion – grants receivable in the Direct Grant and Other Restricted Funds.

#### 6. 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.

#### 7. 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, 2013 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.

## 8. Net Position/Fund Balances

Net position in the government-wide and proprietary fund financial statements are classified as net invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position 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.

**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, 2013 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 position.

The governmental fund balance sheet includes a reconciliation between total fund balance of the governmental funds and net position of the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2,551,266,361 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)	\$ 3,235,705,963
Less accumulated depreciation	<u>(594,202,145)</u>
Net capital assets	<u>2,641,503,818</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	(4,801,559)
Compensated absences	(75,415,827)
Installment purchase	<u>(10,020,071)</u>
Total adjustments	<u>\$ 2,551,266,361</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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$15,963,491 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.	\$ 92,026,859
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.	(91,981,821)
Loss on disposal of assets	(355,278)
New debt issued during the year is recorded as a source of funds on The fund statement; it has no effect on the statement of activities – It affects only the government-wide statement of net position	(19,462,188)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	13,060,079
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(9,141,474)
Estimated cost for terminated employee's healthcare benefits is recorded as a long-term obligation in the government-wide statements.	6,490
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	122,034
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>(238,192)</u>
Total adjustments	<u>\$ 15,963,491</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, 2013, the Board's deposits with banks had a carrying amount of \$31,541,543 and with the State Treasurer of \$6,543,461. The bank balances with the financial institutions and the State Treasurer were \$35,317,396 and \$7,369,470, respectively. Of these balances, \$622,894 was covered by federal depository insurance and \$42,063,972 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

##### 2. Investments

At June 30, 2013, 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	\$ 8,973	Term Portfolio duration of .3	AAAm
State Treasurer's Short Term Investment Fund	<u>117,535,526</u>	Weighted average maturity of 1.6 years	Unrated
Total Investments	<u>\$ 117,544,499</u>		

*Interest Rate Risk.* The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) has a weighted average maturity of 1.6 years as of June 30, 2013.

*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, 2013. 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, 2013, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 64,837	\$ 1,038,636	\$ 1,283,561
Other governmental activities	(307,962)	23,134,311	1,349,927
Total	<u>\$ (243,125)</u>	<u>\$ 24,172,947</u>	<u>\$ 2,633,488</u>
Business-type activities:			
Child Nutrition Program	\$ (36,555)	\$ 1,247,533	\$ 149,063
Tuition Programs	279,680	18,040	5,695
Total	<u>\$ 243,125</u>	<u>\$ 1,265,573</u>	<u>\$ 154,758</u>

Due from other governments consists of the following:

Governmental activities			
General Fund	\$ 648,433	Sales tax refund from state	
		6,222	Miscellaneous revenue from state
		352,820	Miscellaneous revenue from municipalities
		31,161	Miscellaneous revenue from federal
	<u>1,038,636</u>		
State Public School Fund	12,350,052	Operating funds from DPI	
Individual Schools Fund	94,306	Sales tax refund from state	
Capital Outlay Fund	25,744	Sales tax refund from state	
		9,540,783	County funds from county appropriations
		<u>9,566,527</u>	
Direct Grants Fund	37,534	Federal grant funds	
Other Restricted Fund	3	Sales tax refund from state	
State Administered Federal Grants Fund	1,085,889	Federal grant funds	
Total	<u>\$ 24,172,947</u>		

Business-type activities:	
Child Nutrition Program	\$ 1,159,599 USDA Reimbursement from state 87,934 Sales tax refund from state <u>1,247,533</u>
Tuition Programs	<u>18,040</u> Sales tax refund from state
Total	<u>\$ 1,265,573</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, 2013 was as follows:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 135,381,828	\$ 4,682,079	\$ -	\$ (125,500)	\$ 139,938,407
Construction in Progress	716,547,344	64,898,368	(569,774,944)	-	211,670,768
Total capital assets not being depreciated	<u>851,929,172</u>	<u>69,580,447</u>	<u>(569,774,944)</u>	<u>(125,500)</u>	<u>351,609,175</u>
Capital assets being depreciated:					
Land Improvements	9,326,636	276,579	-	(720,014)	8,883,201
Buildings	2,142,749,083	830,688	569,774,944	(38,307)	2,713,316,408
Equipment	85,394,681	1,134,615	-	(1,249,650)	85,279,646
Vehicles and motor equipment	56,979,741	20,204,530	-	(566,738)	76,617,533
Total capital assets being depreciated	<u>2,294,450,141</u>	<u>22,446,412</u>	<u>569,774,944</u>	<u>(2,574,709)</u>	<u>2,884,096,788</u>
Less accumulated depreciation for:					
Land Improvements	4,833,826	303,982	-	(617,951)	4,519,857
Buildings	448,972,500	76,281,174	-	(32,816)	525,220,858
Equipment	15,967,592	8,125,055	-	(1,132,773)	22,959,874
Vehicles and motor equipment	34,791,337	7,271,610	-	(561,391)	41,501,556
Total accumulated depreciation	<u>504,565,255</u>	<u>\$ 91,981,821</u>	<u>\$ -</u>	<u>\$ (2,344,931)</u>	<u>594,202,145</u>
Total capital assets being depreciated, net	<u>1,789,884,886</u>				<u>2,289,894,643</u>
Governmental activity capital assets, net	<u>\$ 2,641,814,058</u>				<u>\$ 2,641,503,818</u>

<b>Business-type Activities:</b>	Beginning Balances	Increases	Retirements	Ending Balances
School Food Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 17,555,121	\$ 866,358	\$ (88,883)	\$ 18,332,596
Vehicles	785,970	-	-	785,970
Total capital assets being depreciated	18,341,091	866,358	(88,883)	19,118,566
Less accumulated depreciation for:				
Equipment	9,781,257	1,048,355	(88,883)	10,740,729
Vehicles	736,541	31,753	-	768,294
Total accumulated depreciation	10,517,798	1,080,108	(88,883)	11,509,023
School food service capital assets, net	7,823,293			7,609,543
Other Business-type activities				
Capital assets being depreciated:				
Equipment	557,437	19,247	(28,703)	547,981
Vehicles	30,000	20,000	-	50,000
Total capital assets being depreciated	587,437	39,247	(28,703)	597,981
Less accumulated depreciation for:				
Equipment	161,826	45,671	(20,100)	187,397
Vehicles	5,000	4,583	-	9,583
Total accumulated depreciation	166,826	\$ 50,254	\$ (20,100)	196,980
Other enterprise funds capital assets, net	420,611			401,001
Business-type activities capital assets, net	\$ 8,243,904			\$ 8,010,544

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 85,310,073
Operational support services	6,671,748
Total	<u>\$ 91,981,821</u>

#### 5. Construction Commitments

The Board has active construction projects as of June 30, 2013. At year-end, the Board's commitments with contractors for school construction totaled approximately \$93,119,810. These commitments will be funded by future revenues from Wake County.

### 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 14.23% 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, 2013, 2012, and 2011 were \$105,382,388, \$95,070,836, and \$76,807,263, 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, 2013, 2012, and 2011, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$39,249,941, \$36,231,264, and \$35,809,285, respectively. These contributions represented 5.3%, 5.0%, and 4.9% 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, 2013, 2012, and 2011, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,258,486, \$3,768,051, and \$3,800,169, and respectively. These contributions represented .44%, .52%, and .52% of covered payroll, respectively.

## 2. Accounts Payable

Accounts payable at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 10,915,233	\$ 5,474,628
Other Governmental	19,366,913	13,263,941
Total Governmental activities	<u>\$ 30,282,146</u>	<u>\$ 18,738,569</u>
Business-type Activities		
Child Nutrition Program	\$ 1,745,105	\$ 1,014,494
Tuition Programs	516,176	14,892
Total Business-type activities	<u>\$ 2,261,281</u>	<u>\$ 1,029,386</u>

## 3. Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of grants not yet earned of \$5,247,833. Of this amount, \$4,245,017 is in the Other Restricted Funds and \$1,002,816 is in the Direct Grants Fund.

#### 4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina Public Risk & Insurance Management Association, a membership of public sectors risk management programs. Through the private insurance industry, the Board maintains general liability and errors and omissions coverage of \$1 million per each wrongful act. The Board has an annual aggregate limit for general liability of \$3,000,000. 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 8/1/2012-13 with a self-insured specific retention of \$600,000; 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 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Estimated claims payable, beginning of year	\$ 4,563,367	\$ 3,733,654
Current year claims and changes in estimates	1,669,776	2,368,216
Claim payments	<u>(1,431,584)</u>	<u>(1,538,503)</u>
Estimated claims payable, end of year	<u>\$ 4,801,559</u>	<u>\$ 4,563,367</u>

Estimated claims payable are determined through an independent actuarial loss reserve analysis.

5. Contingent Liabilities

At June 30, 2013, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

6. Leases

a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. Total costs for such leases were \$4,548,903 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2014	\$ 5,596,263
2015	5,629,679
2016	5,352,364
2017	4,900,336
2018	4,992,315
2019-2023	20,401,751
2024-2028	13,989,023
2029-2100	<u>4,918,962</u>
Total	<u>\$ 65,780,693</u>

b. 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. In fiscal year 2012, the Board entered into installment purchase contract to finance the purchase of 239 buses through a special third party financing arrangement offered by Mercedes Benz Financial Services USA LLC. The financing contract requires only principal payments of \$9,731,094 for the year ending June 30, 2013. The subsequent payments of \$4,865,547 are due in the years ending June 30, 2014 and 2015.

