

**WAKE COUNTY**  
**BOARD OF EDUCATION**  
CARY, NORTH CAROLINA

# Comprehensive Annual Financial Report



for the fiscal year ended June 30, 2014

PREPARED BY THE FINANCE DEPARTMENT

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

**Year Ended June 30, 2014**

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# Introduction

October 25, 2014

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, 2014, 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 2013-14 the school system was the largest in North Carolina and the 16<sup>th</sup> largest system in the nation. It served 153,039 students from kindergarten through 12<sup>th</sup> grade in 104 elementary schools, 33 middle schools, 26 high schools, and 4 special/optional schools, and 3 academies. The school system has over 18,000 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 2.3% 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-four of the school system's 170 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-six NC STEM collaborative network schools, seventeen 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 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. Funding for the school system is complex as a result of the various funding sources available. Budget managers apply these resources to accomplish the strategic plan of the school system while maximizing use of taxpayer dollars. Budget managers use reverting sources of funds first so that any savings will occur in the local budget. 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.

The Wake County Board of Education is currently in the strategic planning process to create a community vision for our students. We are developing a five-year strategic plan that will guide the school system moving forward. In order for the plan to best reflect the vision of the community, we have invited the community to share their ideas and priorities with district staff. The first phase of the research, conducted in May 2014 by an independent research firm, included a combination of telephone-based focus groups and in-person interviews in order to collect holistic and rich baseline information from participants by using open-ended questions. The results of the focus groups were used to guide development of a community-wide survey. More than 11,000 people responded to this online survey in June 2014. From the focus group results and the survey results, ten broad, high-level focus areas emerged. The next step in the process was to prioritize the ten

focal areas. In August of 2014, the Friday Institute for Educational Innovation facilitated a WCPSS Town Hall Meeting to begin that work. During this meeting, the community discussed the top focus areas and identified the top five areas for which the district should focus its attention. The district next convened a Strategic Planning Work Team to take the process from this point forward. This work team consists of WCPSS top leadership, board members, principals, teachers, students, parents and numerous community members. The team is working to take the information gathered and revise the district's vision, mission, and core beliefs as well as develop an overarching goal for the district strategic plan. The vision, mission, core beliefs and goal will be further developed by district staff into objectives, initiatives, and supporting metrics/measures and presented to the Board for approval.

### **SAT Scores**

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,577. This is five points higher than the combined score for 2012-13.

Wake's score was 94 points above the North Carolina average of 1,483 and 80 points above the national average of 1,497. Wake students scored an average of 542 on math, 528 on critical reading and 507 on writing.

### **ACT Scores**

Wake County Public School System graduates from the 2013-14 school year scored above the state average in all subject areas. The district's composite score was six-tenths of a point behind the national average, which is heavily weighted with college-bound students who have opted to take the ACT. In North Carolina, all school systems require high school juniors to take the ACT, regardless of college intentions.

### **Graduation Rates**

For the 2013-14 school year, 82.9 percent of seniors who started school four years earlier graduated on time. This is a 1.9 percent increase over the 2012-13 rate of 81 percent, and the highest rate registered in the Wake County Public School System in the past eight years.

## **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, 2013. This was the twenty-fifth 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.

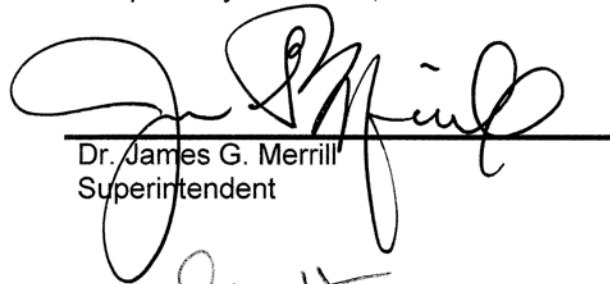
The Certificates of Achievement are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

## 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,

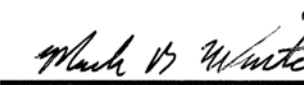


Dr. James G. Merrill  
Superintendent



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David Neter  
Chief Business Officer



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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, 2013**

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, 2013*

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



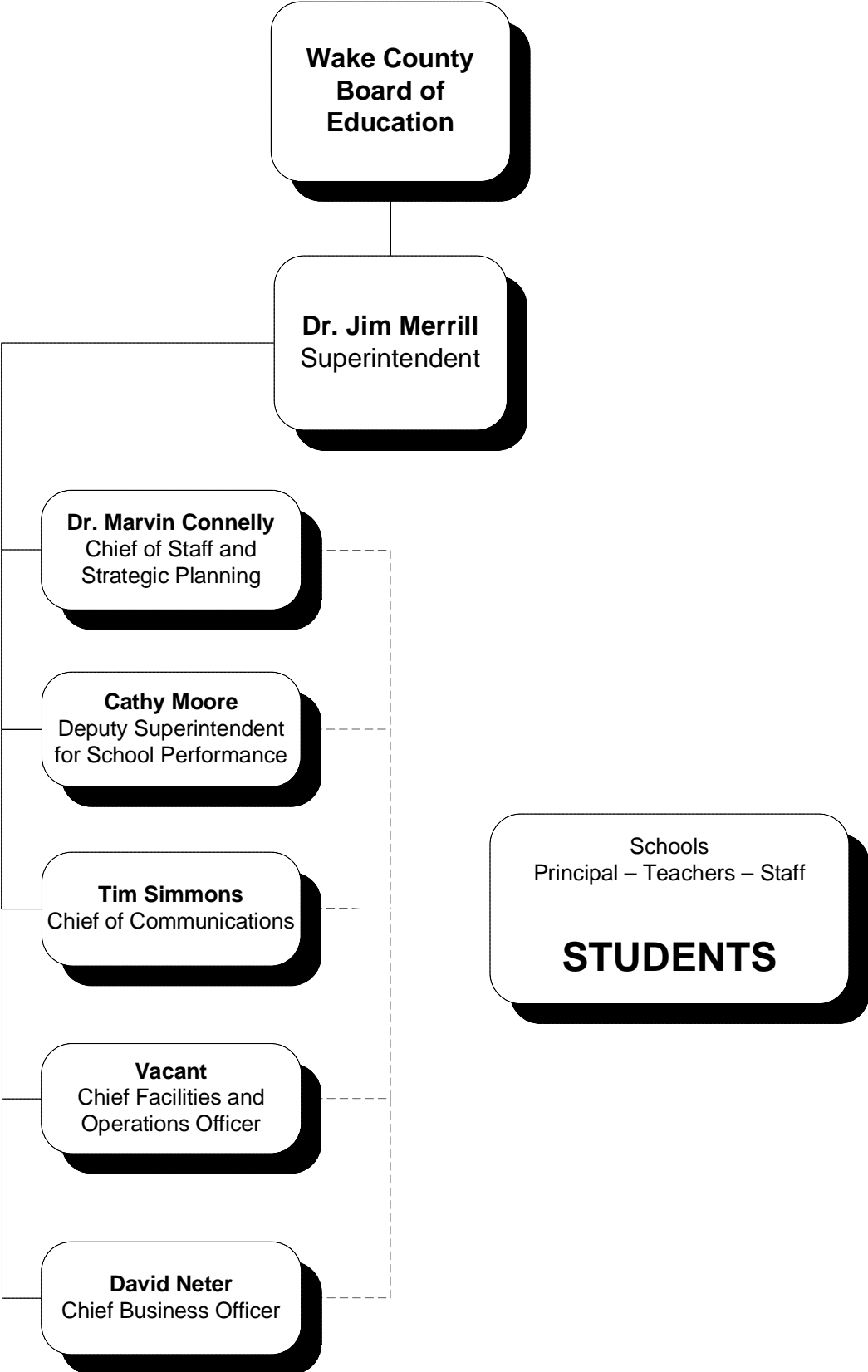
A handwritten signature in black ink, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

# Organizational Chart





# Board of Education and Leadership Team



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



**Tom Benton (District 1)**  
*Vice Chair*



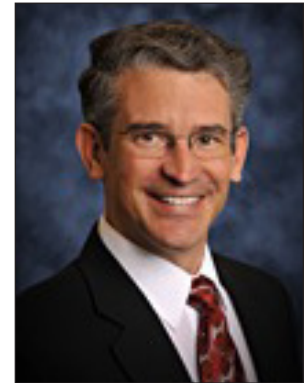
**Monika Johnson-Hostler  
(District 2)**



**Kevin Hill  
(District 3)**



**Keith Sutton  
(District 4)**



**Jim Martin  
(District 5)**



**Zora Felton  
(District 7)**



**Susan Evans  
(District 8)**



**Bill Fletcher  
(District 9)**



**Dr. Jim Merrill**  
*Superintendent*

## Leadership Team

**Dr. Jim Merrill, Superintendent**

### Chief Officers

Dr. Marvin Connelly, Chief of Staff and Strategic Planning  
Cathy Moore, Deputy Superintendent for School Performance  
Vacant, Chief Facilities and Operations Officer  
David Neter, Chief Business Officer  
Tim Simmons, Chief of Communications

### Finance

Mark Winters, Finance Officer

### Area Superintendents

Dr. Edward McFarland - Eastern Wake County  
Lloyd Gardner - Southern Wake County  
Dr. Pamela Kinsey-Barker - Northern Wake County  
Andre Smith - Northeastern Wake County  
Dr. Clinton Robinson - Southwestern Wake County  
Vacant - Western Wake County  
Rose Anne Gonzalez - Central Wake County

### Assistant Superintendents

Dr. Todd Wirt - Academics  
Doug Thilman - Human Resources  
Joe Desormeaux - Facilities  
Karen Hamilton - Special Education  
Brenda Elliott - Student Support Services  
Dr. Bradley McMillen - Data, Research, and Accountability  
Vacant - Technology

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FINANCIAL SECTION



# Financial Section



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)

## 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, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and State Public School Fund for the year then ended in accordance 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 and Analysis on pages 4 through 10 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wake County Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, budgetary schedules and other schedules, and 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 non-major fund financial statements and schedules, budgetary schedules, other 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 non-major fund financial statements and schedules, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2014, on our consideration of the Board's internal control over financial reporting and on 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 Wake County Board of Education's internal control over financial reporting and compliance.

*Rives & Associates LLP*

Raleigh, North Carolina  
October 25, 2014

## 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, 2014. 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 \$2,704,692,033.
- The Board's total net position increased by \$13,756,662 primarily due to increased capital assets in the Governmental Activities.
- As of the close of the current fiscal year, the Board's General Fund reported a total fund balance of \$89,905,785 and the Board's governmental funds reported combined ending fund balances of \$101,006,636. This is an increase of \$3,313,691 in comparison with the prior year. Approximately 20 percent of this total amount, or \$20,215,744, 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*
- *Required supplemental section 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 proprietary funds are presented on the full accrual basis of accounting. 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, a reconciliation following the governmental funds statements, explains the relationship (or differences) between the government-wide and the fund financial statements. 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 sixteen of this report.

*Proprietary funds:* Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. The Wake County Board of Education has two proprietary funds – both 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 \$2,704,692,000 as of June 30, 2014. The largest component of net investment in capital assets of approximately \$2,656,649,000.

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

### Condensed Statements of Net Position June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 155,533	\$ 151,961	\$ 37,408	\$ 38,561	\$ 192,941	\$ 190,522
Capital assets	<u>2,653,788</u>	<u>2,641,504</u>	<u>7,727</u>	<u>8,011</u>	<u>2,661,515</u>	<u>2,649,515</u>
Total assets	2,809,321	2,793,465	45,135	46,572	2,854,456	2,840,037
Long-term liabilities outstanding	47,430	42,853	621	705	48,051	43,558
Current liabilities	<u>91,502</u>	<u>96,405</u>	<u>4,093</u>	<u>3,891</u>	<u>95,595</u>	<u>100,296</u>
Total liabilities	138,932	139,258	4,714	4,596	143,646	143,854
Deferred Inflows of Resources	6,118	5,248	-	-	6,118	5,248
Net position						
Net investment in capital assets	2,648,922	2,631,484	7,727	8,011	2,656,649	2,639,495
Restricted	16,600	12,011	-	-	16,600	12,011
Unrestricted	<u>(1,251)</u>	<u>5,464</u>	<u>32,694</u>	<u>33,965</u>	<u>31,443</u>	<u>39,429</u>
Total net position	<u>\$ 2,664,271</u>	<u>\$ 2,648,959</u>	<u>\$ 40,421</u>	<u>\$ 41,976</u>	<u>\$ 2,704,692</u>	<u>\$ 2,690,935</u>

Note that net position for governmental activities increased by approximately \$15,312,000 during the year. The increase in net position was due largely to the increase in capital assets in the governmental activities due to new school construction. Also note that the Board carries capital assets for which Wake County carries the offsetting debt.