7. Long-Term Obligation Activity

The following is a summary of changes in the Board's long-term obligations for the fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$66,274,353	\$38,628,407	\$29,486,933	\$75,415,827	\$ 40,000,000
Worker's compensation	4,563,367	1,669,776	1,431,584	4,801,559	2,229,951
Terminated employee benefits	6,490	-	6,490	-	-
Installment purchase	3,617,962	19,462,188	13,060,079	10,020,071	5,154,524
Total	<u>\$74,462,172</u>	<u>\$59,760,371</u>	<u>\$43,985,086</u>	<u>\$90,237,457</u>	<u>\$ 47,384,475</u>

Business-type activities:	<u>Compensated Absences</u>
Beginning balance	\$1,093,443
Increases	721,359
Decreases	<u>509,947</u>
Ending Balance	<u>\$1,304,855</u>
Due within one year	<u>\$ 600,000</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, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Administered Federal Grants Fund	\$ 1,215
General Fund	Tuition Program	3,926
General Fund	Child Nutrition Program	38,284
General Fund	Individual Schools Fund	8,023
General Fund	Direct Grants Fund	15,042
State Administered Federal Grants Fund	Individual School Fund	1,350
Tuition Program	General Fund	1,200
Tuition Program	Individual Schools Fund	282,406
Child Nutrition Program	General Fund	453
Child Nutrition Program	Individual Schools Fund	<u>1,276</u>
		<u>\$ 353,175</u>

Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$282,406 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, 2013:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General Fund</u>	<u>Child Nutrition Program</u>
State Public School Fund	\$ -	\$ 52,140
Individual Schools Fund	331,640	-
Total	<u>\$ 331,640</u>	<u>\$ 52,140</u>

During the year, the State Public School Fund transferred \$52,140 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$331,640 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	\$88,183,428
Less:	
Inventories	3,122,198
Prepays	1,537,187
Stabilization by State Statute	3,163,132
Special Projects	6,008,131
Insurance	8,388,026
Flexible benefit plan	1,244,575
Appropriated Fund balance in 2014 budget	<u>28,400,000</u>
Remaining fund balance	<u>\$36,320,179</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	\$ 774,446
Capital Projects Fund	177,432

#### 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, 2013 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

#### **V. Change in Accounting Principles**

The Board implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, or Net Position.



## 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, 2013

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
<b>ASSETS</b>				
Cash	\$ 668,348	\$ 469,440	\$ 3,714,608	\$ 4,852,396
Due from other governments	37,534	1,085,889	3	1,123,426
Accounts receivable	375,010	-	933,970	1,308,980
Due from other funds	-	1,350	-	1,350
	<u>-</u>	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Total assets	<u>\$ 1,080,892</u>	<u>\$ 1,556,679</u>	<u>\$ 4,648,581</u>	<u>\$ 7,286,152</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Salaries and benefits payable	\$ 6,368	\$ 905,386	\$ 2,135	\$ 913,889
Accounts payable	56,666	650,078	401,429	1,108,173
Due to other funds	15,042	1,215	-	16,257
	<u>78,076</u>	<u>1,556,679</u>	<u>403,564</u>	<u>2,038,319</u>
Total liabilities	<u>78,076</u>	<u>1,556,679</u>	<u>403,564</u>	<u>2,038,319</u>
Deferred inflows of resources:	<u>1,002,816</u>	<u>-</u>	<u>4,245,017</u>	<u>5,247,833</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,080,892</u>	<u>\$ 1,556,679</u>	<u>\$ 4,648,581</u>	<u>\$ 7,286,152</u>

WAKE COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
<b>REVENUES:</b>				
Federal	\$ 729,575	\$ 63,416,026	\$ -	\$ 64,145,601
State	96,290	-	-	96,290
Other	1,127,535	-	7,430,003	8,557,538
Total revenues	<u>1,953,400</u>	<u>63,416,026</u>	<u>7,430,003</u>	<u>72,799,429</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular instructional	439,530	3,473,856	-	3,913,386
Special populations	-	27,064,651	1,878,622	28,943,273
Alternative programs	770,817	27,019,961	62,246	27,853,024
School leadership	549	72,680	-	73,229
Co-curricular	2,756	-	-	2,756
School-based support	52,643	753,647	8,856	815,146
Systemwide support services				
Support and development	247,098	2,464,594	253,259	2,964,951
Special populations support and development	-	428,287	-	428,287
Alternative programs and services support and development	163,750	559,122	-	722,872
Technology support	-	-	42,000	42,000
Operational support	1,343	306,056	5,144,975	5,452,374
Financial and human resource	72,742	417,050	-	489,792
Accountability services	30,150	84,350	-	114,500
Systemwide pupil support	2,597	-	40,045	42,642
Ancillary services	152,999	6,545	-	159,544
Non-program charges	16,426	765,227	-	781,653
Total expenditures	<u>1,953,400</u>	<u>63,416,026</u>	<u>7,430,003</u>	<u>72,799,429</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, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
State: other	\$ 60,000	\$ 12,858	\$ (47,142)	\$ 32,170
Wake County:				
County appropriation	317,181,372	317,181,372	-	311,759,998
Federal:				
ROTC	492,856	460,945	(31,911)	365,081
Other	-	673	673	436
Total	492,856	461,618	(31,238)	365,517
Other:				
Fines and forfeitures	3,500,000	2,449,100	(1,050,900)	3,645,125
Interest	800,000	424,689	(375,311)	597,287
Tuition and fees	1,136,728	1,166,356	29,628	1,169,858
Other local	224,921	472,958	248,037	632,567
Total	5,661,649	4,513,103	(1,148,546)	6,044,837
Total revenues	323,395,877	322,168,951	(1,226,926)	318,202,522
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		88,360,573		77,001,955
CTE curricular		4,563,769		4,192,124
	94,595,798	92,924,342	1,671,456	81,194,079
Special populations services				
Children with disabilities curricular		16,921,746		13,222,294
Children with disabilities CTE curricular		313,953		217,698
Pre-K children with disabilities curricular		1,434,214		894,089
Speech and language pathology		3,366,618		3,953,072
Audiology		556,850		692,149
Academically/intellectually gifted curricular		1,109,380		983,672
Limited english proficiency		1,498,277		1,533,979
	26,517,621	25,201,038	1,316,583	21,496,953
Alternative programs and services				
Alternative instructional K-12		1,007,373		1,032,793
Attendance and social work		960,089		1,207,349
Remedial and supplemental K-12		7,161,809		8,873,842
Pre-K readiness/remedial and supplemental		1,819,649		1,319,430
Extended day/year instructional		834,751		767,471
	13,170,690	11,783,671	1,387,019	13,200,885

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)  
(Continued)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
School leadership services	\$ 30,658,874	\$ 29,935,187	\$ 723,687	\$ 23,510,418
Co-Curricular services	8,055,827	7,380,563	675,264	7,255,744
School-based support services				
Educational media		2,888,239		2,767,988
Student accounting		1,768,911		2,562,493
Guidance		5,407,693		4,735,081
Health		637,699		570,748
Safety and security		97,402		112,641
Instructional technology		320,548		215,801
Staff development unallocated		465,638		425,590
Parent involvement		49,419		(52)
Volunteer		(1,200)		(2,110)
	<u>12,335,673</u>	<u>11,634,349</u>	<u>701,324</u>	<u>11,388,180</u>
Support and development services				
Regular curricular support and development		6,223,576		5,871,727
CTE curricular support and development		133,287		100,076
	<u>6,827,858</u>	<u>6,356,863</u>	<u>470,995</u>	<u>5,971,803</u>
Special population support and development services	<u>2,987,608</u>	<u>2,751,303</u>	<u>236,305</u>	<u>2,542,982</u>
Alternative programs and services support and development services	<u>1,133,675</u>	<u>1,011,004</u>	<u>122,671</u>	<u>925,619</u>
Technology support services	<u>13,907,748</u>	<u>13,211,782</u>	<u>695,966</u>	<u>13,324,018</u>
Operational support services				
Communication		522,461		197,554
Printing and copying		192,659		183,093
Public utility and energy		23,497,308		22,144,820
Custodial/housekeeping		10,184,932		7,844,471
Transportation		18,348,025		12,333,662
Warehouse and delivery		618,446		328,270
Facilities planning		3,031,124		2,428,002
Maintenance		24,877,897		24,649,300
	<u>89,634,810</u>	<u>81,272,852</u>	<u>8,361,958</u>	<u>70,109,172</u>
Financial and human resource services				
Financial		8,789,768		8,674,873
Human resource		6,593,718		6,397,555
	<u>15,764,854</u>	<u>15,383,486</u>	<u>381,368</u>	<u>15,072,428</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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)  
(Continued)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,427,528	\$ -	\$ 1,761,376
Planning, research development and program evaluation		1,178,566		842,544
	<u>2,743,404</u>	<u>2,606,094</u>	<u>137,310</u>	<u>2,603,920</u>
Systemwide pupil support services				
Educational media support		158,955		48,959
Student accounting support		2,089,531		1,891,315
Guidance support		342,760		440,047
Health support		62,120		59,534
Safety and security support		2,130,378		2,038,587
	<u>4,881,266</u>	<u>4,783,744</u>	<u>97,522</u>	<u>4,478,442</u>
Policy, leadership and public relations services				
Board of education		310,659		246,165
Legal		1,228,549		982,249
Audit		505,928		420,902
Leadership		4,024,704		3,450,110
Public relations and marketing		1,055,494		1,041,846
	<u>7,666,240</u>	<u>7,125,334</u>	<u>540,906</u>	<u>6,141,272</u>
Ancillary services				
Community		6,539		3,340
Nutrition		359,126		752
Adult		27,423		98,811
	<u>473,266</u>	<u>393,088</u>	<u>80,178</u>	<u>102,903</u>
Nonprogram charges:				
Payments to charter schools	12,945,411	12,714,523	230,888	11,962,030
Unbudgeted funds	13,161,343	-	13,161,343	-
	<u>357,461,966</u>	<u>326,469,223</u>	<u>30,992,743</u>	<u>291,280,848</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(34,066,089)</u>	<u>(4,300,272)</u>	<u>29,765,817</u>	<u>26,921,674</u>
OTHER FINANCING SOURCES:				
Appropriated fund balance	33,743,979	-	(33,743,979)	-
Transfers in	322,110	331,640	9,530	168,526
Total other financing sources	<u>34,066,089</u>	<u>331,640</u>	<u>(33,734,449)</u>	<u>168,526</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,968,632)</u>	<u>\$ (3,968,632)</u>	27,090,200
Fund balance, beginning of year		92,030,026		65,443,541
Increase (decrease) in reserve for inventories		122,034		(503,715)
Fund balance, end of year		<u>\$ 88,183,428</u>		<u>\$ 92,030,026</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
STATE PUBLIC SCHOOL FUND  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 766,126,655	\$ 747,394,317	\$ (18,732,338)	\$ 706,636,179
Total revenues	766,126,655	747,394,317	(18,732,338)	706,636,179
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		406,477,362		385,078,346
CTE curricular		31,823,327		30,579,446
	450,094,205	438,300,689	11,793,516	415,657,792
Special populations services				
Children with disabilities curricular		85,772,445		86,221,258
Children with disabilities CTE curricular		4,430,297		4,295,991
Pre-K children with disabilities curricular		4,751,686		4,463,647
Speech and language pathology		8,168,433		3,376,439
Audiology		501,914		433,082
Academically/intellectually gifted curricular		7,432,472		7,128,092
Limited english proficiency		10,119,972		9,871,619
	121,933,659	121,177,219	756,440	115,790,128
Alternative programs and services				
Alternative instructional K-12		6,128,217		6,004,762
Attendance and social work		5,204,600		4,994,354
Remedial and supplemental K-12		11,686,052		8,875,161
Pre-K readiness/remedial and supplemental		-		(5,662)
Extended day/year instructional		1,402,573		1,082,504
	26,094,513	24,421,442	1,673,071	20,951,119
School leadership services	39,153,817	38,368,202	785,615	35,212,033
School-based support services				
Educational media		12,245,531		11,961,753
Student accounting		6,190,436		4,942,481
Guidance		25,206,346		23,260,526
Health		1,258,984		1,279,280
Safety and security		832,436		832,436
Instructional technology		838,138		876,901
Staff development unallocated		87,870		132,028
Parent involvement		(2)		18,484
	48,409,829	46,659,739	1,750,090	43,303,889
Support and development services				
Regular curricular support and development		435,397		283,061
CTE curricular support and development		462,351		452,432
Jobs commission development		-		3,699
	938,564	897,748	40,816	739,192

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)  
(Continued)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
Special population support and development services	\$ 1,104,881	\$ 1,104,879	\$ 2	\$ 976,431
Alternative programs and services support and development services	942,932	789,119	153,813	424,092
Technology support services	4,489,127	2,800,083	1,689,044	1,674,488
Operational support services				
Custodial/housekeeping		17,467,501		17,603,482
Transportation		53,500,716		51,764,321
Facility planning		(709)		687
Maintenance		344,729		367,450
	71,333,690	71,312,237	21,453	69,735,940
Financial and human resource services				
Financial		499,879		267,254
Human resource		273,236		224,703
	779,469	773,115	6,354	491,957
Accountability services				
Student testing		504,899		591,100
Planning, research development and program evaluation		(10,593)		10,593
	535,366	494,306	41,060	601,693
Systemwide pupil support services				
Student accounting		(1,893)		141,039
Guidance		74,821		-
	74,821	72,928	1,893	141,039
Policy, leadership and public relations services				
Leadership	174,763	158,075	16,688	881,862
Ancillary services				
Community		3,475		-
Nutrition		8,921		3,550
	14,879	12,396	2,483	3,550
<b>Total expenditures</b>	<b>766,074,515</b>	<b>747,342,177</b>	<b>18,732,338</b>	<b>706,585,205</b>
Excess of revenues over expenditures before other financing uses	52,140	52,140	-	50,974
OTHER FINANCING USES:				
Transfers out	(52,140)	(52,140)	-	(50,974)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
Federal:				
IDEA	\$ 47,306,816	\$ 30,190,286	\$ (17,116,530)	\$ 28,821,777
ESEA	30,525,755	23,885,648	(6,640,107)	26,881,037
Career technical education	1,382,946	1,362,407	(20,539)	1,240,237
Improving teacher quality	3,880,087	2,703,801	(1,176,286)	2,870,676
ARRA	677,660	30,151	(647,509)	2,030,343
Race to the top	6,652,242	2,843,038	(3,809,204)	3,063,325
Education jobs fund	95	(2,431)	(2,526)	28,218,053
School improvement	1,170,715	680,966	(489,749)	146,752
Title III - language acquisition	1,875,857	1,031,428	(844,429)	1,781,210
Other federal	891,928	690,732	(201,196)	2,228,594
Total revenues	<u>94,364,101</u>	<u>63,416,026</u>	<u>(30,948,075)</u>	<u>97,282,004</u>
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		2,117,685		17,174,094
CTE curricular		1,356,171		1,213,950
	<u>3,765,656</u>	<u>3,473,856</u>	<u>291,800</u>	<u>18,388,044</u>
Special populations services				
Children with disabilities curricular		23,380,050		21,845,779
Children with disabilities CTE curricular		7,342		9,144
Pre-K children with disabilities curricular		2,665,994		2,743,089
Speech and language pathology		335,416		4,181,334
Audiology		57,993		-
Gifted and talented		3,850		5,007
Limited english proficiency		614,006		1,047,875
	<u>31,099,398</u>	<u>27,064,651</u>	<u>4,034,747</u>	<u>29,832,228</u>
Alternative programs and services				
Alternative instruction		9,380		-
Attendance and social work		155,928		136,433
Remedial and supplemental K-12		21,341,680		20,201,908
Pre-K readiness/remedial and supplemental		3,596,902		3,312,495
Extended day/year instructional		1,916,071		5,148,848
	<u>29,604,849</u>	<u>27,019,961</u>	<u>2,584,888</u>	<u>28,799,684</u>
School leadership services	<u>75,527</u>	<u>72,680</u>	<u>2,847</u>	<u>6,976,703</u>

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

(Continued)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
School-based support services				
Educational media	\$ -	\$ 13,778	\$ -	\$ 248,470
Student accounting		3,954		4,278
Guidance		302,061		2,071,158
Health		1,722		-
Instructional technology		2,992		84,119
Staff development unallocated		190,034		3,267,452
Parent involvement		239,106		313,396
	<u>1,230,027</u>	<u>753,647</u>	<u>476,380</u>	<u>5,988,873</u>
Support and development services				
Regular curricular support and development		2,464,594		2,266,288
CTE curricular support and development		-		3,587
	<u>2,881,112</u>	<u>2,464,594</u>	<u>416,518</u>	<u>2,269,875</u>
Special population support and development services	<u>629,549</u>	<u>428,287</u>	<u>201,262</u>	<u>251,711</u>
Alternative programs and services support and development services	<u>715,199</u>	<u>559,122</u>	<u>156,077</u>	<u>1,643,008</u>
Operational support services				
Custodial/housekeeping		5,044		11,915
Transportation		301,012		1,790,767
	<u>531,580</u>	<u>306,056</u>	<u>225,524</u>	<u>1,802,682</u>
Financial and human resource services				
Human resource	<u>428,720</u>	<u>417,050</u>	<u>11,670</u>	<u>325,683</u>
Accountability services				
Planning, research development and program evaluation	<u>96,922</u>	<u>84,350</u>	<u>12,572</u>	<u>35,386</u>
Systemwide pupil support services				
Instructional technology	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,461</u>
Ancillary services				
Nutrition services	<u>10,962</u>	<u>6,545</u>	<u>4,417</u>	<u>23,353</u>
Nonprogram charges:				
Indirect cost	<u>856,023</u>	<u>765,227</u>	<u>90,796</u>	<u>942,313</u>
Unbudgeted funds	<u>22,438,577</u>	<u>-</u>	<u>22,438,577</u>	<u>-</u>
Total expenditures	<u>94,364,101</u>	<u>63,416,026</u>	<u>30,948,075</u>	<u>97,282,004</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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 111,158	\$ 96,290	\$ (14,868)	\$ 201,970
Federal:				
Transition to teaching	386,810	223,815	(162,995)	325,393
Teacher incentive fund	776,825	433,687	(343,138)	318,466
Other federal	82,026	72,073	(9,953)	396,023
Total	<u>1,245,661</u>	<u>729,575</u>	<u>(516,086)</u>	<u>1,039,882</u>
Other:				
Parents as teachers	433,426	428,592	(4,834)	394,834
NC Pre-K	360,718	148,292	(212,426)	285,239
Other	1,189,545	550,651	(638,894)	465,908
Total	<u>1,983,689</u>	<u>1,127,535</u>	<u>(856,154)</u>	<u>1,145,981</u>
Total Revenues	<u>3,340,508</u>	<u>1,953,400</u>	<u>(1,387,108)</u>	<u>2,387,833</u>
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		428,214		477,603
CTE curricular		11,316		39,561
	<u>658,276</u>	<u>439,530</u>	<u>218,746</u>	<u>517,164</u>
Special populations services				
Pre-K children with disabilities curricular	-	-	-	494
Alternative programs and services				
Alternative instruction		-		98
Remedial and supplemental K-12		(290)		8,184
Pre-K readiness/remedial and supplemental		556,283		683,645
Extended day/year instructional		214,824		198,496
	<u>1,244,294</u>	<u>770,817</u>	<u>473,477</u>	<u>890,423</u>
School leadership services	891	549	342	2,139
Co-Curricular services	12,052	2,756	9,296	11,716
School-based support services				
Educational media		-		9,992
Instructional technology		-		5,538
Staff development unallocated		5,759		17,858
Parent involvement		46,884		5,204
	<u>66,722</u>	<u>52,643</u>	<u>14,079</u>	<u>38,592</u>

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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)  
(Continued)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 375,530	\$ 247,098	\$ 128,432	\$ 409,459
Alternative programs and services support and development services	183,857	163,750	20,107	143,636
Operational support services				
Custodial/housekeeping		-		409
Transportation		1,343		40,671
	3,927	1,343	2,584	41,080
Financial and human resource services				
Human resource	136,717	72,742	63,975	117,231
Accountability services				
Planning, research development and program evaluation	56,300	30,150	26,150	26,500
Systemwide pupil support services				
Guidance support	5,248	2,597	2,651	2,561
Policy, leadership and public relations services				
Public relations and marketing	-	-	-	2,000
Ancillary services				
Community	156,809	152,999	3,810	169,964
Nonprogram charges:				
Indirect cost	26,539	16,426	10,113	14,874
Unbudgeted funds	413,346	-	413,346	-
 Total expenditures	 3,340,508	 1,953,400	 1,387,108	 2,387,833
Excess of revenues over expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**WAKE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
Wake County:				
Appropriation	\$ 1,160,365	\$ 1,160,365	\$ -	\$ 2,651,594
Capital improvements fund	226,059,250	65,756,577	(160,302,673)	59,004,411
2010B RZEBD bonds	1,998,945	1,998,945	-	17,115,067
2010 QSCB bonds	3,773,724	3,773,724	-	20,397,098
	<u>232,992,284</u>	<u>72,689,611</u>	<u>(160,302,673)</u>	<u>99,168,170</u>
State				
LEA financed purchase of school buses	13,060,081	13,060,081	-	3,617,971
	<u>13,060,081</u>	<u>13,060,081</u>	<u>-</u>	<u>3,617,971</u>
Other:				
Sale of school property	150,000	154,278	4,278	190,190
Interest	10,000	4,538	(5,462)	6,930
Other local	486,846	560,357	73,511	1,572,907
	<u>646,846</u>	<u>719,173</u>	<u>72,327</u>	<u>1,770,027</u>
Total revenues	<u>246,699,211</u>	<u>86,468,865</u>	<u>(160,230,346)</u>	<u>104,556,168</u>
<b>EXPENDITURES:</b>				
Land and buildings:				
Land: Purchase of new sites	7,092,401	4,655,888	2,436,513	2,657,662
Buildings:				
General contracts		8,949,302		3,881,586
Heating contracts		4,845,293		9,821,281
Architect fees		5,402,035		2,581,393
Equipment contracts		6,627,271		13,070,867
Miscellaneous contracts		41,875,700		66,224,244
	<u>224,379,512</u>	<u>67,699,601</u>	<u>156,679,911</u>	<u>95,579,371</u>
Other:				
Library books	2,359,644	673,192	1,686,452	690,134
	<u>233,831,557</u>	<u>73,028,681</u>	<u>160,802,876</u>	<u>98,927,167</u>