The following table shows the revenues and expenses for the Board for the current and previous fiscal year (in thousands):

**Condensed Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,191	\$ 1,166	\$ 30,591	\$ 30,741	\$ 31,782	\$ 31,907
Operating grants and contributions	855,019	830,319	33,048	31,579	888,067	861,898
Capital grants and contributions	53	372	-	-	53	372
General Revenues:						
Unrestricted county appropriations - operating	323,966	317,181	-	-	323,966	317,181
Unrestricted county appropriations - capital	90,260	72,690	-	-	90,260	72,690
Unrestricted state appropriations - capital	5,155	32,522	-	-	5,155	32,522
Other	2,419	5,059	133	135	2,552	5,194
<b>Total revenues</b>	<b><u>1,278,063</u></b>	<b><u>1,259,309</u></b>	<b><u>63,772</u></b>	<b><u>62,455</u></b>	<b><u>1,341,835</u></b>	<b><u>1,321,764</u></b>
<b>Expenses:</b>						
Governmental activities:						
Instructional services	951,436	933,376	-	-	951,436	933,376
System-wide support services	236,261	250,145	-	-	236,261	250,145
Ancillary services	176	516	-	-	176	516
Nonprogram charges	10,589	9,880	-	-	10,589	9,880
Depreciation	63,862	85,310	-	-	63,862	85,310
Business-type activities:						
Food services	-	-	52,823	49,840	52,823	49,840
Tuition programs	-	-	12,931	10,223	12,931	10,223
<b>Total expenses</b>	<b><u>1,262,324</u></b>	<b><u>1,279,227</u></b>	<b><u>65,754</u></b>	<b><u>60,063</u></b>	<b><u>1,328,078</u></b>	<b><u>1,339,290</u></b>
Transfers	(427)	(533)	427	533	-	-
<b>Increase (decrease) in net position</b>	<b>15,312</b>	<b>(20,451)</b>	<b>(1,555)</b>	<b>2,925</b>	<b>13,757</b>	<b>(17,526)</b>
Net position, beginning	<u>2,648,959</u>	<u>2,669,410</u>	<u>41,976</u>	<u>39,051</u>	<u>2,690,935</u>	<u>2,708,461</u>
<b>Net position, ending</b>	<b><u>\$ 2,664,271</u></b>	<b><u>\$ 2,648,959</u></b>	<b><u>\$ 40,421</u></b>	<b><u>\$ 41,976</u></b>	<b><u>\$ 2,704,692</u></b>	<b><u>\$ 2,690,935</u></b>

Total governmental activities generated revenues of \$1.28 billion while expenses in this category totaled \$1.26 billion. The resulting \$15 million increase in net position was mainly due to the increase in capital assets from our building program.

Business-type activities generated revenue of \$63.7 million and had expenses of \$65.7 million. Business-type revenues increased due to an increase in USDA grants. Expenses also increased due to an increase in cost for food, supplies, salaries, and employee benefits. This resulted in the decrease of net position for business-type activities of \$1.6 million.

### Financial Analysis of the District's Funds

The general fund reported a total fund balance of \$89,905,785, an increase of \$1,722,357 over last year. The underlying reasons for this increase are the prepayment of a large fuel purchase for transportation and the system's policy of sequestering identified savings in an unbudgeted line item. The unassigned fund balance in the general fund decreased to \$20,215,744. This level of unassigned fund balance equals 1.5 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,325,137,831). The Board assigned \$26,075,734 from fund balance to support the 2014-15 budget.

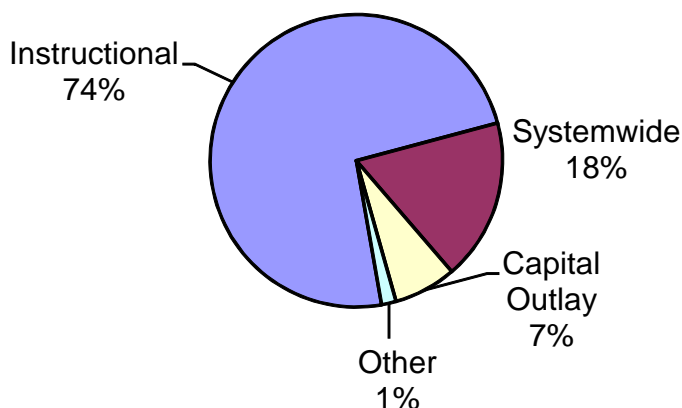
The total fund balance in the capital projects fund increased by \$1,631,164, and the restricted fund balance for capital expenditures increased to \$368,912. This increase was due to the reduction of vehicle purchases.

The fund balance restricted for individual schools in the individual schools fund decreased by \$39,800 due to schools increasing their expenditures by 7% in this area.

The Board's governmental funds reported a combined fund balance of \$101,006,636, a \$3,313,691 increase over last year. County funding increased over the prior year by \$24 million. This increase was due mainly to the increase in the building program. State funding increased approximately \$12 million as a result of student growth. Federal funding increased by approximately \$1 million due to the increase in ESEA grants.

The Board's business-type funds reflected a total decrease in net position of \$1,555,108. The Child Nutrition Program reflected a decrease in net position over the last year of \$728,265. This was mainly due to the decrease in food sales and the increase in food cost. Tuition Programs reflected a decrease in net position over last year of \$826,843. This was due to the increase of expenses for purchased services.

### 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 \$6.9 million. This was mainly due to the appropriation of fund balance for legislated unemployment reserve, and a one-time bonus for transportation personnel. Total expenditures for the general fund were \$36 million less than the final budget due to prepaid expenditures and intentional spending restrictions.

Total amendments to the state public school fund increased revenues by approximately \$3.1 million. This change was the net of the increases and decreases in allotments received from the state.

## Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2014, totals \$2,661,515,035 (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, 2014 and 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 145,796	\$ 139,938	\$ -	\$ -	\$ 145,796	\$ 139,938
Land Improvements	4,254	4,363	-	-	4,254	4,363
Buildings	2,209,521	2,188,096	-	-	2,209,521	2,188,096
Equipment	55,522	62,320	7,512	7,953	63,034	70,273
Vehicles	29,320	35,116	215	58	29,535	35,174
Construction in progress	209,375	211,671	-	-	209,375	211,671
Total	<u>\$ 2,653,788</u>	<u>\$ 2,641,504</u>	<u>\$ 7,727</u>	<u>\$ 8,011</u>	<u>\$ 2,661,515</u>	<u>\$ 2,649,515</u>

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

## Debt Outstanding

During the year the Board's outstanding government-type debt increased by \$285,660 and the business-type activities debt decreased by \$184,297. The increase in the government-type debt was due to increase in compensation absences and worker's compensation. The decrease in the business-type activities debt was due to the decrease in compensated absences. More detailed information on the Board's outstanding debt is contained on page 40 of the notes to the financial statements. The county holds virtually all debt issued for school capital construction.

## **Economic Factors**

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

- The total assessed value of property in the County increased to \$127.4 billion for the fiscal year ended June 30, 2014, a 4.1 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2014 were \$141.3 million. This is a 11% increase from \$127.3 million in the prior fiscal year.
- Property tax collections increased by 4.5% over the previous year.

## **Requests for Information**

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

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

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 117,633,989	\$ 32,999,170	\$ 150,633,159
Due from other governments	27,122,539	1,804,921	28,927,460
Internal balances	(371,710)	371,710	-
Receivables	3,638,775	173,994	3,812,769
Inventory and prepaid expenses	7,509,861	2,058,184	9,568,045
Total current assets	155,533,454	37,407,979	192,941,433
Noncurrent assets:			
Land and construction in progress	355,170,453	-	355,170,453
Capital assets, net of accumulated depreciation	2,298,617,104	7,727,478	2,306,344,582
	2,653,787,557	7,727,478	2,661,515,035
 TOTAL ASSETS	 2,809,321,011	 45,135,457	 2,854,456,468
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	19,062,716	1,135,474	20,198,190
Accounts payable	29,345,717	2,458,468	31,804,185
Current portion of long-term obligations	43,092,916	500,000	43,592,916
Total current liabilities	91,501,349	4,093,942	95,595,291
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	47,430,200	620,558	48,050,758
 TOTAL LIABILITIES	 138,931,549	 4,714,500	 143,646,049
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 6,118,386	 -	 6,118,386
<b>NET POSITION</b>			
Net investment in capital assets	2,648,922,011	7,727,478	2,656,649,489
Restricted for:			
Individual school activities	8,377,238	-	8,377,238
Stabilization by state statute	7,853,784	-	7,853,784
School capital outlay	368,912	-	368,912
Unrestricted	(1,250,869)	32,693,479	31,442,610
 TOTAL NET POSITION	 \$ 2,664,271,076	 \$ 40,420,957	 \$ 2,704,692,033

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instructional programs:				
Regular	\$ 548,740,312	\$ 1,157,302	\$ 450,087,617	\$ -
Special populations	181,570,641	-	156,603,763	-
Alternative programs and services	67,406,274	-	57,794,437	-
School leadership	69,258,721	-	38,966,031	-
Co-curricular	23,226,828	-	15,729,242	-
School-based support services	61,233,044	-	48,960,821	-
Systemwide support services				
Support and development	10,115,956	-	3,974,269	-
Special populations support and development	4,651,561	-	1,650,277	-
Alternative programs and services support and development	2,739,756	-	2,009,030	-
Technology support	18,109,553	-	2,230,667	-
Operational support	167,828,385	-	74,006,113	53,432
Financial and human resource	16,209,892	-	836,475	-
Accountability	4,012,919	-	1,479,139	-
Systemwide pupil support	4,925,370	-	42,534	-
Policy, leadership and public relations	7,667,733	-	443,108	-
Ancillary services	176,331	34,070	155,600	-
Nonprogram charges	10,589,182	-	50,265	-
Depreciation - unallocated *	63,861,810	-	-	-
Total governmental activities	<u>1,262,324,268</u>	<u>1,191,372</u>	<u>855,019,388</u>	<u>53,432</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Food services	52,823,064	18,540,817	33,048,188	-
Tuition programs	12,931,220	12,050,049	-	-
Total business-type activities	<u>65,754,284</u>	<u>30,590,866</u>	<u>33,048,188</u>	<u>-</u>
Total school district	<u>\$ 1,328,078,552</u>	<u>\$ 31,782,238</u>	<u>\$ 888,067,576</u>	<u>\$ 53,432</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
\$ (97,495,393)		\$ (97,495,393)
(24,966,878)		(24,966,878)
(9,611,837)		(9,611,837)
(30,292,690)		(30,292,690)
(7,497,586)		(7,497,586)
(12,272,223)		(12,272,223)
(6,141,687)		(6,141,687)
(3,001,284)		(3,001,284)
(730,726)		(730,726)
(15,878,886)		(15,878,886)
(93,768,840)		(93,768,840)
(15,373,417)		(15,373,417)
(2,533,780)		(2,533,780)
(4,882,836)		(4,882,836)
(7,224,625)		(7,224,625)
13,339		13,339
(10,538,917)		(10,538,917)
(63,861,810)		(63,861,810)
<u>(406,060,076)</u>		<u>(406,060,076)</u>
	\$ (1,234,059)	(1,234,059)
	<u>(881,171)</u>	<u>(881,171)</u>
	<u>(2,115,230)</u>	<u>(2,115,230)</u>
<u>(406,060,076)</u>	<u>(2,115,230)</u>	<u>(408,175,306)</u>
323,966,127	-	323,966,127
90,259,437	-	90,259,437
5,154,525	-	5,154,525
458,800	133,264	592,064
1,959,815	-	1,959,815
(426,858)	426,858	-
<u>421,371,846</u>	<u>560,122</u>	<u>421,931,968</u>
15,311,770	(1,555,108)	13,756,662
<u>2,648,959,306</u>	<u>41,976,065</u>	<u>2,690,935,371</u>
<u>\$ 2,664,271,076</u>	<u>\$ 40,420,957</u>	<u>\$ 2,704,692,033</u>