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (BUDGET BASIS)  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2013  
 (Continued)  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 860,873	\$ -	\$ 17,934
Administrative		9,490		849,099
	<u>970,831</u>	<u>870,363</u>	<u>100,468</u>	<u>867,033</u>
Vehicles:				
Administration		298,422		241,982
Transportation		19,549,890		359,954
	<u>19,856,630</u>	<u>19,848,312</u>	<u>8,318</u>	<u>601,936</u>
Debt service:				
Principal	13,060,081	13,060,081	-	3,617,971
Total expenditures	<u>267,719,099</u>	<u>106,807,437</u>	<u>160,911,662</u>	<u>104,014,107</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(21,019,888)</u>	<u>(20,338,572)</u>	<u>681,316</u>	<u>542,061</u>
OTHER FINANCING SOURCES:				
Installment purchase obligations issued	19,462,187	19,462,187	-	-
Appropriated fund balance	1,557,701	-	(1,557,701)	-
Total other financing sources	<u>21,019,888</u>	<u>19,462,187</u>	<u>(1,557,701)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (876,385)</u>	<u>\$ (876,385)</u>	<u>\$ 542,061</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ENTERPRISE FUND - CHILD NUTRITION PROGRAM  
YEAR ENDED JUNE 30, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
Federal:				
Regular USDA grants	\$ 25,951,939	\$ 28,376,361	\$ 2,424,422	\$ 26,987,296
USDA Grants - Fresh fruit & vegetable program	-	59,278	59,278	-
USDA Grants - Summer feeding program	351,391	384,345	32,954	421,047
	<u>26,303,330</u>	<u>28,819,984</u>	<u>2,516,654</u>	<u>27,408,343</u>
Other:				
Food sales	22,695,094	20,004,234	(2,690,860)	20,920,103
Interest	212,026	95,852	(116,174)	120,149
Healthier US school challenge	-	1,000	1,000	59,500
Donation of equipment	-	470,832	470,832	-
	<u>22,907,120</u>	<u>20,571,918</u>	<u>(2,335,202)</u>	<u>21,099,752</u>
Total revenues	<u>49,210,450</u>	<u>49,391,902</u>	<u>181,452</u>	<u>48,508,095</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries		15,416,227		14,233,623
Food		18,226,524		18,178,501
Supplies		1,772,403		1,510,134
Purchased services		1,518,430		1,557,893
Indirect costs paid		2,029,204		2,051,579
Equipment purchases		395,526		140,358
		<u>41,651,479</u>	<u>2,293,165</u>	<u>37,672,088</u>
Other supporting services:				
Employee benefits	7,611,111	7,043,856	567,255	6,365,435
Total expenditures	<u>49,262,590</u>	<u>46,402,170</u>	<u>2,860,420</u>	<u>44,037,523</u>
Excess(deficiency) of revenues over expenditures	<u>(52,140)</u>	<u>2,989,732</u>	<u>3,041,872</u>	<u>4,470,572</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	52,140	52,140	-	50,974
Excess of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>3,041,872</u>	<u>\$ 3,041,872</u>	<u>4,521,546</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		395,526		140,358
Depreciation		(1,080,108)		(1,061,137)
Gain (Loss) on sale of capital assets		4,447		(71,376)
Change in net assets		<u>\$ 2,361,737</u>		<u>\$ 3,529,391</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, 2013  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actual
<b>REVENUES:</b>				
Other:				
Participant fees	18,937,220	10,736,600	(8,200,620)	10,676,628
Donation of equipment	-	10,000	10,000	-
Interest	-	39,522	39,522	60,904
Total revenues	<u>18,937,220</u>	<u>10,786,122</u>	<u>(8,151,098)</u>	<u>10,737,532</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries		4,395,671		4,308,949
Supplies		2,311,130		2,474,202
Purchased services		1,586,410		1,931,872
Indirect costs paid		857,536		880,214
Equipment purchases		29,247		39,989
	<u>17,642,322</u>	<u>9,179,994</u>	<u>8,462,328</u>	<u>9,635,226</u>
Other supporting services:				
Employee benefits	<u>1,294,898</u>	<u>1,012,905</u>	<u>281,993</u>	<u>950,845</u>
Total expenditures	<u>18,937,220</u>	<u>10,192,899</u>	<u>8,744,321</u>	<u>10,586,071</u>
Excess of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>593,223</u>	<u>\$ 593,223</u>	<u>151,461</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		29,247		39,989
Depreciation		(50,254)		(49,025)
Loss on sale of capital assets		(8,603)		(604)
Change in net assets		<u>\$ 563,613</u>		<u>\$ 141,821</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, 2013**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013		Variance- Positive (Negative)	2012
	Budget	Actual		Actuals
<b>REVENUES:</b>				
Other Local:				
Medicaid	\$ 7,226,675	\$ 2,243,027	\$ (4,983,648)	\$ 2,563,360
Indirect cost	3,800,000	3,668,393	(131,607)	3,888,981
E-Rate	1,627,896	1,504,770	(123,126)	1,935,779
Interest	20,000	13,813	(6,187)	23,937
Total revenues	<u>12,674,571</u>	<u>7,430,003</u>	<u>(5,244,568)</u>	<u>8,412,057</u>
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular	-	-	-	30,668
Special populations services				
Children with disabilities curricular		1,240,595		990,411
Children with disabilities CTE curricular		328,791		188,318
Pre-K children with disabilities curricular		104,212		9,268
Speech and language pathology		205,024		62,867
Audiology services		-		75
	<u>2,672,584</u>	<u>1,878,622</u>	<u>793,962</u>	<u>1,250,939</u>
Alternative programs and services				
Alternative instructional K-12		58,722		479,832
Remedial and supplemental K-12		3,524		-
	<u>71,198</u>	<u>62,246</u>	<u>8,952</u>	<u>479,832</u>
School-based support services				
Guidance		-		5,000
Health		8,856		371
	<u>35,000</u>	<u>8,856</u>	<u>26,144</u>	<u>5,371</u>
Support and development services				
Regular curricular support and development	1,022,607	253,259	769,348	757,432
Technology support services	42,000	42,000	-	107,540
Operational support services				
Communication		1,462,770		1,828,239
Public utility and energy		3,682,205		3,912,918
	<u>5,405,896</u>	<u>5,144,975</u>	<u>260,921</u>	<u>5,741,157</u>
Systemwide pupil support services				
Health support	40,716	40,045	671	39,118
Nonprogram charges				
Other	3,384,570	-	3,384,570	-
Total expenditures	<u>12,674,571</u>	<u>7,430,003</u>	<u>5,244,568</u>	<u>8,412,057</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, 2013

	Fund Balance June 30, 2012	Revenues	Expenditures	Fund Balance June 30, 2013
<b>HIGH SCHOOLS:</b>				
Apex	\$ 411,856	\$ 387,879	\$ 392,755	\$ 406,980
Athens	122,057	331,398	288,940	164,515
Broughton	344,354	351,800	342,666	353,488
Cary	66,434	336,031	288,753	113,712
East Wake (includes 4 schools)	81,326	186,593	192,688	75,231
Enloe	319,607	539,663	547,937	311,333
Fuquay-Varina	226,623	307,467	305,292	228,798
Garner	97,942	377,105	362,292	112,755
Green Hope	238,321	448,467	438,772	248,016
Heritage	29,965	311,858	248,202	93,621
Holly Springs	130,874	354,442	321,019	164,297
Knightdale	98,448	148,528	163,195	83,781
Leesville Road	181,147	446,071	452,276	174,942
Middle Creek	259,833	318,399	337,458	240,774
Millbrook	194,822	424,383	419,749	199,456
Panther Creek	146,729	430,249	452,778	124,200
Sanderson	164,488	346,316	363,518	147,286
Southeast Raleigh	114,320	171,741	192,459	93,602
Wake NCSU STEM Early College	392	1,404	349	1,447
Wake Early College	19,698	16,739	19,149	17,288
Wake Forest-Rolesville	152,592	323,143	341,119	134,616
Wakefield	215,265	416,679	439,719	192,225
	<u>3,617,093</u>	<u>6,976,355</u>	<u>6,911,085</u>	<u>3,682,363</u>
<b>MIDDLE SCHOOLS:</b>				
Apex	134,079	138,131	129,132	143,078
Carnage	43,876	99,493	96,799	46,570
Carroll	27,055	60,526	60,379	27,202
Centennial	46,431	59,698	50,368	55,761
Daniels	9,173	165,184	144,811	29,546
Davis Drive	30,775	97,746	94,485	34,036
Dillard Drive	16,630	53,531	59,567	10,594
Durant Road	41,630	132,511	142,950	31,191
East Cary	13,826	95,677	86,979	22,524
East Garner	119,879	106,811	104,793	121,897
East Millbrook	28,331	108,525	98,615	38,241
East Wake	22,800	46,827	41,248	28,379
Fuquay-Varina	46,938	81,240	80,198	47,980
Heritage	45,024	157,300	133,045	69,279
Holly Ridge	97,271	70,169	73,504	93,936
Holly Grove	39,096	62,922	48,253	53,765
Leesville Road	163,327	106,311	95,892	173,746
Ligon	64,794	176,598	173,306	68,086
Lufkin Road	24,798	48,184	41,526	31,456
Martin	74,925	111,921	128,783	58,063
Mills Park	37,197	201,462	190,819	47,840

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, 2013**  
(Continued)