**WAKE COUNTY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 94,877,421	\$ 6,088,187	\$ 9,190,684	\$ 2,708,723	\$ 4,768,974	\$ 117,633,989
Due from other governments	1,831,255	12,807,864	52,310	11,045,720	1,385,390	27,122,539
Accounts receivable	1,421,972	-	30,179	-	2,186,624	3,638,775
Due from other funds	85,262	-	4,110	-	8,269	97,641
Prepaid	4,543,602	-	-	-	-	4,543,602
Inventories	2,966,259	-	-	-	-	2,966,259
Total assets	<b>\$ 105,725,771</b>	<b>\$ 18,896,051</b>	<b>\$ 9,277,283</b>	<b>\$ 13,754,443</b>	<b>\$ 8,349,257</b>	<b>\$ 156,002,805</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Salaries and benefits payable	\$ 5,329,424	\$ 12,807,864	\$ -	\$ -	\$ 925,428	\$ 19,062,716
Accounts payable	10,428,359	6,088,187	560,988	11,030,802	1,237,381	29,345,717
Due to other funds	61,562	-	339,057	28	68,704	469,351
Total liabilities	15,819,345	18,896,051	900,045	11,030,830	2,231,513	48,877,784
Deferred inflows of resources:	641	-	-	-	6,117,744	6,118,385
Fund balances:						
Nonspendable:						
Inventories	2,966,259	-	-	-	-	2,966,259
Prepaid	4,543,602	-	-	-	-	4,543,602
Restricted:						
Stabilization by state statute	5,542,274	-	-	2,311,510	-	7,853,784
Capital expenditures	-	-	-	368,912	-	368,912
Individual schools	-	-	8,377,238	-	-	8,377,238
Restricted contributions	-	-	-	43,191	-	43,191
Assigned						
Special projects	19,427,037	-	-	-	-	19,427,037
Insurance	9,909,912	-	-	-	-	9,909,912
Flexible benefit plan	1,225,223	-	-	-	-	1,225,223
Subsequent years expenditures	26,075,734	-	-	-	-	26,075,734
Unassigned	20,215,744	-	-	-	-	20,215,744
Total fund balances	89,905,785	-	8,377,238	2,723,613	-	101,006,636
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 105,725,771</b>	<b>\$ 18,896,051</b>	<b>\$ 9,277,283</b>	<b>\$ 13,754,443</b>	<b>\$ 8,349,257</b>	

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. 2,653,787,557

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	\$ (6,088,469)
Compensated absences (vacation)	(79,569,102)
Installation purchase	(4,865,546)

(90,523,117)

Total net position - governmental activities **\$ 2,664,271,076**

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, 2014**

	General Fund	State Public School Fund	Individual Schools Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES:</b>						
County	\$ 323,966,127	\$ -	\$ -	\$ 90,259,437	\$ -	\$ 414,225,564
State	36,957	767,393,426	-	5,154,525	1,705	772,586,613
Federal	485,232	-	-	-	65,803,723	66,288,955
Other local	5,894,759	-	15,720,318	362,163	12,961,532	34,938,772
Total revenues	<u>330,383,075</u>	<u>767,393,426</u>	<u>15,720,318</u>	<u>95,776,125</u>	<u>78,766,960</u>	<u>1,288,039,904</u>
<b>EXPENDITURES:</b>						
<b>Current operations:</b>						
Instructional services:						
Regular instruction	96,343,277	445,625,383	-	-	3,783,784	545,752,444
Special populations	24,634,430	126,727,704	-	-	29,278,788	180,640,922
Alternative programs and services	9,736,568	27,902,523	-	-	29,223,423	66,862,514
School leadership	29,838,947	38,905,032	-	-	60,796	68,804,775
Co-curricular	7,667,040	-	15,539,645	-	8,925	23,215,610
School-based support	11,488,530	47,104,752	-	-	1,820,994	60,414,276
Systemwide support services						
Support and development	6,712,385	828,757	-	-	3,092,602	10,633,744
Special populations support and development	2,976,976	1,110,207	-	-	528,557	4,615,740
Alternative programs and services support and development	1,155,940	768,945	-	-	804,342	2,729,227
Technology support	13,615,627	2,230,667	-	-	899,449	16,745,743
Operational support	81,379,393	73,492,044	-	-	7,085,307	161,956,744
Financial and human resource	14,760,054	844,558	-	-	472,095	16,076,707
Accountability	2,528,569	1,373,179	-	-	104,397	4,006,145
Systemwide pupil support	4,894,236	-	-	-	42,534	4,936,770
Policy, leadership and public relations	7,153,290	443,108	-	-	-	7,596,398
Ancillary services	78,343	(13,698)	-	-	169,076	233,721
Non-program charges	13,761,647	-	-	-	1,391,891	15,153,538
<b>Debt service:</b>						
Principal	-	-	-	5,154,525	-	5,154,525
<b>Capital outlay:</b>						
Land, buildings, and other	-	-	-	88,445,025	-	88,445,025
Equipment	-	-	-	545,441	-	545,441
Total expenditures	<u>328,725,252</u>	<u>767,343,161</u>	<u>15,539,645</u>	<u>94,144,991</u>	<u>78,766,960</u>	<u>1,284,520,009</u>
Excess of revenues over expenditures	<u>1,657,823</u>	<u>50,265</u>	<u>180,673</u>	<u>1,631,134</u>	<u>-</u>	<u>3,519,895</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	220,473	-	-	-	-	220,473
Transfers out	-	(50,265)	(220,473)	-	-	(270,738)
Total other financing sources (uses)	<u>220,473</u>	<u>(50,265)</u>	<u>(220,473)</u>	<u>-</u>	<u>-</u>	<u>(50,265)</u>
Net change in fund balance	<u>1,878,296</u>	<u>-</u>	<u>(39,800)</u>	<u>1,631,134</u>	<u>-</u>	<u>3,469,630</u>
Fund balances, beginning of year	88,183,428	-	8,417,038	1,092,479	-	97,692,945
Increase in reserve for inventories	(155,939)	-	-	-	-	(155,939)
Fund balances, end of the year	<u>\$ 89,905,785</u>	<u>\$ -</u>	<u>\$ 8,377,238</u>	<u>\$ 2,723,613</u>	<u>\$ -</u>	<u>\$ 101,006,636</u>

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

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WAKE COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

Total net change in fund balances - governmental funds	\$	3,469,630
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.		
		17,646,124
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.		
		5,154,525
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		(4,153,275)
Loss on disposal of assets		(5,362,385)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements.		
		(1,286,910)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.		
		<u>(155,939)</u>
Change in net position of governmental activities	\$	<u>15,311,770</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, 2014

	General Fund			Variance- Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
County	\$ 323,966,127	\$ 323,966,127	\$ 323,966,127	\$ -
State	20,000	52,600	36,957	(15,643)
Federal	450,000	450,000	485,232	35,232
Other local	4,875,643	4,937,181	5,894,759	957,578
Total revenues	<u>329,311,770</u>	<u>329,405,908</u>	<u>330,383,075</u>	<u>977,167</u>
<b>EXPENDITURES:</b>				
<b>Current operations:</b>				
Instructional services:				
Regular instruction	103,033,285	99,737,731	96,343,277	3,394,454
Special populations	28,711,337	25,855,902	24,634,430	1,221,472
Alternative programs and services	13,136,573	11,265,531	9,736,568	1,528,963
School leadership	28,558,026	30,941,593	29,838,947	1,102,646
Co-curricular	8,174,800	8,337,552	7,667,040	670,512
School-based support services	11,948,775	12,067,803	11,488,530	579,273
Systemwide support services				
Support and development	8,425,596	7,202,603	6,712,385	490,218
Special populations support and development	3,001,682	3,117,934	2,976,976	140,958
Alternative programs and services support and development	1,188,501	1,320,620	1,155,940	164,680
Technology support	13,387,168	15,057,886	13,615,627	1,442,259
Operational support	92,912,687	94,662,959	81,379,393	13,283,566
Financial and human resource	16,317,905	16,008,516	14,760,054	1,248,462
Accountability	3,056,952	2,743,412	2,528,569	214,843
Systemwide pupil support	4,824,770	5,141,074	4,894,236	246,838
Policy, leadership and public relations	7,972,391	7,810,710	7,153,290	657,420
Ancillary services	108,163	142,198	78,343	63,855
Non-program charges	12,945,411	13,945,411	13,761,647	183,764
Unbudgeted Funds	7,748	9,282,044	-	9,282,044
Total expenditures	<u>357,711,770</u>	<u>364,641,479</u>	<u>328,725,252</u>	<u>35,916,227</u>
Revenues over (under) expenditures	<u>(28,400,000)</u>	<u>(35,235,571)</u>	<u>1,657,823</u>	<u>36,893,394</u>
Other financing sources (uses):				
Appropriated fund balance	28,400,000	35,015,098	-	(35,015,098)
Transfers in	-	220,473	220,473	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>28,400,000</u>	<u>35,235,571</u>	<u>220,473</u>	<u>(35,015,098)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,878,296	<u>\$ 1,878,296</u>
Fund balances, beginning of year			88,183,428	
Increase in reserve for inventories			(155,939)	
Fund balances, end of year			<u>\$ 89,905,785</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)
\$ -	\$ -	\$ -	\$ -
776,049,760	779,133,802	767,393,426	(11,740,376)
-	-	-	-
-	-	-	-
<u>776,049,760</u>	<u>779,133,802</u>	<u>767,393,426</u>	<u>(11,740,376)</u>
459,161,827	449,787,464	445,625,383	4,162,081
125,353,657	126,994,528	126,727,704	266,824
24,767,314	30,407,638	27,902,523	2,505,115
39,531,313	39,866,023	38,905,032	960,991
-	-	-	-
48,380,939	48,368,839	47,104,752	1,264,087
1,002,318	861,101	828,757	32,344
1,053,423	1,121,948	1,110,207	11,741
868,665	790,256	768,945	21,311
3,534,791	4,563,450	2,230,667	2,332,783
70,893,468	73,657,449	73,492,044	165,405
603,911	844,558	844,558	-
400,172	1,373,251	1,373,179	72
130,068	-	-	-
310,355	443,108	443,108	-
57,539	3,924	(13,698)	17,622
-	-	-	-
<u>776,049,760</u>	<u>779,083,537</u>	<u>767,343,161</u>	<u>11,740,376</u>
-	50,265	50,265	-
-	-	-	-
-	-	-	-
-	(50,265)	(50,265)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
		-	
		-	
		<u>\$ -</u>	

WAKE COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2014

	<u>Major Fund Child Nutrition Program</u>	<u>Major Fund Tuition Programs</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 24,003,913	\$ 8,995,257	\$ 32,999,170
Accounts receivable	35,136	138,858	173,994
Due from other governments	1,767,107	37,814	1,804,921
Due from other funds	4,757	390,905	395,662
Inventory	<u>2,058,184</u>	<u>-</u>	<u>2,058,184</u>
Total current assets	27,869,097	9,562,834	37,431,931
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>7,330,403</u>	<u>397,075</u>	<u>7,727,478</u>
Total assets	<u>35,199,500</u>	<u>9,959,909</u>	<u>45,159,409</u>
<b>LIABILITIES</b>			
Current liabilities:			
Salaries and benefits payable	1,122,391	13,083	1,135,474
Accounts payable	1,865,141	593,327	2,458,468
Due to other funds	53	23,899	23,952
Current portion of long-term obligations	<u>450,000</u>	<u>50,000</u>	<u>500,000</u>
Total current liabilities	3,437,585	680,309	4,117,894
Noncurrent liabilities:			
Long-term obligations	<u>554,286</u>	<u>66,272</u>	<u>620,558</u>
Total liabilities	<u>3,991,871</u>	<u>746,581</u>	<u>4,738,452</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,330,403	397,075	7,727,478
Unrestricted	<u>23,877,226</u>	<u>8,816,253</u>	<u>32,693,479</u>
Total net position	<u>\$ 31,207,629</u>	<u>\$ 9,213,328</u>	<u>\$ 40,420,957</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, 2014

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>OPERATING REVENUES</b>			
Food sales	\$ 18,540,817	\$ -	\$ 18,540,817
Participant fees	-	12,050,049	12,050,049
Total operating revenues	18,540,817	12,050,049	30,590,866
<b>OPERATING EXPENSES:</b>			
Business supporting services:			
Salaries	15,682,636	4,550,714	20,233,350
Food	19,799,206	-	19,799,206
Supplies	1,845,916	2,886,357	4,732,273
Purchased services	1,531,170	3,343,116	4,874,286
Other supporting services:			
Employee benefits	7,383,947	1,037,696	8,421,643
Donated commodities	3,312,709	-	3,312,709
Indirect costs	2,165,711	1,057,020	3,222,731
Depreciation	1,101,769	51,882	1,153,651
TOTAL OPERATING EXPENSES	52,823,064	12,926,785	65,749,849
Operating loss	(34,282,247)	(876,736)	(35,158,983)
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Federal regular USDA grants	29,196,645	-	29,196,645
USDA grants - summer feeding program	505,595	-	505,595
USDA grants - fresh fruit & vegetable program	61,522	-	61,522
Federal commodities	3,312,709	-	3,312,709
Interest	97,748	35,516	133,264
Loss on sale of capital assets	(28,283)	(4,435)	(32,718)
Total non-operating revenues	33,145,936	31,081	33,177,017
Loss before contributions and transfers	(1,136,311)	(845,655)	(1,981,966)
Contribution from other funds	357,781	18,812	376,593
Transfers from other funds	50,265	-	50,265
	408,046	18,812	426,858
Change in net position	(728,265)	(826,843)	(1,555,108)
Net position, beginning	31,935,894	10,040,171	41,976,065
Net position, ending	\$ 31,207,629	\$ 9,213,328	\$ 40,420,957

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, 2014

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from user charges	\$ 18,651,716	\$ 11,809,587	\$ 30,461,303
Payments to employees for services	(23,101,484)	(5,581,453)	(28,682,937)
Payments to suppliers for goods and services	(23,110,986)	(6,148,894)	(29,259,880)
Payments for other operating expenses	(2,723,516)	(1,056,821)	(3,780,337)
Net cash used by operating activities	(30,284,270)	(977,581)	(31,261,851)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Federal regular USDA grants	29,196,645	-	29,196,645
USDA grants - summer feeding program	505,595	-	505,595
USDA grants - fresh fruit & vegetable program	61,522	-	61,522
Net cash provided by non-capital financing activities	29,763,762	-	29,763,762
<b>CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of equipment	(500,387)	(33,579)	(533,966)
Proceeds from sale of equipment	7,256	-	7,256
Net cash used for capital and related financing activities	(493,131)	(33,579)	(526,710)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	97,748	35,516	133,264
Net increase in cash and cash equivalents	(915,891)	(975,644)	(1,891,535)
Cash and cash equivalents, beginning of year	24,919,804	9,970,901	34,890,705
Cash and cash equivalents, end of year	\$ 24,003,913	\$ 8,995,257	\$ 32,999,170
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (34,282,247)	\$ (876,736)	\$ (35,158,983)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,101,769	51,882	1,153,651
Salaries paid by special revenue fund	50,265	-	50,265
Increase in accounts receivable and due from other governments	(408,675)	(260,236)	(668,911)
Increase in inventories	(56,261)	-	(56,261)
Decrease in prepaid expenses	1,531	3,428	4,959
Increase in accounts payable and salaries and benefits payable	189,702	95,315	285,017
Increase (decrease) in accrued vacation	(193,063)	8,766	(184,297)
Donated commodities	3,312,709	-	3,312,709
Total adjustments	3,997,977	(100,845)	3,897,132
Net cash used by operating activities	\$ (30,284,270)	\$ (977,581)	\$ (31,261,851)
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:</b>			
Donated commodities	\$ 3,312,709	\$ -	\$ 3,312,709
Transfer of equipment from capital projects fund	\$ 357,781	\$ 18,812	\$ 376,593
Payments of salaries by state public school fund	\$ 50,265	\$ -	\$ 50,265

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, 2014**

**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. The Individual Schools Fund is reported as a special revenue fund.

*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) and is reported as a capital projects fund. 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, lottery proceeds, 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 budgeted 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 \$158,387,687 approved by the Board as follows:

General fund	\$ 6,929,709
State public school fund	3,084,042
Grants and other restricted funds	18,159,335
Capital projects funds	126,574,162
Enterprise fund	<u>3,640,439</u>
	<u>\$ 158,387,687</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 items in both government-wide and fund financial statements and expensed as the items are used.

## 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 three items that meets this criterion – grants receivable in the Direct Grant, General Fund 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, 2014 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 is 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, 2014 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 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 \$2,563,264,440 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)	\$ 3,313,163,712
Less accumulated depreciation	<u>(659,376,155)</u>
Net capital assets	<u>2,653,787,557</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	(6,088,469)
Compensated absences	(79,569,102)
Installment purchase	<u>(4,865,546)</u>
Total adjustments	<u>\$ 2,563,264,440</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 \$11,842,140 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.	\$ 87,940,775
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.	(70,294,651)
Loss on disposal of assets	(5,362,385)
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.	5,154,525
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(4,153,275)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	(155,939)
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>(1,286,910)</u>
Total adjustments	<u>\$ 11,842,140</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, 2014, the Board's deposits with banks had a carrying amount of \$39,894,194 and with the State Treasurer of \$6,591,496. The bank balances with the financial institutions and the State Treasurer were \$41,850,872 and \$8,368,755, respectively. Of these balances, \$507,051 was covered by federal depository insurance and \$49,712,576 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

##### 2. Investments

At June 30, 2014, 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	\$ 8,974	Term Portfolio duration of .23	AAAm
State Treasurer's Short Term Investment Fund	<u>104,138,495</u>	Weighted average maturity of 1.3 years	Unrated
Total Investments	<u>\$ 104,147,469</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 1.3 years as of June 30, 2014

*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, 2014. 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, 2014, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
<b>Governmental activities:</b>			
General Fund	\$ 85,262	\$ 1,831,255	\$ 1,421,972
Other governmental activities	<u>12,379</u>	<u>25,291,284</u>	<u>2,216,803</u>
<b>Total</b>	<b><u>\$ 97,641</u></b>	<b><u>\$ 27,122,539</u></b>	<b><u>\$ 3,638,775</u></b>
<b>Business-type activities:</b>			
Child Nutrition Program	\$ 4,757	\$ 1,767,107	\$ 35,136
Tuition Programs	<u>390,905</u>	<u>37,814</u>	<u>138,858</u>
<b>Total</b>	<b><u>\$ 395,662</u></b>	<b><u>\$ 1,804,921</u></b>	<b><u>\$ 173,994</u></b>

Due from other governments consists of the following:

<b>Governmental activities</b>		
General Fund	\$ 717,481	Sales tax refund from state
	3,146	Miscellaneous revenue from state
	1,063,026	Miscellaneous revenue from municipalities
	<u>47,602</u>	Miscellaneous revenue from federal
	<u>1,831,255</u>	
State Public School Fund	12,807,864	Operating funds from DPI
Individual Schools Fund	52,310	Sales tax refund from state
Capital Outlay Fund	14,944	Sales tax refund from state
	<u>11,030,776</u>	County funds from county appropriations
	<u>11,045,720</u>	
Direct Grants Fund	22,371	Federal grant funds
Other Restricted Fund	31	Sales tax refund from state
State Administered Federal Grants Fund	<u>1,362,988</u>	Federal grant funds
<b>Total</b>	<b><u>\$ 27,122,539</u></b>	

Business-type activities:

Child Nutrition Program	\$ 1,725,537	USDA Reimbursement from state
	<u>41,570</u>	Sales tax refund from state
	<u>1,767,107</u>	
Tuition Programs	31,358	Sales tax refund from state
	<u>6,456</u>	Miscellaneous revenue from municipalities
	<u>37,814</u>	
Total	<u>\$ 1,804,921</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, 2014 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balances</u>
Capital assets not being depreciated:					
Land	\$ 139,938,407	\$ 8,607,473	\$ -	\$ (2,750,000)	\$ 145,795,880
Construction in progress	<u>211,670,768</u>	<u>76,680,333</u>	<u>(78,976,528)</u>	<u>-</u>	<u>209,374,573</u>
Total capital assets not being depreciated	<u>351,609,175</u>	<u>85,287,806</u>	<u>(78,976,528)</u>	<u>(2,750,000)</u>	<u>355,170,453</u>
Capital assets being depreciated					
Land improvements	8,883,201	212,255	-	(75,750)	9,019,706
Buildings	2,713,316,408	-	78,976,528	(5,675,614)	2,786,617,322
Equipment	85,279,646	1,204,468	-	(554,571)	85,929,543
Vehicles and motor equipment	<u>76,617,533</u>	<u>1,236,246</u>	<u>-</u>	<u>(1,427,091)</u>	<u>76,426,688</u>
Total capital assets being depreciated:	<u>2,884,096,788</u>	<u>2,652,969</u>	<u>78,976,528</u>	<u>(7,733,026)</u>	<u>2,957,993,259</u>
Less accumulated depreciation for:					
Land improvements	4,519,857	314,810	-	(68,714)	4,765,953
Buildings	525,220,858	55,024,883	-	(3,149,966)	577,095,775
Equipment	22,959,874	7,935,425	-	(487,838)	30,407,461
Vehicles and motor equipment	<u>41,501,556</u>	<u>7,019,533</u>	<u>-</u>	<u>(1,414,123)</u>	<u>47,106,966</u>
Total accumulated depreciation	<u>594,202,145</u>	<u>\$ 70,294,651</u>	<u>\$ -</u>	<u>\$ (5,120,641)</u>	659,376,155
Total capital assets being depreciated, net	<u>2,289,894,643</u>				<u>2,298,617,104</u>
Governmental activity capital assets, net	<u>\$ 2,641,503,818</u>				<u>\$ 2,653,787,557</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 63,861,810
Operational support services	<u>6,432,841</u>
Total	<u>\$ 70,294,651</u>

<b>Business-type Activities:</b>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Retirements</u>	<u>Ending Balances</u>
Child nutrition program activities				
Capital assets being depreciated:				
Equipment	\$ 18,332,596	\$ 713,813	\$ (322,757)	\$ 18,723,652
Vehicles	<u>785,970</u>	<u>144,355</u>	<u>-</u>	<u>930,325</u>
Total capital assets being depreciated	19,118,566	858,168	(322,757)	19,653,977
Less accumulated depreciation for:				
Equipment	10,740,729	1,090,790	(287,218)	11,544,301
Vehicles	<u>768,294</u>	<u>10,979</u>	<u>-</u>	<u>779,273</u>
Total accumulated depreciation	<u>11,509,023</u>	<u>1,101,769</u>	<u>(287,218)</u>	<u>12,323,574</u>
Child nutrition program capital assets, net	<u>7,609,543</u>			<u>7,330,403</u>
Tuition program activities				
Capital assets being depreciated:				
Equipment	547,981	20,579	(18,973)	549,587
Vehicles	<u>50,000</u>	<u>31,812</u>	<u>-</u>	<u>81,812</u>
Total capital assets being depreciated	597,981	52,391	(18,973)	631,399
Less accumulated depreciation for:				
Equipment	187,397	43,644	(14,538)	216,503
Vehicles	<u>9,583</u>	<u>8,238</u>	<u>-</u>	<u>17,821</u>
Total accumulated depreciation	<u>196,980</u>	<u>\$ 51,882</u>	<u>\$ (14,538)</u>	<u>234,324</u>
Tuition program capital assets, net	<u>401,001</u>			<u>397,075</u>
Busines-type activities capital assets, net	<u>\$ 8,010,544</u>			<u>\$ 7,727,478</u>

#### 5. Construction Commitments

The Board has active construction projects as of June 30, 2014. At year-end, the Board's commitments with contractors for school construction totaled approximately \$53,835,526. These commitments will be funded by future revenues from Wake County.

#### 6. Financing Commitments

Recent legislation permits the State Board of Education to finance the purchase of replacement school buses through installment purchases. Wake County Board of Education has entered into an agreement to purchase two buses in this manner. The term of the financing cannot exceed three years and The Board must purchase the buses from vendors approved by the Department of Public Instruction. The Department of Public Instruction will make the payments to the lender on behalf of the Wake County Board of Education out of funds allocated to the Wake County Board of Education. Because future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2014 has been recorded.

The payments due in the fiscal year ended June 30, 2014 are as follows:

Total purchase price for 2 buses	\$163,344
Total payments due in fiscal year 2014-2015	\$ 54,448
Remaining payments in subsequent years	\$108,896

## 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 14.69% 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, 2014, 2013, and 2012 were \$110,254,175, \$105,382,388, and \$95,070,836, 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, 2014, 2013, and 2012, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$40,529,152, \$39,249,941, and \$36,231,264, respectively. These contributions represented 5.4%, 5.3%, and 5.0%, 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.

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, 2014, 2013, and 2012, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,302,375, \$3,258,486, and \$3,768,051, and respectively. These contributions represented .44, .44%, and .52% of covered payroll, respectively.