	Fund Balance June 30, 2012	Revenues	Expenditures	Fund Balance June 30, 2013
Moore Square	\$ 24,194	\$ 47,327	\$ 41,550	\$ 29,971
North Garner	41,196	56,922	60,231	37,887
Reedy Creek	35,319	31,915	34,057	33,177
Rolesville	-	47,579	37,812	9,767
Salem	55,001	231,035	213,817	72,219
Wake Forest-Rolesville	43,412	73,338	74,896	41,854
Wakefield	93,018	64,391	74,930	82,479
Wendell	18,708	57,882	48,527	28,063
West Cary	24,229	35,480	43,301	16,408
West Lake	105,711	153,883	157,403	102,191
West Millbrook	42,897	44,762	37,318	50,341
Zebulon	27,742	60,148	74,800	13,090
	<u>1,639,282</u>	<u>3,085,429</u>	<u>2,974,094</u>	<u>1,750,617</u>

**ELEMENTARY SCHOOLS:**

Adams	18,223	37,950	36,823	19,350
Akins	19,173	37,736	29,753	27,156
Alston Ridge	14,991	57,203	48,214	23,980
Apex	39,708	45,407	45,701	39,414
Aversboro	12,438	30,804	30,426	12,816
Baileywick	22,529	23,100	26,993	18,636
Ballentine	45,825	15,605	19,799	41,631
Banks	16,259	47,635	43,357	20,537
Barwell Road	6,689	12,147	13,455	5,381
Baucom	48,004	36,027	39,321	44,710
Brassfield	25,149	49,939	59,615	15,473
Brentwood	21,701	13,392	16,384	18,709
Briarcliff	36,087	44,577	38,825	41,839
Brier Creek	22,074	121,893	105,096	38,871
Brooks	29,152	50,029	40,862	38,319
Bugg	14,774	59,151	62,926	10,999
Carpenter	38,377	46,788	22,241	62,924
Carver	21,037	21,566	29,831	12,772
Cary	30,273	34,327	34,440	30,160
Cedar Fork	19,769	39,944	38,612	21,101
Combs	14,284	106,430	102,550	18,164
Conn	10,088	48,334	44,315	14,107
Creech Road	20,594	13,114	11,749	21,959
Davis Drive	47,521	119,781	114,334	52,968
Dillard Drive	31,211	22,813	24,136	29,888
Douglas	45,373	86,292	93,440	38,225
Douglas Discretionary Funds	9,366	2,203	7,017	4,552
Durant Road	14,665	105,502	95,599	24,568
East Garner	8,724	10,879	14,128	5,475
Farmington Woods	21,828	38,744	35,046	25,526
Forest Pines	12,762	20,639	17,345	16,056

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, 2013  
(Continued)

	Fund Balance June 30, 2012	Revenues	Expenditures	Fund Balance June 30, 2013
Forestville	\$ 12,693	\$ 25,665	\$ 32,152	\$ 6,206
Fox Road	23,918	25,785	24,601	25,102
Fuller	33,555	63,085	69,798	26,842
Fuquay-Varina	29,153	39,551	51,844	16,860
Green	17,629	15,949	14,535	19,043
Green Hope	39,959	63,803	42,837	60,925
Harris Creek	26,736	49,918	49,344	27,310
Heritage	28,898	41,061	31,520	38,439
Highcroft	15,232	79,268	74,178	20,322
Hodge Road	7,447	42,697	42,055	8,089
Holly Grove	22,375	74,613	55,831	41,157
Holly Ridge	58,124	49,772	86,093	21,803
Holly Springs	21,946	66,450	42,933	45,463
Hunter	31,969	19,953	25,872	26,050
Jeffreys Grove	20,660	26,746	22,786	24,620
Jones Dairy	13,650	43,744	40,736	16,658
Joyner	13,327	86,342	77,998	21,671
Kingswood	9,639	20,309	22,943	7,005
Knightdale	27,684	16,921	14,968	29,637
Lacy	22,005	185,080	172,873	34,212
Lake Myra	11,124	15,931	20,315	6,740
Laurel Park	27,743	77,952	77,220	28,475
Lead Mine	20,995	32,972	34,627	19,340
Leesville Road	50,265	97,903	102,789	45,379
Lincoln Heights	13,905	20,136	22,469	11,572
Lockhart	39,680	21,440	22,826	38,294
Lynn Road	14,278	20,421	17,100	17,599
Middle Creek	30,247	45,559	51,479	24,327
Millbrook	13,908	29,770	28,546	15,132
Mills Park	28,271	67,976	72,521	23,726
Morrisville	30,239	56,999	47,705	39,533
North Forest Pines	32,066	50,192	51,432	30,826
North Ridge	20,134	69,422	61,936	27,620
Northwoods	25,311	39,914	37,967	27,258
Oak Grove	50,227	57,015	57,743	49,499
Olds	17,520	40,202	30,601	27,121
Olive Chapel	117,874	123,990	110,536	131,328
Partnership Primary	17,263	33,824	32,768	18,319
Penny Road	36,846	67,563	67,266	37,143
Pleasant Union	49,023	81,672	91,026	39,669
Poe	8,712	21,788	8,917	21,583
Powell	6,233	9,515	8,455	7,293
Rand Road	47,081	68,049	71,238	43,892
Reedy Creek	42,765	53,831	49,127	47,469
River Bend	22,338	21,184	13,225	30,297
Richland Creek	-	2,714	1,718	996
Rolesville	44,992	63,637	77,659	30,970

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, 2013**  
(Continued)

	Fund Balance June 30, 2012	Revenues	Expenditures	Fund Balance June 30, 2013
Root	\$ 78,791	\$ 82,031	\$ 142,761	\$ 18,061
Salem	88,399	45,391	33,581	100,209
Sanford Creek	26,231	44,195	35,332	35,094
Smith	11,720	17,873	14,935	14,658
Stough	10,216	22,820	19,788	13,248
Swift Creek	16,870	32,532	34,106	15,296
Sycamore Creek	19,766	74,617	79,989	14,394
Timber Drive	39,962	21,290	26,200	35,052
Turner Creek	19,078	90,026	74,226	34,878
Underwood	6,880	32,468	31,804	7,544
Vance	17,374	23,068	17,858	22,584
Vandora Springs	66,215	42,185	38,413	69,987
Wake Forest	41,619	30,819	20,461	51,977
Wakefield	7,025	41,257	37,205	11,077
Wakelon	10,778	13,899	18,932	5,745
Walnut Creek	1,915	45,866	43,050	4,731
Washington	54,199	52,261	48,105	58,355
Weatherstone	38,780	70,914	42,211	67,483
Wendell	7,831	47,732	18,648	36,915
West Lake	55,781	65,621	71,903	49,499
Wilburn	22,575	20,567	17,027	26,115
Wildwood Forest	1,842	47,049	48,309	582
Wiley	44,125	36,354	49,032	31,447
Willow Springs	25,858	52,637	50,909	27,586
Yates Mill	13,001	25,908	19,241	19,668
York	11,659	44,012	47,172	8,499
Zebulon	11,468	14,972	19,430	7,010
	<u>2,784,245</u>	<u>4,866,598</u>	<u>4,708,069</u>	<u>2,942,774</u>
<b>ACADEMIES:</b>				
Hilburn	4,517	73,017	67,622	9,912
Wake Young Men's	-	4,053	2,251	1,802
Wake Young Women's	-	5,346	1,118	4,228
	<u>4,517</u>	<u>82,416</u>	<u>70,991</u>	<u>15,942</u>
<b>OTHER:</b>				
Longview School	5,977	10,597	7,471	9,103
Mt. Vernon	4,345	4,652	1,501	7,496
Phillips High School	1,507	12,580	7,671	6,416
River Oaks	2,426	374	473	2,327
	<u>14,255</u>	<u>28,203</u>	<u>17,116</u>	<u>25,342</u>
<b>TOTAL</b>	<u>\$ 8,059,392</u>	<u>\$ 15,039,001</u>	<u>\$ 14,681,355</u>	<u>\$ 8,417,038</u>



# Statistical Section



## Statistical Section

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

Contents:

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports and budget documents for the relevant year.

WAKE COUNTY BOARD OF EDUCATION

NET POSITION BY COMPONENT

LAST TEN YEARS

(accrual basis of accounting)

	Fiscal Year			
	2013	2012	2011	2010
Governmental activities:				
Net investment in capital assets	\$ 2,631,483,747	\$ 2,638,196,366	\$ 2,581,406,320	\$ 2,516,805,009
Restricted	12,011,212	14,427,305	13,198,738	8,406,773
Unrestricted	5,464,347	16,786,497	(3,058,002)	(13,718,304)
Total net position	<u>2,648,959,306</u>	<u>2,669,410,168</u>	<u>2,591,547,056</u>	<u>2,511,493,478</u>
Business-type activities				
Net investment in capital assets	8,010,544	8,243,904	9,263,646	10,080,094
Unrestricted	<u>33,965,521</u>	<u>30,806,811</u>	<u>26,115,857</u>	<u>21,286,773</u>
Total net position	<u>41,976,065</u>	<u>39,050,715</u>	<u>35,379,503</u>	<u>31,366,867</u>
Government-wide				
Net investment in capital assets	2,639,494,291	2,646,440,270	2,590,669,966	2,526,885,103
Restricted	12,011,212	14,427,305	13,198,738	8,406,773
Unrestricted	<u>39,429,868</u>	<u>47,593,308</u>	<u>23,057,855</u>	<u>7,568,469</u>
Total net position	<u>\$ 2,690,935,371</u>	<u>\$ 2,708,460,883</u>	<u>\$ 2,626,926,559</u>	<u>\$ 2,542,860,345</u>



Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 2,432,805,178	\$ 2,163,062,885	\$ 1,906,571,596	\$ 1,707,105,617	\$ 1,511,403,239	\$ 1,403,289,473
8,295,329	8,523,252	8,203,443	8,185,487	-	-
(27,277,985)	(14,537,635)	(8,636,100)	5,878,530	8,347,146	17,026,939
<u>2,413,822,522</u>	<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>
7,570,688	6,895,575	6,601,516	2,287,185	2,219,436	2,483,893
<u>18,203,349</u>	<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>25,774,037</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>
2,440,375,866	2,169,958,460	1,913,173,112	1,709,392,802	1,513,622,675	1,405,773,366
8,295,329	8,523,252	8,203,443	8,185,487	-	-
(9,074,636)	2,924,215	9,439,610	22,503,682	24,249,516	30,249,764
<u>\$ 2,439,596,559</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>