## 2. Accounts Payable

Accounts payable at the government-wide level at June 30, 2014, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 10,428,359	\$ 5,329,424
Other Governmental	<u>18,917,358</u>	<u>13,733,292</u>
Total Governmental activities	<u>\$ 29,345,717</u>	<u>\$ 19,062,716</u>
Business-type Activities		
Child Nutrition Program	\$ 1,865,141	\$ 1,122,391
Tuition Programs	<u>593,327</u>	<u>13,083</u>
Total Business-type activities	<u>\$ 2,458,468</u>	<u>\$ 1,135,474</u>

## 3. Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of grants not yet earned of \$6,118,385. Of this amount, \$4,497,466 is in the Other Restricted Funds, \$1,620,278 is in the Direct Grants Fund, and 641 is in the General 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 8/1/2013-14 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 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Estimated claims payable, beginning of year	\$ 4,801,559	\$ 4,563,367
Current year claims and changes in estimates	2,504,296	1,669,776
Claim payments	<u>(1,217,386)</u>	<u>(1,431,584)</u>
Estimated claims payable, end of year	<u>\$ 6,088,469</u>	<u>\$ 4,801,559</u>

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

#### 5. Contingent Liabilities

At June 30, 2014, 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. Long-Term Obligations

##### a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. Total costs for such leases were \$5,771,726 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2015	\$ 5,832,958
2016	5,628,970
2017	4,900,336
2018	4,992,315
2019	3,882,188
2020-2024	20,909,695
2025-2029	10,201,651
2030-2100	<u>4,316,201</u>
Total	<u>\$ 60,664,314</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 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 \$4,865,546 are due in the years ending June 30, 2014 and 2015.

c. 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, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences	\$ 75,415,827	\$ 40,931,291	\$ 36,778,016	\$ 79,569,102	\$ 35,000,000
Worker's compensation	4,801,559	2,504,296	1,217,386	6,088,469	3,227,370
Installment purchase	<u>10,020,071</u>	<u>-</u>	<u>5,154,525</u>	<u>4,865,546</u>	<u>4,865,546</u>
Total	<u>\$ 90,237,457</u>	<u>\$ 43,435,587</u>	<u>\$ 43,149,927</u>	<u>\$ 90,523,117</u>	<u>\$ 43,092,916</u>

Business-type activities:	
	<u>Compensated Absences</u>
Beginning balance	\$ 1,304,855
Increases	334,123
Decreases	<u>518,420</u>
Ending Balance	<u>\$ 1,120,558</u>
Due within one year	<u>\$ 500,000</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, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	State Administered Federal Grants Fund	\$ 59,916
General Fund	Tuition Program	23,399
General Fund	Child Nutrition Program	53
General Fund	Individual Schools Fund	1,866
General Fund	Capital Outlay Fund	28
Tuition Program	Other Restricted Funds	8,269
Tuition Program	General Fund	46,460
Tuition Program	Individual Schools Fund	336,176
Child Nutrition Program	General Fund	3,223
Child Nutrition Program	Individual Schools Fund	1,015
Child Nutrition Program	State Administered Federal Grants Fund	519
Individual Schools Fund	General Fund	3,610
Individual Schools Fund	Tuition Program	500
Other Restricted Fund	General Fund	<u>8,269</u>
		<u>\$ 493,303</u>

Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$336,176 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, 2014:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>
Individual Schools Fund	\$ 220,473	\$ -
State Public School Fund	-	50,265
	<u>\$ 220,473</u>	<u>\$ 50,265</u>

During the year, the State Public School Fund transferred \$50,265 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$220,473 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	\$ 89,905,785
Less:	
Inventories	2,966,259
Prepays	4,543,602
Stabilization by State Statute	5,542,274
Special Projects	19,427,037
Insurance	9,909,912
Flexible benefit plan	1,225,223
Appropriated Fund balance in 2015 budget	<u>26,075,734</u>
Remaining fund balance	<u>\$ 20,215,744</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	\$ 2,204,426
Capital Projects Fund	2,311,510

#### **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 25, 2014 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

## NON-MAJOR FUNDS

### Governmental Funds

#### Special Revenue Funds

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

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

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

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

WAKE COUNTY BOARD OF EDUCATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>Direct Grants</u>	<u>State Administered Federal Grants</u>	<u>Other Restricted Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 1,340,063	\$ 503,309	\$ 2,925,602	\$ 4,768,974
Due from other governments	22,371	1,362,988	31	1,385,390
Accounts receivable	310,520	-	1,876,104	2,186,624
Due from other funds	-	-	8,269	8,269
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,672,954</u>	<u>\$ 1,866,297</u>	<u>\$ 4,810,006</u>	<u>\$ 8,349,257</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Salaries and benefits payable	\$ 5,277	\$ 902,445	\$ 17,706	\$ 925,428
Accounts payable	47,399	903,417	286,565	1,237,381
Due to other funds	-	60,435	8,269	68,704
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>52,676</u>	<u>1,866,297</u>	<u>312,540</u>	<u>2,231,513</u>
Deferred inflows of resources:	<u>1,620,278</u>	<u>-</u>	<u>4,497,466</u>	<u>6,117,744</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,672,954</u>	<u>\$ 1,866,297</u>	<u>\$ 4,810,006</u>	<u>\$ 8,349,257</u>



WAKE COUNTY BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

	<u>Direct Grants</u>	<u>State Administered Federal Grants</u>	<u>Other Restricted Funds</u>	<u>Total</u>
<b>REVENUES:</b>				
Federal	\$ 482,594	\$ 65,321,129	\$ -	\$ 65,803,723
State	1,705	-	-	1,705
Other	1,423,569	-	11,537,963	12,961,532
Total revenues	<u>1,907,868</u>	<u>65,321,129</u>	<u>11,537,963</u>	<u>78,766,960</u>
<b>EXPENDITURES:</b>				
Instructional services:				
Regular instructional	455,219	3,328,565	-	3,783,784
Special populations	10,402	26,565,815	2,702,571	29,278,788
Alternative programs	837,052	28,365,781	20,590	29,223,423
School leadership	1,169	59,627	-	60,796
Co-curricular	8,925	-	-	8,925
School-based support	60,357	992,063	768,574	1,820,994
Systemwide support services				
Support and development	61,308	2,678,779	352,515	3,092,602
Special populations support and development	-	528,557	-	528,557
Alternative programs and services support and development	184,789	619,553	-	804,342
Technology support	-	-	899,449	899,449
Operational support	818	330,418	6,754,071	7,085,307
Financial and human resource	64,359	407,736	-	472,095
Accountability services	33,250	71,147	-	104,397
Systemwide pupil support	2,341	-	40,193	42,534
Ancillary services	158,278	10,798	-	169,076
Non-program charges	<u>29,601</u>	<u>1,362,290</u>	<u>-</u>	<u>1,391,891</u>
Total expenditures	<u>1,907,868</u>	<u>65,321,129</u>	<u>11,537,963</u>	<u>78,766,960</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
State: other	\$ 52,600	\$ 36,957	\$ (15,643)	\$ 12,858
Wake County:				
County appropriation	323,966,127	323,966,127	-	317,181,372
Federal:				
ROTC	450,000	485,232	35,232	460,945
Other	-	-	-	673
Total	450,000	485,232	35,232	461,618
Other:				
Fines and forfeitures	3,075,000	3,572,599	497,599	2,449,100
Interest	500,000	441,749	(58,251)	424,689
Tuition and fees	1,135,000	1,191,372	56,372	1,166,356
Other local	227,181	689,039	461,858	472,958
Total	4,937,181	5,894,759	957,578	4,513,103
Total revenues	329,405,908	330,383,075	977,167	322,168,951
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		91,789,913		88,360,573
CTE curricular		4,553,364		4,563,769
	99,737,731	96,343,277	3,394,454	92,924,342
Special populations services				
Children with disabilities curricular		17,220,295		16,921,746
Children with disabilities CTE curricular		244,364		313,953
Pre-K children with disabilities curricular		1,437,038		1,434,214
Speech and language pathology		2,686,991		3,366,618
Audiology		339,863		556,850
Academically/intellectually gifted curricular		1,139,626		1,109,380
Limited english proficiency		1,566,253		1,498,277
	25,855,902	24,634,430	1,221,472	25,201,038
Alternative programs and services				
Alternative instructional K-12		1,169,726		1,007,373
Attendance and social work		986,468		960,089
Remedial and supplemental K-12		4,970,171		7,161,809
Pre-K readiness/remedial and supplemental		1,857,313		1,819,649
Extended day/year instructional		752,890		834,751
	11,265,531	9,736,568	1,528,963	11,783,671

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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(Continued)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
School leadership services	\$ 30,941,593	\$ 29,838,947	\$ 1,102,646	\$ 29,935,187
Co-Curricular services	8,337,552	7,667,040	670,512	7,380,563
School-based support services				
Educational media		2,761,219		2,888,239
Student accounting		1,662,346		1,768,911
Guidance		4,984,196		5,407,693
Health		646,155		637,699
Safety and security		128,526		97,402
Instructional technology		929,875		320,548
Staff development unallocated		323,791		465,638
Parent involvement		53,158		49,419
Volunteer		(736)		(1,200)
	12,067,803	11,488,530	579,273	11,634,349
Support and development services				
Regular curricular support and development		6,507,497		6,223,576
CTE curricular support and development		204,888		133,287
	7,202,603	6,712,385	490,218	6,356,863
Special population support and development services	3,117,934	2,976,976	140,958	2,751,303
Alternative programs and services support and development services	1,320,620	1,155,940	164,680	1,011,004
Technology support services	15,057,886	13,615,627	1,442,259	13,211,782
Operational support services				
Communication		35,409		522,461
Printing and copying		143,822		192,659
Public utility and energy		22,564,762		23,497,308
Custodial/housekeeping		9,002,921		10,184,932
Transportation		19,820,976		18,348,025
Warehouse and delivery		526,716		618,446
Facilities planning		4,378,872		3,031,124
Maintenance		24,905,915		24,877,897
	94,662,959	81,379,393	13,283,566	81,272,852
Financial and human resource services				
Financial		8,628,692		8,789,768
Human resource		6,131,362		6,593,718
	16,008,516	14,760,054	1,248,462	15,383,486

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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(Continued)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,372,265	\$ -	\$ 1,427,528
Planning, research development and program evaluation		1,156,304		1,178,566
	2,743,412	2,528,569	214,843	2,606,094
Systemwide pupil support services				
Educational media support		174,594		158,955
Student accounting support		2,147,301		2,089,531
Guidance support		518,851		342,760
Health support		61,791		62,120
Safety and security support		1,991,699		2,130,378
	5,141,074	4,894,236	246,838	4,783,744
Policy, leadership and public relations services				
Board of education		302,298		310,659
Legal		1,261,451		1,228,549
Audit		515,795		505,928
Leadership		3,810,597		4,024,704
Public relations and marketing		1,263,149		1,055,494
	7,810,710	7,153,290	657,420	7,125,334
Ancillary services				
Community		25,514		6,539
Nutrition		251		359,126
Adult		52,578		27,423
	142,198	78,343	63,855	393,088
Nonprogram charges:				
Payments to charter schools	13,945,411	13,761,647	183,764	12,714,523
Unbudgeted funds	9,282,044	-	9,282,044	-
	364,641,479	328,725,252	35,916,227	326,469,223
Excess (deficiency) of revenues over expenditures before other financing sources	(35,235,571)	1,657,823	36,893,394	(4,300,272)
OTHER FINANCING SOURCES:				
Appropriated fund balance	35,015,098	-	(35,015,098)	-
Transfers in	220,473	220,473	-	331,640
Total other financing sources	35,235,571	220,473	(35,015,098)	331,640
Net change in fund balance	\$ -	1,878,296	\$ 1,878,296	(3,968,632)
Fund balance, beginning of year		88,183,428		92,030,026
Increase (decrease) in reserve for inventories		(155,939)		122,034
Fund balance, end of year		\$ 89,905,785		\$ 88,183,428

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
STATE PUBLIC SCHOOL FUND  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 779,133,802	\$ 767,393,426	\$ (11,740,376)	\$ 747,394,317
Total revenues	779,133,802	767,393,426	(11,740,376)	747,394,317
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		412,943,394		406,477,362
CTE curricular		32,681,989		31,823,327
	449,787,464	445,625,383	4,162,081	438,300,689
Special populations services				
Children with disabilities curricular		90,028,791		85,772,445
Children with disabilities CTE curricular		4,759,531		4,430,297
Pre-K children with disabilities curricular		4,785,733		4,751,686
Speech and language pathology		8,836,523		8,168,433
Audiology		706,972		501,914
Academically/intellectually gifted curricular		7,642,785		7,432,472
Limited english proficiency		9,967,369		10,119,972
	126,994,528	126,727,704	266,824	121,177,219
Alternative programs and services				
Alternative instructional K-12		6,161,266		6,128,217
Attendance and social work		5,396,418		5,204,600
Remedial and supplemental K-12		15,377,304		11,686,052
Extended day/year instructional		967,535		1,402,573
	30,407,638	27,902,523	2,505,115	24,421,442
School leadership services	39,866,023	38,905,032	960,991	38,368,202
School-based support services				
Educational media		12,034,772		12,245,531
Student accounting		6,319,847		6,190,436
Guidance		24,902,153		25,206,346
Health		1,306,991		1,258,984
Safety and security		900,668		832,436
Instructional technology		1,562,788		838,138
Staff development unallocated		77,533		87,870
Parent involvement		-		(2)
	48,368,839	47,104,752	1,264,087	46,659,739
Support and development services				
Regular curricular support and development		409,524		435,397
CTE curricular support and development		419,233		462,351
	861,101	828,757	32,344	897,748

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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(Continued)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
Special population support and development services	\$ 1,121,948	\$ 1,110,207	\$ 11,741	\$ 1,104,879
Alternative programs and services support and development services	790,256	768,945	21,311	789,119
Technology support services	4,563,450	2,230,667	2,332,783	2,800,083
Operational support services				
Custodial/housekeeping		17,771,281		17,467,501
Transportation		55,364,179		53,500,716
Facility planning		-		(709)
Maintenance		356,584		344,729
	<u>73,657,449</u>	<u>73,492,044</u>	<u>165,405</u>	<u>71,312,237</u>
Financial and human resource services				
Financial		338,604		499,879
Human resource		505,954		273,236
	<u>844,558</u>	<u>844,558</u>	<u>-</u>	<u>773,115</u>
Accountability services				
Student testing		1,373,179		504,899
Planning, research development and program evaluation		-		(10,593)
	<u>1,373,251</u>	<u>1,373,179</u>	<u>72</u>	<u>494,306</u>
Systemwide pupil support services				
Student accounting		-		(1,893)
Guidance		-		74,821
	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,928</u>
Policy, leadership and public relations services				
Leadership	443,108	443,108	-	158,075
Ancillary services				
Community		(3,417)		3,475
Nutrition		(10,281)		8,921
	<u>3,924</u>	<u>(13,698)</u>	<u>17,622</u>	<u>12,396</u>
<b>Total expenditures</b>	<u>779,083,537</u>	<u>767,343,161</u>	<u>11,740,376</u>	<u>747,342,177</u>
Excess of revenues over expenditures before other financing uses	<u>50,265</u>	<u>50,265</u>	<u>-</u>	<u>52,140</u>
OTHER FINANCING USES:				
Transfers out	<u>(50,265)</u>	<u>(50,265)</u>	<u>-</u>	<u>(52,140)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
STATE ADMINISTERED FEDERAL GRANTS FUND  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
Federal:				
IDEA	\$ 43,871,372	\$ 30,374,034	\$ (13,497,338)	\$ 30,190,286
ESEA	31,934,198	25,764,604	(6,169,594)	23,885,648
Career technical education	1,383,487	1,356,675	(26,812)	1,362,407
Improving teacher quality	3,784,825	2,722,529	(1,062,296)	2,703,801
ARRA- school improvement	647,509	288,087	(359,422)	30,151
Race to the top	3,881,741	2,879,719	(1,002,022)	2,843,038
School improvement	488,794	350,772	(138,022)	680,966
Title III - language acquisition	2,316,346	1,253,315	(1,063,031)	1,031,428
Other federal	555,899	331,394	(224,505)	688,301
Total revenues	<u>88,864,171</u>	<u>65,321,129</u>	<u>(23,543,042)</u>	<u>63,416,026</u>
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		1,946,189		2,117,685
CTE curricular		1,382,376		1,356,171
	<u>3,668,172</u>	<u>3,328,565</u>	<u>339,607</u>	<u>3,473,856</u>
Special populations services				
Children with disabilities curricular		22,736,143		23,380,050
Children with disabilities CTE curricular		13,685		7,342
Pre-K children with disabilities curricular		2,824,183		2,665,994
Speech and language pathology		276,942		335,416
Audiology		40,636		57,993
Gifted and talented		2,934		3,850
Limited english proficiency		671,292		614,006
	<u>29,113,977</u>	<u>26,565,815</u>	<u>2,548,162</u>	<u>27,064,651</u>
Alternative programs and services				
Alternative instruction		6,918		9,380
Attendance and social work		198,630		155,928
Remedial and supplemental K-12		22,390,892		21,341,680
Pre-K readiness/remedial and supplemental		3,582,034		3,596,902
Extended day/year instructional		2,187,307		1,916,071
	<u>30,379,780</u>	<u>28,365,781</u>	<u>2,013,999</u>	<u>27,019,961</u>
School leadership services	<u>65,041</u>	<u>59,627</u>	<u>5,414</u>	<u>72,680</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(Continued)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
School-based support services				
Educational media	\$ -	\$ 8,761	\$ -	\$ 13,778
Student accounting		4,742		3,954
Guidance		420,019		302,061
Health		-		1,722
Instructional technology		581		2,992
Staff development unallocated		274,385		190,034
Parent involvement		283,575		239,106
	<u>1,814,282</u>	<u>992,063</u>	<u>822,219</u>	<u>753,647</u>
Support and development services				
Regular curricular support and development	<u>3,266,895</u>	<u>2,678,779</u>	<u>588,116</u>	<u>2,464,594</u>
Special population support and development services	<u>692,420</u>	<u>528,557</u>	<u>163,863</u>	<u>428,287</u>
Alternative programs and services support and development services	<u>976,848</u>	<u>619,553</u>	<u>357,295</u>	<u>559,122</u>
Operational support services				
Custodial/housekeeping		4,716		5,044
Transportation		325,702		301,012
	<u>401,105</u>	<u>330,418</u>	<u>70,687</u>	<u>306,056</u>
Financial and human resource services				
Human resource	<u>415,308</u>	<u>407,736</u>	<u>7,572</u>	<u>417,050</u>
Accountability services				
Planning, research development and program evaluation	<u>112,736</u>	<u>71,147</u>	<u>41,589</u>	<u>84,350</u>
Ancillary services				
Nutrition services	<u>21,361</u>	<u>10,798</u>	<u>10,563</u>	<u>6,545</u>
Nonprogram charges:				
Indirect cost	<u>1,464,136</u>	<u>1,362,290</u>	<u>101,846</u>	<u>765,227</u>
Unbudgeted funds	<u>16,472,110</u>	<u>-</u>	<u>16,472,110</u>	<u>-</u>
Total expenditures	<u>88,864,171</u>	<u>65,321,129</u>	<u>23,543,042</u>	<u>63,416,026</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
State of North Carolina	\$ 3,784	\$ 1,705	\$ (2,079)	\$ 96,290
Federal:				
Transition to teaching	155,287	11,307	(143,980)	223,815
Teacher incentive fund	949,048	393,145	(555,903)	433,687
Other federal	78,307	78,142	(165)	72,073
Total	1,182,642	482,594	(700,048)	729,575
Other:				
Parents as teachers	443,444	439,399	(4,045)	428,592
NC Pre-K	291,279	135,150	(156,129)	148,292
Other	2,152,214	849,020	(1,303,194)	550,651
Total	2,886,937	1,423,569	(1,463,368)	1,127,535
Total Revenues	4,073,363	1,907,868	(2,165,495)	1,953,400
<b>EXPENDITURES:</b>				
Regular instructional services				
Regular curricular		440,190		428,214
CTE curricular		15,029		11,316
	792,913	455,219	337,694	439,530
Special populations services				
Children with disabilities curricular	10,402	10,402	-	-
Alternative programs and services				
Alternative instruction		85		-
Remedial and supplemental K-12		-		(290)
Pre-K readiness/remedial and supplemental		700,652		556,283
Extended day/year instructional		136,315		214,824
	1,094,173	837,052	257,121	770,817
School leadership services	1,623	1,169	454	549
Co-Curricular services	28,126	8,925	19,201	2,756
School-based support services				
Staff development unallocated		171		5,759
Parent involvement		60,186		46,884
	74,055	60,357	13,698	52,643

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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)  
(Continued)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 171,590	\$ 61,308	\$ 110,282	\$ 247,098
Alternative programs and services support and development services	794,829	184,789	610,040	163,750
Operational support services				
Transportation	2,327	818	1,509	1,343
Financial and human resource services				
Human resource	120,300	64,359	55,941	72,742
Accountability services				
Planning, research development and program evaluation	59,541	33,250	26,291	30,150
Systemwide pupil support services				
Guidance support	5,251	2,341	2,910	2,597
Ancillary services				
Community	174,065	158,278	15,787	152,999
Nonprogram charges:				
Indirect cost	50,750	29,601	21,149	16,426
Unbudgeted funds	693,418	-	693,418	-
 Total expenditures	 4,073,363	 1,907,868	 2,165,495	 1,953,400
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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
Wake County:				
Appropriation	\$ 3,529,893	\$ 3,529,893	\$ -	\$ 1,160,365
Capital improvements fund	201,622,605	86,718,841	(114,903,764)	65,756,577
2010B RZEBD bonds	10,703	10,703	-	1,998,945
2010 QSCB bonds	-	-	-	3,773,724
	<u>205,163,201</u>	<u>90,259,437</u>	<u>(114,903,764)</u>	<u>72,689,611</u>
State				
LEA financed purchase of school buses	5,154,525	5,154,525	-	13,060,081
	<u>5,154,525</u>	<u>5,154,525</u>	<u>-</u>	<u>13,060,081</u>
Other:				
Sale of school property	200,000	86,554	(113,446)	154,278
Interest	5,000	2,482	(2,518)	4,538
Other local	203,431	273,127	69,696	560,357
	<u>408,431</u>	<u>362,163</u>	<u>(46,268)</u>	<u>719,173</u>
Total revenues	<u>210,726,157</u>	<u>95,776,125</u>	<u>(114,950,032)</u>	<u>86,468,865</u>
<b>EXPENDITURES:</b>				
Land and buildings:				
Land: Purchase of new sites	19,326,117	8,331,841	10,994,276	4,655,888
Buildings:				
General contracts		8,273,567		8,949,302
Heating contracts		1,965,654		4,845,293
Architect fees		7,255,536		5,402,035
Equipment contracts		9,099,545		6,627,271
Miscellaneous contracts		53,125,137		41,875,700
	<u>182,153,361</u>	<u>79,719,439</u>	<u>102,433,922</u>	<u>67,699,601</u>
Other:				
Library books	1,963,875	393,745	1,570,130	673,192
	<u>203,443,353</u>	<u>88,445,025</u>	<u>114,998,328</u>	<u>73,028,681</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, 2014  
 (Continued)  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
Equipment:				
Instructional	\$ -	\$ 30,073	\$ -	\$ 860,873
Administrative		177,952		9,490
	<u>265,263</u>	<u>208,025</u>	<u>57,238</u>	<u>870,363</u>
Vehicles:				
Administration		272,419		298,422
Transportation		64,997		19,549,890
	<u>2,685,542</u>	<u>337,416</u>	<u>2,348,126</u>	<u>19,848,312</u>
Debt service:				
Principal	<u>5,154,525</u>	<u>5,154,525</u>	<u>-</u>	<u>13,060,081</u>
Total expenditures	<u>211,548,683</u>	<u>94,144,991</u>	<u>117,403,692</u>	<u>106,807,437</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(822,526)</u>	<u>1,631,134</u>	<u>2,453,660</u>	<u>(20,338,572)</u>
OTHER FINANCING SOURCES:				
Installment purchase obligations issued	-	-	-	19,462,187
Appropriated fund balance	<u>822,526</u>	<u>-</u>	<u>(822,526)</u>	<u>-</u>
Total other financing sources	<u>822,526</u>	<u>-</u>	<u>(822,526)</u>	<u>19,462,187</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 1,631,134</u>	<u>\$ 1,631,134</u>	<u>\$ (876,385)</u>

**WAKE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND - CHILD NUTRITION PROGRAM**  
**YEAR ENDED JUNE 30, 2014**  
**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)**