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Expenses</b>				
Governmental activities:				
Instructional programs				
Regular	\$ 541,574,616	\$ 519,493,395	\$ 504,048,718	\$ 488,546,948
Special populations	177,338,087	169,258,921	172,013,848	165,788,455
Alternative programs and services	64,409,245	64,474,589	66,020,928	58,426,846
School leadership	68,170,100	66,186,552	65,743,983	62,680,216
Co-curricular	21,733,809	20,697,012	20,795,975	18,982,397
School-based support services	60,149,751	61,734,726	62,943,658	64,506,361
Systemwide support services				
Support and development	9,919,952	9,914,905	9,936,030	10,612,453
Special populations support and development	4,299,423	4,115,631	3,938,268	5,287,193
Alternative programs and services support and development	2,469,867	3,138,741	2,487,540	1,533,361
Technology support	17,505,099	22,221,921	16,729,489	16,624,585
Operational support	183,977,661	144,351,091	152,934,837	151,786,145
Financial and human resource	16,587,230	16,134,413	15,495,361	15,472,245
Accountability	3,221,131	3,305,901	2,326,694	2,255,479
Systemwide pupil support	4,915,910	4,733,648	4,760,279	4,205,184
Policy, leadership and public relations	7,248,610	7,026,646	6,909,359	7,915,174
Ancillary Services	516,479	245,029	171,092	418,998
Instruction	-	-	-	-
Support services	-	-	-	-
Nonprogram charges	9,879,925	9,081,210	8,432,140	10,169,808
Interest on long-term debt	-	-	-	-
Depreciation-unallocated	85,310,073	43,016,402	36,919,821	32,449,321
Total governmental activities expenses	<u>1,279,226,968</u>	<u>1,169,130,733</u>	<u>1,152,608,020</u>	<u>1,117,661,169</u>
Business-type activities:				
Food service	49,839,848	47,476,596	45,662,100	45,061,386
Tuition programs	10,222,509	10,595,711	9,621,336	8,212,561
Print shop	-	-	-	-
Total business-type activities	<u>60,062,357</u>	<u>58,072,307</u>	<u>55,283,436</u>	<u>53,273,947</u>
Total school district expenses	<u>1,339,289,325</u>	<u>1,227,203,040</u>	<u>1,207,891,456</u>	<u>1,170,935,116</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services-regular instructional	1,136,084	1,135,858	1,133,966	1,107,459
Charges for services-operational support	-	-	-	-
Charges for services-ancillary services	30,271	34,001	27,719	34,609
Charges for services-central	-	-	-	-
Charges for services-community	-	-	-	-
Operating grants and contributions	830,318,727	823,164,394	803,822,002	772,481,123
Capital grants and contributions	371,846	621,850	786,581	2,146,595
Total governmental activities program revenues	<u>831,856,928</u>	<u>824,956,103</u>	<u>805,770,268</u>	<u>775,769,786</u>
Business-type activities:				
Charges for services-food services	20,004,234	20,920,103	21,206,179	21,716,235
Charges for services-tuition programs	10,736,600	10,676,628	10,014,453	8,881,458
Operating grants and contributions	31,578,527	29,914,761	27,741,442	24,726,305
Total business-type activities program revenues	<u>62,319,361</u>	<u>61,511,492</u>	<u>58,962,074</u>	<u>55,323,998</u>
Total school district program revenues	<u>894,176,289</u>	<u>886,467,595</u>	<u>864,732,342</u>	<u>831,093,784</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(447,370,040)	(344,174,630)	(346,837,752)	(341,891,383)
Business-type activities	2,257,004	3,439,185	3,678,638	2,050,051
Total school district net expense	<u>\$ (445,113,036)</u>	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</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

	2009	2008	2007	2006	2005	2004
\$	520,736,969	\$ 499,787,125	\$ -	\$ -	\$ -	\$ -
	162,672,147	154,036,707	-	-	-	-
	56,432,546	51,795,462	-	-	-	-
	64,582,811	60,295,993	-	-	-	-
	19,741,681	19,897,732	-	-	-	-
	66,411,122	66,510,312	-	-	-	-
	11,519,131	10,788,721	-	-	-	-
	5,497,400	6,095,269	-	-	-	-
	1,921,084	2,001,281	-	-	-	-
	28,033,386	26,328,759	-	-	-	-
	148,788,642	148,183,392	-	-	-	-
	16,726,131	16,757,435	-	-	-	-
	2,508,241	2,147,180	-	-	-	-
	4,517,008	3,844,828	-	-	-	-
	8,287,942	8,550,793	-	-	-	-
	344,305	253,544	-	-	-	-
	-	-	709,746,607	626,497,392	581,298,217	526,728,536
	-	-	269,002,952	259,029,601	236,913,262	222,483,556
	11,185,748	9,742,580	9,497,563	9,017,665	7,747,097	7,077,757
	-	-	780	487,882	1,230,508	1,334,307
	31,830,062	30,404,042	26,695,661	24,952,001	24,032,883	23,960,590
	<u>1,161,736,356</u>	<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>
	46,467,797	45,846,155	40,130,227	36,208,155	32,275,494	30,472,447
	8,534,329	7,897,470	7,776,611	8,583,453	6,683,746	6,669,789
	-	-	-	-	1,725	636,617
	<u>55,002,126</u>	<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>1,216,738,482</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>
	1,106,269	805,693	109,324	143,028	145,006	84,948
	-	47,410	-	-	-	-
	35,352	-	-	-	-	-
	-	-	-	90,131	74,832	323,131
	-	-	801,148	861,470	709,254	693,578
	793,580,424	756,603,642	688,176,379	616,013,072	560,329,447	515,294,495
	2,616,770	7,387,758	3,440,673	10,502,567	62,587	436,798
	<u>797,338,815</u>	<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>
	23,417,878	22,800,190	22,738,873	28,879,946	26,898,296	25,834,374
	9,001,762	9,063,099	8,087,758	-	-	-
	22,099,991	19,628,148	17,396,233	16,066,026	14,007,917	12,679,641
	54,519,631	51,491,437	48,222,864	44,945,972	40,906,213	38,514,015
	<u>851,858,446</u>	<u>816,335,940</u>	<u>740,750,388</u>	<u>672,556,240</u>	<u>602,227,339</u>	<u>555,346,965</u>
	(364,397,541)	(352,576,652)	(322,416,039)	(292,374,273)	(289,900,841)	(264,751,796)
	(482,495)	(2,252,188)	316,026	154,364	1,945,248	735,162
\$	<u>(364,880,036)</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

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

	Fiscal Year			
	2013	2012	2011	2010
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (447,370,040)	\$ (344,174,630)	\$ (346,837,752)	\$ (341,891,383)
Business-type activities	2,257,004	3,439,185	3,678,638	2,050,051
Total school district net expense	<u>(445,113,036)</u>	<u>(340,735,445)</u>	<u>(343,159,114)</u>	<u>(339,841,332)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Unrestricted county appropriations- operating	317,181,372	311,759,998	312,059,879	311,373,607
Unrestricted county appropriations - capital	72,689,611	99,168,170	97,823,234	119,613,110
Unrestricted state appropriation - capital	32,522,268	-	-	-
Investment earnings, unrestricted	443,039	628,155	733,422	838,609
Miscellaneous, unrestricted	4,615,860	10,532,393	16,391,839	10,996,171
Transfer	(532,972)	(50,974)	(117,044)	(3,259,191)
Total governmental activities	<u>426,919,178</u>	<u>422,037,742</u>	<u>426,891,330</u>	<u>439,562,306</u>
Business-type activities:				
Investment earnings, unrestricted	135,374	181,053	216,954	283,588
Loss on sale of capital assets	-	-	-	-
Transfer	532,972	50,974	117,044	3,259,191
Total business-type activities	<u>668,346</u>	<u>232,027</u>	<u>333,998</u>	<u>3,542,779</u>
Total school district	<u>427,587,524</u>	<u>422,269,769</u>	<u>427,225,328</u>	<u>443,105,085</u>
<b>Change in net position</b>				
Governmental activities	(20,450,862)	77,863,112	80,053,578	97,670,923
Business-type activities	2,925,350	3,671,212	4,012,636	5,592,830
Total school district	<u>\$ (17,525,512)</u>	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)	\$ (292,374,273)	\$ (289,900,841)	\$ (264,751,796)
(482,495)	(2,252,188)	316,026	154,364	1,945,248	735,162
<u>(364,880,036)</u>	<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>
308,550,944	296,964,799	274,229,013	251,247,744	233,570,793	223,700,000
291,438,862	280,960,672	227,836,179	227,358,357	142,056,287	153,394,820
8,828,382	14,853,397	-	-	1,368,603	4,338,486
2,224,118	3,686,700	3,724,919	2,528,306	1,843,816	1,906,244
11,475,315	8,034,792	6,161,693	10,831,136	10,571,156	6,551,451
(1,346,027)	(1,014,145)	(4,566,460)	(75,762)	(75,841)	(820,830)
<u>621,171,594</u>	<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>
553,080	918,242	951,692	560,405	393,999	348,134
-	-	(69,289)	-	-	-
1,346,027	1,014,145	4,566,460	75,762	75,841	820,830
<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>	<u>636,167</u>	<u>469,840</u>	<u>1,168,964</u>
<u>623,070,701</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>
256,774,053	250,909,563	184,969,305	199,515,508	99,433,973	124,318,375
1,416,612	(319,801)	5,764,889	790,531	2,415,088	1,904,126
<u>\$ 258,190,665</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2013	2012	2011	2010
General fund				
Nonspendable				
Inventories	\$ 3,122,198	\$ 3,000,164	\$ 3,503,879	\$ 3,470,497
Prepaid	1,537,187	11,591,489	-	-
Restricted				
Stabilization by state statute	3,163,132	4,399,049	3,661,166	2,876,748
Assigned				
Special projects	6,008,131	3,819,829	366,342	990,699
Insurance	8,388,026	7,569,663	6,739,799	5,693,602
Flexible benefit plan	1,244,575	1,174,388	1,094,173	1,104,260
Subsequent year expenditures	28,400,000	28,385,581	16,203,025	6,062,845
Unassigned	36,320,179	32,089,863	33,875,157	25,909,770
Total general fund	<u>\$ 88,183,428</u>	<u>\$ 92,030,026</u>	<u>\$ 65,443,541</u>	<u>\$ 46,108,421</u>
All other governmental funds				
Restricted				
Stabilization by State Statute	\$ 177,432	\$ 439,360	\$ 503,603	\$ 222,184
Capital expenditures	253,610	1,273,248	685,615	1,004,297
Individual schools	8,417,038	8,059,392	8,110,769	8,406,773
Restricted contributions	388,189	60,642	35,513	281,398
Subsequent years expenditures	273,248	195,614	202,072	91,135
Total all other governmental funds	<u>\$ 9,509,517</u>	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>	<u>\$ 10,005,787</u>

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 3,119,442	\$ 3,744,657	\$ 3,835,802	\$ 3,750,899	\$ 3,494,266	\$ 3,961,583
-	-	-	-	-	-
2,058,865	2,144,620	1,921,782	1,938,410	4,164,002	6,088,964
701,625	1,082,014	1,020,096	1,433,931	1,112,659	665,881
5,147,789	4,424,855	4,720,980	4,883,883	4,185,973	3,458,684
966,779	789,294	567,832	433,413	379,295	297,902
8,665,600	7,500,000	12,928,333	8,000,000	7,687,401	15,214,081
12,125,691	17,331,201	15,333,685	22,208,771	15,893,117	9,980,752
<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>	<u>\$ 39,667,847</u>
\$ 21,024	\$ 111,964	\$ 1,250,790	\$ 5,468,597	\$ 2,009,951	\$ 3,382,870
182,271	2,688,666	963,123	1,065,858	796,425	4,669,250
8,295,329	8,523,252	8,203,443	8,185,487	7,563,138	7,006,723
808,053	2,188,100	986,803	3,504,190	2,678,503	724,971
367,719	-	-	587,412	2,000,000	-
<u>\$ 9,674,396</u>	<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>	<u>\$ 15,783,814</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>
2013	\$ 760,563,546	\$ 318,341,737	\$ 71,529,246	\$ 2,449,100	\$ 64,607,219
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



<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 443,040	\$ 25,936,675	\$ 1,243,870,563
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

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,	Enrollment	Instructional Services	Systemwide Support Services	Ancillary Services	Nonprogram Charges	Instruction	Pupil and Instructional Services
2013	149,508	\$ 923,736,970	\$ 223,162,370	\$ 565,028	\$ 13,496,176	\$ -	\$ -
2012	146,687	895,801,620	210,554,870	299,770	12,919,217	-	-
2011	143,289	886,626,928	211,607,971	280,991	14,783,394	-	-
2010	139,599	856,329,738	214,130,476	401,826	15,643,117	-	-
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	-	-
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	-	-
2007	128,070	-	-	-	-	5,511	97
2006	120,379	-	-	-	-	705,787,033	12,374,956
2005	114,068	-	-	-	-	5,185	95
2004	108,970	-	-	-	-	624,139,541	11,421,250
						5,049	105
						575,904,309	11,979,497
						4,851	95
						528,620,374	10,376,118

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
-	87	-	-	7,853	627	8,480
\$ -	\$ 13,060,081	\$ -	\$ -	\$ 1,174,020,625	\$ 93,747,356	\$ 1,267,767,981
-	25	-	-	7,657	683	8,341
-	3,617,971	-	-	1,123,193,448	100,396,136	1,223,589,584
-	55	-	-	7,825	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

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
2013	\$ (23,897,418)	\$ 331,640	\$ (383,780)	\$ 19,462,187	\$ 19,410,047	\$ (4,487,371)	1.1108%
2012	27,631,858	168,526	(219,500)	-	(50,974)	27,580,884	0.3215%
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%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Employee Salaries	Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
2013	\$ 19,811,898	\$ 8,056,761	\$ 18,226,524	\$ 2,753,096	\$ 2,886,740	\$ 8,318,735	\$ 60,053,754
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

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
2013	\$ 20,004,234	31.76%	\$ 10,736,600	17.05%	\$ 28,819,984	45.76%	\$ 2,753,096	4.37%
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

Transfers		Other		Total	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 532,972	0.85%	\$ 132,218	0.21%	\$ 62,979,104	100%
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

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>
2013	\$ -	\$ 10,020,071	\$ -	\$ 10,020,071	67.02
2012	-	3,617,962	-	3,617,962	24.66
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



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)
2013	\$ 105,310,957,601	\$ 14,311,760,539	\$ 2,827,432,989	\$ 122,450,151,129	\$ 0.534	\$ 0.080	\$ 0.614
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 <sup>(2)</sup>	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

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, 2013.

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
2013	.534	.080	.614	.53	.39	.33	.525	.385	.49	.435
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 <sup>(2)</sup>	.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

- 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, 2013.

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	.383	.440	.51	.49	.513
.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

WAKE COUNTY BOARD OF EDUCATION

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

Taxpayer	Fiscal Year 2013			Fiscal Year 2004		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy Carolinas, Inc.	\$1,524,348,467	1	1.26 %	\$2,082,486,205	1	3.04 %
SAS Institute, Inc	524,310,092	2	.43	225,024,120	6	.33
Cisco Systems, Inc.	471,005,919	3	.39	380,256,354	2	.56
Duke Realty LP	426,127,741	4	.35	268,421,970	5	.39
Novartis Vaccines & Diagnostics	355,781,624	5	.30	-	-	-
CVM Holdings LLC	334,450,819	6	.28	170,805,503	8	.25
NC Eastern Municipal Power Agency	302,723,097	7	.25	336,873,909	4	.49
Highwoods Realty LP	282,260,332	8	.23	179,832,599	7	.26
Bellsouth Tel Co	243,866,625	9	.20	355,688,558	3	.52
Glaxosmithkline	242,736,180	10	.20	-	-	-
Public Service Co of NC, Inc	-	-	-	143,730,763	9	.21
UDRT of North Carolina LLC	-	-	-	116,333,662	10	.17
	<u>\$4,707,610,896</u>		<u>3.89 %</u>	<u>\$4,259,453,643</u>		<u>6.22 %</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

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
2013	\$ 676,163,798	\$ (2,306,621)	\$ 673,857,177	\$ 667,843,411	99.11%	\$ -	\$ 667,843,411	99.11%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	4,014,038	661,556,016	99.70%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,419,102	655,169,160	99.83%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,471,629	648,464,962	99.57%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,171,089	638,819,300	99.74%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	7,972,722	577,617,737	99.74%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,546,959	513,628,804	99.78%
2006	471,423,336	(4,606,253)	466,817,083	460,044,525	98.55%	6,041,718	466,086,243	99.82%
2005	447,296,073	(2,915,368)	444,380,705	438,197,505	98.61%	5,510,807	443,708,312	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%

Notes:

Taxes for the fiscal year ended June 30, 2013 at the collection rate of 99.11% are a composite of the following collections by category:

Vehicle taxes	89.78%
Real and personal property taxes	99.77%

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, 2013.

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
2013	\$ 1,801,325,000	\$ -	\$ 285,155,000	\$ 5,327,348	\$ 653,850	\$ -
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

			Business- Type Activities			
Capital Leases	Notes Payable	Total Governmental Activities	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 81,238	\$ -	\$ 2,092,542,436	\$ -	\$ 2,092,542,436	5.57%	\$ 2,171.60
132,027	-	2,058,808,059	-	2,058,808,059	5.48%	2,179.51
173,449	-	2,143,215,642	-	2,143,215,642	5.70%	2,305.08
157,095	299,767	2,107,633,004	-	2,107,633,004	5.61%	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

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			
2013	\$ 1,801,325,000	\$ -	\$ 145,450,000	\$ 1,655,875,000	1.35%	\$ 1,718.44
2012	1,754,870,000	-	65,700,000	1,689,170,000	1.40%	1,788.20
2011	1,831,620,000	-	239,070,000	1,592,550,000	1.33%	1,712.82
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.



WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY  
AS OF JUNE 30, 2013

Municipality:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Apex	\$ 54,850,000	100%	\$ 54,850,000
Cary	145,415,001	100%	145,415,001
Fuquay-Varina	9,025,000	100%	9,025,000
Garner	12,985,820	100%	12,985,820
Holly Springs	25,295,000	100%	25,295,000
Knightdale	6,094,565	100%	6,094,565
Morrisville	9,898,661	100%	9,898,661
Raleigh	327,775,001	100%	327,775,001
Rolesville	-	100%	-
Wake Forest	13,760,000	100%	13,760,000
Wendell	1,202,204	100%	1,202,204
Zebulon	3,475,000	100%	3,475,000
Overlapping debt	609,776,252		609,776,252
Direct debt	<u>2,092,542,436</u>		<u>2,092,542,436</u>
Total direct and overlapping debt	<u><u>\$ 2,702,318,688</u></u>		<u><u>\$ 2,702,318,688</u></u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY  
LAST TEN YEARS

	Fiscal Year			
	2013	2012	2011	2010
Assessed value of property	\$ 122,450,151,129	\$ 120,555,400,651	\$ 119,535,621,641	\$ 119,158,250,199
Debt limit, 8% of assessed value (Statutory Limitation)	9,796,012,090	9,644,432,052	9,562,849,731	9,532,660,016
Amount of debt applicable to limit				
General obligation bonds	1,801,325,000	1,754,870,000	1,831,620,000	1,794,370,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	291,217,436	303,938,059	311,595,642	313,263,004
Bonds Authorized not Issued	145,450,000	65,700,000	239,070,000	391,870,000
Total net debt applicable to limit	2,237,992,436	2,124,508,059	2,382,285,642	2,499,503,004
Legal debt margin	\$ 7,558,019,654	\$ 7,519,923,993	\$ 7,180,564,089	\$ 7,033,157,012
Total net debt applicable to limit as a percentage of debt limit	22.85%	22.82%	24.91%	26.22%

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, 2013.