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
Federal:				
Regular USDA grants	\$ 27,823,300	\$ 29,196,645	\$ 1,373,345	\$ 28,376,361
USDA Grants - Fresh fruit & vegetable program	-	61,522	61,522	59,278
USDA Grants - Summer feeding program	434,973	505,595	70,622	384,345
	<u>28,258,273</u>	<u>29,763,762</u>	<u>1,505,489</u>	<u>28,819,984</u>
Other:				
Food sales	22,971,334	18,540,817	(4,430,517)	20,004,234
Interest	124,992	97,748	(27,244)	95,852
Healthier US school challenge	-	-	-	1,000
Donation of equipment	-	357,781	357,781	470,832
	<u>23,096,326</u>	<u>18,996,346</u>	<u>(4,099,980)</u>	<u>20,571,918</u>
Total revenues	<u>51,354,599</u>	<u>48,760,108</u>	<u>(2,594,491)</u>	<u>49,391,902</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries		15,682,636		15,416,227
Food		19,799,206		18,226,524
Supplies		1,845,916		1,772,403
Purchased services		1,531,170		1,518,430
Indirect costs paid		2,165,711		2,029,204
Equipment purchases		500,387		395,526
	<u>43,692,502</u>	<u>41,525,026</u>	<u>2,167,476</u>	<u>39,358,314</u>
Other supporting services:				
Employee benefits	<u>7,712,362</u>	<u>7,383,947</u>	<u>328,415</u>	<u>7,043,856</u>
Total expenditures	<u>51,404,864</u>	<u>48,908,973</u>	<u>2,495,891</u>	<u>46,402,170</u>
Excess(deficiency) of revenues over expenditures	<u>(50,265)</u>	<u>(148,865)</u>	<u>(98,600)</u>	<u>2,989,732</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in	<u>50,265</u>	<u>50,265</u>	<u>-</u>	<u>52,140</u>
Excess of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(98,600)</u>	<u>\$ (98,600)</u>	<u>3,041,872</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		500,387		395,526
Depreciation		(1,101,769)		(1,080,108)
Gain (Loss) on sale of capital assets		(28,283)		4,447
Change in net position		<u>\$ (728,265)</u>		<u>\$ 2,361,737</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actual
<b>REVENUES:</b>				
Other:				
Participant fees	20,575,157	12,050,049	(8,525,108)	10,736,600
Donation of equipment	-	18,812	18,812	10,000
Interest	-	35,516	35,516	39,522
Total revenues	<u>20,575,157</u>	<u>12,104,377</u>	<u>(8,470,780)</u>	<u>10,786,122</u>
<b>EXPENDITURES:</b>				
Business supporting services:				
Salaries		4,550,714		4,395,671
Supplies		2,886,357		2,311,130
Purchased services		3,343,116		1,586,410
Indirect costs paid		1,057,020		857,536
Equipment purchases		33,579		29,247
	<u>19,260,852</u>	<u>11,870,786</u>	<u>7,390,066</u>	<u>9,179,994</u>
Other supporting services:				
Employee benefits	<u>1,314,305</u>	<u>1,037,696</u>	<u>276,609</u>	<u>1,012,905</u>
Total expenditures	<u>20,575,157</u>	<u>12,908,482</u>	<u>7,666,675</u>	<u>10,192,899</u>
Excess of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(804,105)</u>	<u>\$ (804,105)</u>	<u>593,223</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		33,579		29,247
Depreciation		(51,882)		(50,254)
Loss on sale of capital assets		(4,435)		(8,603)
Change in net position		<u>\$ (826,843)</u>		<u>\$ 563,613</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, 2014  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Variance- Positive (Negative)	2013
	Budget	Actual		Actuals
<b>REVENUES:</b>				
Other Local:				
Medicaid	\$ 8,788,007	\$ 3,889,244	\$ (4,898,763)	\$ 2,243,027
Indirect cost	4,622,430	4,614,623	(7,807)	3,668,393
E-Rate	3,019,558	3,019,557	(1)	1,504,770
Interest	15,000	14,539	(461)	13,813
Total revenues	16,444,995	11,537,963	(4,907,032)	7,430,003
<b>EXPENDITURES:</b>				
Special populations services				
Children with disabilities curricular		1,995,607		1,240,595
Children with disabilities CTE curricular		139,462		328,791
Pre-K children with disabilities curricular		111,617		104,212
Speech and language pathology		455,885		205,024
	3,685,292	2,702,571	982,721	1,878,622
Alternative programs and services				
Alternative instructional K-12		(914)		58,722
Remedial and supplemental K-12		5,151		3,524
Extended day/year instructional		16,353		-
	44,631	20,590	24,041	62,246
School-based support services				
Guidance		767,150		-
Health		1,424		8,856
	1,063,083	768,574	294,509	8,856
Support and development services				
Regular curricular support and development	401,707	352,515	49,192	253,259
Technology support services	899,449	899,449	-	42,000
Operational support services				
Communication		2,062,687		1,462,770
Public utility and energy		4,629,162		3,682,205
Transportation		4,801		-
Maintenance		57,421		-
	6,776,059	6,754,071	21,988	5,144,975
Systemwide pupil support services				
Health support	41,362	40,193	1,169	40,045
Nonprogram charges				
Other	3,533,412	-	3,533,412	-
Total expenditures	16,444,995	11,537,963	4,907,032	7,430,003
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2014

	Fund Balance June 30, 2013	Revenues	Expenditures	Fund Balance June 30, 2014
<b>HIGH SCHOOLS:</b>				
Apex	\$ 406,980	\$ 398,088	\$ 437,613	\$ 367,455
Athens	164,515	399,486	403,190	160,811
Broughton	353,488	392,506	511,835	234,159
Cary	113,712	327,320	319,686	121,346
East Wake (includes 4 schools)	75,231	185,220	208,048	52,403
Enloe	311,333	530,210	522,794	318,749
Fuquay-Varina	228,798	226,716	286,676	168,838
Garner	112,755	335,177	358,742	89,190
Green Hope	248,016	448,720	440,073	256,663
Heritage	93,621	327,342	296,644	124,319
Holly Springs	164,297	328,271	298,011	194,557
Knightdale	83,781	192,893	199,767	76,907
Leesville Road	174,942	385,529	401,304	159,167
Middle Creek	240,774	359,895	314,562	286,107
Millbrook	199,456	510,682	490,341	219,797
Panther Creek	124,200	454,241	426,545	151,896
Rolesville	-	71,808	57,046	14,762
Sanderson	147,286	334,308	330,665	150,929
Southeast Raleigh	93,602	138,373	169,914	62,061
Wake NCSU STEM Early College	1,447	8,455	4,819	5,083
Wake Early College	17,288	12,996	6,082	24,202
Wake Forest	134,616	343,369	287,245	190,740
Wakefield	192,225	414,774	483,096	123,903
	<u>3,682,363</u>	<u>7,126,379</u>	<u>7,254,698</u>	<u>3,554,044</u>
<b>MIDDLE SCHOOLS:</b>				
Apex	143,078	172,773	158,802	157,049
Carnage	46,570	164,630	155,515	55,685
Carroll	27,202	68,653	69,024	26,831
Centennial	55,761	59,178	55,149	59,790
Daniels	29,546	141,788	142,196	29,138
Davis Drive	34,036	102,443	103,589	32,890
Dillard Drive	10,594	99,940	102,058	8,476
Durant Road	31,191	150,897	129,370	52,718
East Cary	22,524	76,419	68,502	30,441
East Garner	121,897	131,703	126,540	127,060
East Millbrook	38,241	80,825	87,907	31,159
East Wake	28,379	27,950	32,556	23,773
Fuquay-Varina	47,980	60,559	52,423	56,116
Heritage	69,279	186,988	174,096	82,171
Holly Ridge	93,936	74,998	60,500	108,434
Holly Grove	53,765	98,667	93,322	59,110
Leesville Road	173,746	124,166	190,141	107,771
Ligon	68,086	166,980	157,735	77,331
Lufkin Road	31,456	70,849	65,655	36,650
Martin	58,063	112,912	112,248	58,727

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, 2014  
(Continued)

	Fund Balance June 30, 2013	Revenues	Expenditures	Fund Balance June 30, 2014
Mills Park	\$ 47,840	\$ 243,236	\$ 229,839	\$ 61,237
Moore Square	29,971	42,049	36,707	35,313
North Garner	37,887	47,563	42,518	42,932
Reedy Creek	33,177	32,387	35,623	29,941
Rolesville	9,767	113,315	96,975	26,107
Salem	72,219	218,462	222,213	68,468
Wake Forest	41,854	97,003	89,931	48,926
Wakefield	82,479	68,777	85,510	65,746
Wendell	28,063	48,060	52,699	23,424
West Cary	16,408	45,975	48,510	13,873
West Lake	102,191	170,535	155,357	117,369
West Millbrook	50,341	39,111	45,107	44,345
Zebulon	13,090	37,079	30,449	19,720
	<u>1,750,617</u>	<u>3,376,870</u>	<u>3,308,766</u>	<u>1,818,721</u>

**ELEMENTARY SCHOOLS:**

Adams	19,350	46,161	35,447	30,064
Akins	27,156	54,359	25,943	55,572
Alston Ridge	23,980	66,251	66,027	24,204
Apex	39,414	45,670	47,589	37,495
Aversboro	12,816	26,773	28,922	10,667
Baileywick	18,636	24,424	24,025	19,035
Ballentine	41,631	9,922	14,561	36,992
Banks	20,537	51,782	31,836	40,483
Barwell Road	5,381	14,945	9,676	10,650
Baucom	44,710	48,767	51,083	42,394
Brassfield	15,473	59,556	55,640	19,389
Brentwood	18,709	11,374	11,734	18,349
Briarcliff	41,839	48,905	49,590	41,154
Brier Creek	38,871	136,977	155,359	20,489
Brooks	38,319	72,425	61,313	49,431
Bugg	10,999	49,756	42,170	18,585
Carpenter	62,924	86,300	95,391	53,833
Carver	12,772	37,781	47,792	2,761
Cary	30,160	23,081	35,518	17,723
Cedar Fork	21,101	33,518	46,927	7,692
Combs	18,164	106,366	92,572	31,958
Conn	14,107	54,526	46,490	22,143
Creech Road	21,959	14,239	16,790	19,408
Davis Drive	52,968	116,223	113,257	55,934
Dillard Drive	29,888	15,460	16,986	28,362
Douglas	38,225	82,919	87,935	33,209
Douglas Discretionary Funds	4,552	2,001	3,061	3,492
Durant Road	24,568	107,696	102,172	30,092
East Garner	5,475	13,957	14,497	4,935
Farmington Woods	25,526	45,651	44,601	26,576

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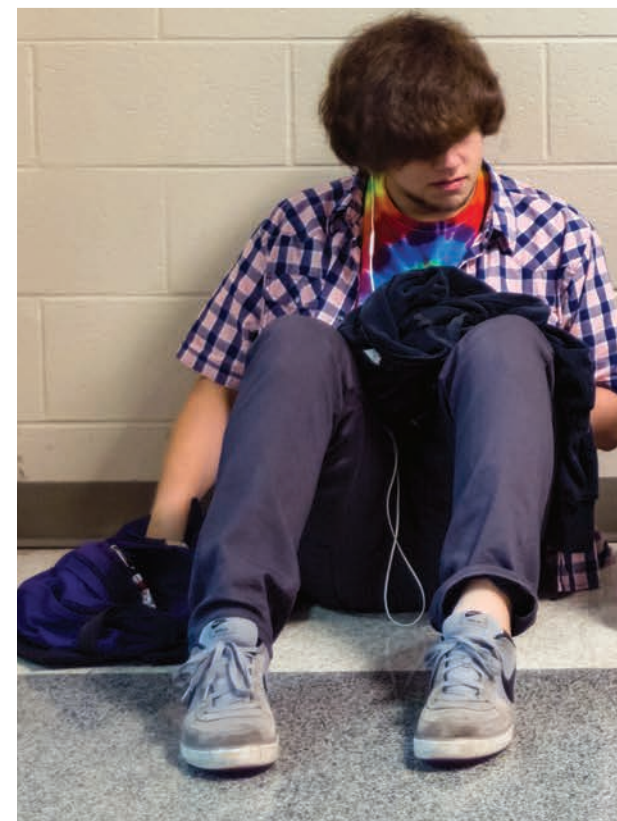
WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
INDIVIDUAL SCHOOLS FUND  
YEAR ENDED JUNE 30, 2014  
(Continued)