Fiscal Year

2009	2008	2007	2006	2005	2004
\$ 116,610,525,500	\$ 83,122,951,280	\$ 78,844,604,531	\$ 75,134,720,561	\$ 71,124,912,096	\$ 68,427,053,895
9,328,842,040	6,649,836,102	6,307,568,362	6,010,777,645	5,689,992,968	5,474,164,312
1,772,370,000	1,434,595,000	1,505,200,000	1,020,850,000	1,049,485,000	1,123,210,000
-	-	-	58,250,000	-	-
10,664,659	9,943,655	9,413,588	9,799,477	11,008,343	12,313,719
514,500,000	911,000,000	1,058,390,000	718,500,000	718,510,000	403,600,000
2,297,534,659	2,355,538,655	2,573,003,588	1,807,399,477	1,779,003,343	1,539,123,719
<u>\$ 7,031,307,381</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>24.63%</u>	<u>35.42%</u>	<u>40.79%</u>	<u>30.07%</u>	<u>31.27%</u>	<u>28.12%</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>
2013	563,593	*	*	149,508	7.4%
2012	944,619	*	*	146,687	7.7%
2011	929,780	*	*	143,289	7.8%
2010	900,933	\$ 37,576,938	\$ 41,400	139,599	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	120,379	3.6%
2005	753,589	29,470,723	39,095	114,068	4.1%
2004	722,817	27,164,020	37,566	108,970	4.4%

\* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

Employer	2013*			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,739	1	5.86%	23,639	1	6.13%
Wake County Public Schools	17,572	2	4.16%	12,997	3	3.37%
International Business Machines (IBM)	10,500	3	2.49%	13,000	2	3.37%
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	5	1.30%
GlaxoSmithKline, Inc.	4,900	6	1.16%	4,800	6	1.24%
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>82,702</u>		<u>21.44%</u>

\* As of the date of publication this information was not available for 2013 or 2012. Data from 2011 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2013

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY  
LAST TEN YEARS

	<u>2013</u>	<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>
School and school based support										
Principals	169	164	163	159	157	152	147	138	132	125
Assistant principals, nonteaching	309	290	285	277	289	286	262	236	228	210
Elementary teachers	4,394	4,283	4,069	4,059	4,123	4,036	3,274	2,750	2,592	2,416
Secondary teachers	3,888	3,774	3,635	3,580	3,769	3,517	2,861	2,781	2,660	2,518
Other teachers	1,760	1,753	1,675	1,638	1,654	1,651	2,467	2,592	2,488	2,320
Guidance	409	397	420	411	436	311	296	276	262	260
Psychological	96	90	90	86	88	61	74	72	71	65
Librarian, audiovisual	209	205	323	359	338	201	195	183	176	168
Consultant, supervisor	82	73	87	92	89	86	99	103	101	96
Teacher assistants	2,177	2,100	2,065	2,057	2,383	2,292	2,191	1,907	1,852	1,727
Total school and school based support	<u>13,493</u>	<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>
Central services										
Administrators, managers	17	19	16	19	19	19	16	17	19	19
Technicians	303	294	319	311	322	98	94	106	106	99
Clerical, secretarial	910	910	905	943	943	1,071	945	899	879	837
Service workers	1,697	1,671	1,737	1,808	1,788	2,132	2,023	2,016	1,981	1,850
Skilled crafts	264	265	269	292	289	164	148	130	126	124
Other professionals	592	589	629	625	582	489	663	648	606	575
Total central services	<u>3,783</u>	<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>
Total full time employees	<u>17,276</u>	<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>

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>
2013	149,508	1.92%	\$ 1,174,020,625	\$ 7,853	2.56%	169	9,384
2012	146,687	2.37%	1,123,193,448	7,657	-2.15%	165	9,284
2011	143,289	2.64%	1,121,165,987	7,825	0.31%	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

Source: Wake County Public Schools Growth Management Department

**This Page Intentionally Left Blank**



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>
2013	\$ 35,189.00	\$ 79,679.80	\$ 46,245.03
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION  
LAST TEN YEARS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Schools						
Elementary						
Buildings	203	215	220	220	217	214
Square feet	8,760,281	8,685,116	8,925,284	8,896,687	8,532,044	8,173,730
Capacity	73,728	76,351	76,851	75,438	72,872	70,674
Enrollment	70,612	70,526	69,277	67,748	67,468	65,641
Mobile classrooms	571	607	602	504	499	696
Middle						
Buildings	114	111	107	105	105	104
Square feet	5,242,441	5,266,057	5,570,506	5,176,364	5,156,547	4,652,335
Capacity	38,202	37,233	37,780	33,317	32,449	32,316
Enrollment	34,365	33,604	32,596	31,482	30,813	29,895
Mobile classrooms	183	189	190	127	127	193
High						
Buildings	211	211	210	210	210	209
Square feet	6,040,661	6,009,897	5,894,216	5,894,216	5,897,099	5,966,408
Capacity	44,021	43,619	43,780	43,056	41,019	41,862
Enrollment	43,285	42,143	41,014	39,994	39,075	38,127
Mobile classrooms	349	309	368	130	130	302
Other (includes academies)						
Buildings	11	9	7	7	7	7
Square feet	325,466	276,564	195,471	195,471	195,471	195,471
Capacity	1,235	384	384	366	366	422
Enrollment	1,246	414	412	375	350	339
Mobile classrooms	33	1	1	1	1	1
Administrative						
Buildings	24	24	23	23	23	23
Square Feet	625,877	625,877	523,725	523,725	523,725	523,725
Transportation						
Buses	920	928	920	905	895	874

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
209	204	202	201
7,410,687	7,024,803	6,814,920	6,674,075
68,484	55,572	52,575	49,452
62,395	58,220	54,741	52,221
636	613	402	352
102	102	99	97
4,482,347	4,479,713	4,360,162	4,290,499
30,818	28,099	27,670	27,148
29,031	27,686	26,647	25,947
217	173	122	132
209	203	203	196
5,620,679	5,288,295	5,178,676	4,640,956
39,607	34,270	33,589	30,486
36,295	34,284	32,351	30,433
243	221	185	163
7	7	6	5
195,877	195,877	122,032	122,032
422	471	418	685
351	314	329	369
1	-	-	-
22	21	21	20
491,868	444,620	444,620	432,231
838	798	767	747

**This Page Intentionally Left Blank**



# Single Audit Section

**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***

**Independent Auditors' Report**

To the Wake County Board of Education  
Cary, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education ("the Board"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose describe in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses.

### 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*.

### Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rives & Associates, LLP

Raleigh, North Carolina  
October 31, 2013



Member:  
American Institute of  
Certified Public Accountants

Rives & Associates, LLP  
Certified Public Accountants

Member:  
North Carolina Association of  
Certified Public Accountants

[www.rivescpa.com](http://www.rivescpa.com)

**Report On Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance;  
In Accordance With OMB Circular A-133; and the  
State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Wake County Board of Education  
Cary, North Carolina

**Report on Compliance for Each Major Federal Program**

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, 2013. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the Board complied, in all material respects, with the types of 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, 2013.

## **Report on Internal Control over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for another purpose.

*Rives & Associates, LLP*

Raleigh, North Carolina  
October 31, 2013



**Report On Compliance For Each Major State Program;  
Report on Internal Control Over Compliance;  
In Accordance OMB Circular A-133;  
and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Wake County Board of Education  
Cary, North Carolina

**Report on Compliance for Each State Program**

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, 2013. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board's major state programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Board's compliance.

## **Opinion on Each Major State Program**

In our opinion, the Board complied, in all material respects, with the types of 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, 2013.

## **Report on Internal Control over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state programs 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 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for another purpose.

*Rives & Associates, LLP*

Raleigh, North Carolina  
October 31, 2013

**WAKE COUNTY BOARD OF EDUCATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

---

**Financial Statements**

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

**Federal Awards**

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

Identification of major federal programs:

**CFDA Numbers   Names of Federal Program or Cluster**

	Child Nutrition Cluster:
10.555	National School Lunch Program
10.553	School Breakfast Program
84.367A	Improving Teacher Quality
84.395	ARRA - Race to the Top
84.395	ARRA - Race to the Top - Stem

**WAKE COUNTY BOARD OF EDUCATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

---

**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: Unmodified

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
  - Textbooks
  - Vocational Education - State Months of Employment
  - Vocational Education - Support Funds

**WAKE COUNTY BOARD OF EDUCATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

---

---

**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.

**WAKE COUNTY BOARD OF EDUCATION**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2013**

No findings disclosed in the prior year

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2013

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	49	\$ 488,906
Grants to States	84.027	60	26,091,964
Capacity Building Improvement	84.173	44	4,384
IDEA VI B - Early Intervening Services	84.027.A	70	3,605,033
IDEA VI B - Special Needs	84.027A	118	40,048
IDEA Targeted Assistance	84.173A	119	39,286
Total Special Education Cluster			<u>30,269,621</u>
Title 1, Part A Cluster:			
Title I - School Improvement	84.010A	105	20,102
ARRA - Title 1	84.389	141	25,923
ARRA - Title I School Improvement	84.389	142	4,037
Title 1, Low Income	84.010	50	23,865,546
Total Title 1, Part A Cluster			<u>23,915,608</u>
ARRA - Education Technology - Formula	84.386	146	191
McKinney-Vento Homeless Assistance	84.196	26	75,379
Vocational Education: Program Improvement	84.048	17	1,361,858
Vocational Education: Federal Tech Preparation	84.243A	23	549
Drug Free Schools and Communities	84.186	48	1,347
Improving Teacher Quality	84.367A	103	2,703,801
Language Acquisition	84.365A	104	1,031,428
Title III Immigrant & Youth	84.365A	111	112,770
IDEA VI B - Special Education State Improvement	84.323A	82	15,712
Emergency Impact Aid - IDEA	84.938C	114	406,188
School Improvement Grants	84.377A	117	680,966
ARRA - Education Jobs Fund	84.410A	155	(2,431)
ARRA - Race to the Top	84.395	156	2,709,986
ARRA - Race to the Top - Stem	84.395	159	133,052
Direct Programs - Indian Education Act	84.060A	310	72,073
Teacher Incentive Fund	84.374A	395	433,687
Transition to Teaching Program	84.350A	346	223,815
Total U.S. Department of Education			<u>64,145,600</u>

Continued on Following Page



WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2013  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Revenues Grantor Recognized
<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		21,547,129
School Breakfast Program	10.553		6,829,232
Summer Food Service Program	10.559		384,345
Cash Assistance Subtotal			<u>28,760,706</u>
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		2,753,096
Fresh Fruit and Vegetable Program	10.582		59,278
Total U.S. Department of Agriculture			<u>31,573,080</u>
<u>U.S. Department of Education</u> - Impact Area Grants	84.041	308	673
<u>Other Federal Assistance:</u>			
U.S. Department of Defense Direct Program - ROTC	12.xxx	301	460,945
Total Federal Assistance			<u>96,180,298</u>
<u>STATE GRANTS:</u>			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund			706,350,960
Textbooks		130	663,841
Technology Fund		15	2,093,831
Vocational Education:			
Months of Employment		13	33,390,257
Support Funds		14	2,049,406
Drivers Training		12	2,846,022
Financed Purchase of School Buses		120	13,060,081
Professional Leave Funding		509	12,858
<u>Office of the Governor</u>			
Governor's Crime Commission: City of Raleigh Police Department		442	10,777
<u>N. C. State University</u>			
Confucious Grant		543	9,025
Partners for Postsecondary Success - RCCC		552	76,488
Total State Assistance			<u>760,563,546</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 856,743,844</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, 2013

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 \$2,753,096 were received during the year ended June 30, 2013. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2013.

**This Page Intentionally Left Blank**