	Fund Balance June 30, 2013	Revenues	Expenditures	Fund Balance June 30, 2014
Forest Pines	\$ 16,056	\$ 30,660	\$ 26,366	\$ 20,350
Forestville	6,206	28,170	24,849	9,527
Fox Road	25,102	26,725	22,254	29,573
Fuller	26,842	27,725	26,023	28,544
Fuquay-Varina	16,860	36,585	28,511	24,934
Green	19,043	10,287	14,362	14,968
Green Hope	60,925	48,044	63,546	45,423
Harris Creek	27,310	47,816	44,933	30,193
Heritage	38,439	37,828	32,363	43,904
Highcroft	20,322	129,953	142,509	7,766
Hodge Road	8,089	36,656	31,214	13,531
Holly Grove	41,157	79,400	80,722	39,835
Holly Ridge	21,803	55,179	60,698	16,284
Holly Springs	45,463	40,228	70,685	15,006
Hunter	26,050	23,394	27,603	21,841
Jeffreys Grove	24,620	39,054	30,947	32,727
Jones Dairy	16,658	53,807	54,829	15,636
Joyner	21,671	81,427	91,201	11,897
Kingswood	7,005	27,731	22,060	12,676
Knightdale	29,637	15,869	17,824	27,682
Lacy	34,212	213,650	201,524	46,338
Lake Myra	6,740	19,123	20,887	4,976
Laurel Park	28,475	84,654	79,987	33,142
Lead Mine	19,340	34,267	32,744	20,863
Leesville Road	45,379	106,170	107,460	44,089
Lincoln Heights	11,572	18,490	23,941	6,121
Lockhart	38,294	34,388	56,136	16,546
Lynn Road	17,599	15,467	15,177	17,889
Middle Creek	24,327	50,542	53,272	21,597
Millbrook	15,132	35,780	36,886	14,026
Mills Park	23,726	77,598	74,645	26,679
Morrisville	39,533	49,328	57,115	31,746
North Forest Pines	30,826	48,404	52,867	26,363
North Ridge	27,620	82,430	78,010	32,040
Northwoods	27,258	35,668	33,379	29,547
Oak Grove	49,499	66,966	53,007	63,458
Olds	27,121	31,637	34,762	23,996
Olive Chapel	131,328	132,373	101,051	162,650
Partnership Primary	18,319	46,628	37,547	27,400
Penny Road	37,143	54,867	65,670	26,340
Pleasant Union	39,669	109,882	105,326	44,225
Poe	21,583	17,360	12,648	26,295
Powell	7,293	8,748	7,454	8,587
Rand Road	43,892	63,827	69,582	38,137
Reedy Creek	47,469	37,654	58,322	26,801
River Bend	30,297	15,730	12,898	33,129

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, 2014  
(Continued)

	Fund Balance June 30, 2013	Revenues	Expenditures	Fund Balance June 30, 2014
Richland Creek	\$ 996	\$ 5,901	\$ 3,903	\$ 2,994
Rolesville	30,970	70,010	76,141	24,839
Root	18,061	90,192	80,788	27,465
Salem	100,209	50,016	43,913	106,312
Sanford Creek	35,094	38,489	32,573	41,010
Smith	14,658	16,580	14,376	16,862
Stough	13,248	37,039	32,675	17,612
Swift Creek	15,296	30,984	28,308	17,972
Sycamore Creek	14,394	101,257	87,333	28,318
Timber Drive	35,052	28,558	30,921	32,689
Turner Creek	34,878	88,007	86,437	36,448
Underwood	7,544	38,800	39,661	6,683
Vance	22,584	15,176	20,651	17,109
Vandora Springs	69,987	28,290	37,736	60,541
Wake Forest	51,977	19,204	36,442	34,739
Wakefield	11,077	35,985	31,627	15,435
Wakelon	5,745	20,479	21,953	4,271
Walnut Creek	4,731	28,169	16,986	15,914
Washington	58,355	46,539	45,565	59,329
Weatherstone	67,483	58,134	109,991	15,626
Wendell	36,915	29,859	46,153	20,621
West Lake	49,499	70,091	54,766	64,824
Wilburn	26,115	20,935	17,435	29,615
Wildwood Forest	582	55,134	51,971	3,745
Wiley	31,447	67,241	47,009	51,679
Willow Springs	27,586	58,774	54,106	32,254
Yates Mill	19,668	26,552	24,411	21,809
York	8,499	27,092	26,598	8,993
Zebulon	7,010	13,933	15,445	5,498
	<u>2,942,774</u>	<u>5,093,354</u>	<u>5,086,574</u>	<u>2,949,554</u>
<b>ACADEMIES:</b>				
Hilburn	9,912	54,008	50,657	13,263
Wake Young Men's	1,802	10,843	8,212	4,433
Wake Young Women's	4,228	29,468	28,983	4,713
	<u>15,942</u>	<u>94,319</u>	<u>87,852</u>	<u>22,409</u>
<b>OTHER:</b>				
Longview School	9,103	4,697	3,965	9,835
Mt. Vernon	7,496	4,425	1,658	10,263
Phillips High School	6,416	16,601	12,800	10,217
River Oaks	2,327	3,673	3,805	2,195
	<u>25,342</u>	<u>29,396</u>	<u>22,228</u>	<u>32,510</u>
<b>TOTAL</b>	<u>\$ 8,417,038</u>	<u>\$ 15,720,318</u>	<u>\$ 15,760,118</u>	<u>\$ 8,377,238</u>



STATISTICAL SECTION

# 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			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 2,648,922,011	\$ 2,631,483,747	\$ 2,638,196,366	\$ 2,581,406,320
Restricted	16,599,934	12,011,212	14,427,305	13,198,738
Unrestricted	<u>(1,250,869)</u>	<u>5,464,347</u>	<u>16,786,497</u>	<u>(3,058,002)</u>
Total net position	<u>2,664,271,076</u>	<u>2,648,959,306</u>	<u>2,669,410,168</u>	<u>2,591,547,056</u>
<b>Business-type activities</b>				
Net investment in capital assets	7,727,478	8,010,544	8,243,904	9,263,646
Unrestricted	<u>32,693,479</u>	<u>33,965,521</u>	<u>30,806,811</u>	<u>26,115,857</u>
Total net position	<u>40,420,957</u>	<u>41,976,065</u>	<u>39,050,715</u>	<u>35,379,503</u>
<b>Government-wide</b>				
Net investment in capital assets	2,656,649,489	2,639,494,291	2,646,440,270	2,590,669,966
Restricted	16,599,934	12,011,212	14,427,305	13,198,738
Unrestricted	<u>31,442,610</u>	<u>39,429,868</u>	<u>47,593,308</u>	<u>23,057,855</u>
Total net position	<u>\$ 2,704,692,033</u>	<u>\$ 2,690,935,371</u>	<u>\$ 2,708,460,883</u>	<u>\$ 2,626,926,559</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 2,516,805,009	\$ 2,432,805,178	\$ 2,163,062,885	\$ 1,906,571,596	\$ 1,707,105,617	\$ 1,511,403,239
8,406,773	8,295,329	8,523,252	8,203,443	8,185,487	-
<u>(13,718,304)</u>	<u>(27,277,985)</u>	<u>(14,537,635)</u>	<u>(8,636,100)</u>	<u>5,878,530</u>	<u>8,347,146</u>
<u>2,511,493,478</u>	<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>
10,080,094	7,570,688	6,895,575	6,601,516	2,287,185	2,219,436
<u>21,286,773</u>	<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>31,366,867</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>
2,526,885,103	2,440,375,866	2,169,958,460	1,913,173,112	1,709,392,802	1,513,622,675
8,406,773	8,295,329	8,523,252	8,203,443	8,185,487	-
<u>7,568,469</u>	<u>(9,074,636)</u>	<u>2,924,215</u>	<u>9,439,610</u>	<u>22,503,682</u>	<u>24,249,516</u>
<u>\$ 2,542,860,345</u>	<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>

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

	Fiscal Year			
	2014	2013	2012	2011
<b>Expenses</b>				
Governmental activities:				
Instructional programs				
Regular	\$ 548,740,312	\$ 541,574,616	\$ 519,493,395	\$ 504,048,718
Special populations	181,570,641	177,338,087	169,258,921	172,013,848
Alternative programs and services	67,406,274	64,409,245	64,474,589	66,020,928
School leadership	69,258,721	68,170,100	66,186,552	65,743,983
Co-curricular	23,226,828	21,733,809	20,697,012	20,795,975
School-based support services	61,233,044	60,149,751	61,734,726	62,943,658
Systemwide support services				
Support and development	10,115,956	9,919,952	9,914,905	9,936,030
Special populations support and development	4,651,561	4,299,423	4,115,631	3,938,268
Alternative programs and services support and development	2,739,756	2,469,867	3,138,741	2,487,540
Technology support	18,109,553	17,505,099	22,221,921	16,729,489
Operational support	167,828,385	183,977,661	144,351,091	152,934,837
Financial and human resource	16,209,892	16,587,230	16,134,413	15,495,361
Accountability	4,012,919	3,221,131	3,305,901	2,326,694
Systemwide pupil support	4,925,370	4,915,910	4,733,648	4,760,279
Policy, leadership and public relations	7,667,733	7,248,610	7,026,646	6,909,359
Ancillary Services	176,331	516,479	245,029	171,092
Instruction	-	-	-	-
Support services				
Nonprogram charges	10,589,182	9,879,925	9,081,210	8,432,140
Interest on long-term debt	-	-	-	-
Depreciation-unallocated	63,861,810	85,310,073	43,016,402	36,919,821
Total governmental activities expenses	<u>1,262,324,268</u>	<u>1,279,226,968</u>	<u>1,169,130,733</u>	<u>1,152,608,020</u>
Business-type activities:				
Food service	52,823,064	49,839,848	47,476,596	45,662,100
Tuition programs	12,931,220	10,222,509	10,595,711	9,621,336
Print shop	-	-	-	-
Total business-type activities	<u>65,754,284</u>	<u>60,062,357</u>	<u>58,072,307</u>	<u>55,283,436</u>
Total school district expenses	<u>1,328,078,552</u>	<u>1,339,289,325</u>	<u>1,227,203,040</u>	<u>1,207,891,456</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services-regular instructional	1,157,302	1,136,084	1,135,858	1,133,966
Charges for services-operational support	-	-	-	-
Charges for services-ancillary services	34,070	30,271	34,001	27,719
Charges for services-central	-	-	-	-
Charges for services-community	-	-	-	-
Operating grants and contributions	855,019,388	830,318,727	823,164,394	803,822,002
Capital grants and contributions	53,432	371,846	621,850	786,581
Total governmental activities program revenues	<u>856,264,192</u>	<u>831,856,928</u>	<u>824,956,103</u>	<u>805,770,268</u>
Business-type activities:				
Charges for services-food services	18,540,817	20,004,234	20,920,103	21,206,179
Charges for services-tuition programs	12,050,049	10,736,600	10,676,628	10,014,453
Operating grants and contributions	33,048,188	31,578,527	29,914,761	27,741,442
Total business-type activities program revenues	<u>63,639,054</u>	<u>62,319,361</u>	<u>61,511,492</u>	<u>58,962,074</u>
Total school district program revenues	<u>919,903,246</u>	<u>894,176,289</u>	<u>886,467,595</u>	<u>864,732,342</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(406,060,076)	(447,370,040)	(344,174,630)	(346,837,752)
Business-type activities	(2,115,230)	2,257,004	3,439,185	3,678,638
Total school district net expense	<u>\$ (408,175,306)</u>	<u>\$ (445,113,036)</u>	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>

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



Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 488,546,948	\$ 520,736,969	\$ 499,787,125	\$ -	\$ -	\$ -
165,788,455	162,672,147	154,036,707	-	-	-
58,426,846	56,432,546	51,795,462	-	-	-
62,680,216	64,582,811	60,295,993	-	-	-
18,982,397	19,741,681	19,897,732	-	-	-
64,506,361	66,411,122	66,510,312	-	-	-
10,612,453	11,519,131	10,788,721	-	-	-
5,287,193	5,497,400	6,095,269	-	-	-
1,533,361	1,921,084	2,001,281	-	-	-
16,624,585	28,033,386	26,328,759	-	-	-
151,786,145	148,788,642	148,183,392	-	-	-
15,472,245	16,726,131	16,757,435	-	-	-
2,255,479	2,508,241	2,147,180	-	-	-
4,205,184	4,517,008	3,844,828	-	-	-
7,915,174	8,287,942	8,550,793	-	-	-
418,998	344,305	253,544	-	-	-
-	-	-	709,746,607	626,497,392	581,298,217
-	-	-	269,002,952	259,029,601	236,913,262
10,169,808	11,185,748	9,742,580	9,497,563	9,017,665	7,747,097
-	-	-	780	487,882	1,230,508
<u>32,449,321</u>	<u>31,830,062</u>	<u>30,404,042</u>	<u>26,695,661</u>	<u>24,952,001</u>	<u>24,032,883</u>
<u>1,117,661,169</u>	<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>
45,061,386	46,467,797	45,846,155	40,130,227	36,208,155	32,275,494
8,212,561	8,534,329	7,897,470	7,776,611	8,583,453	6,683,746
-	-	-	-	-	1,725
<u>53,273,947</u>	<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>1,170,935,116</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>
1,107,459	1,106,269	805,693	109,324	143,028	145,006
-	-	47,410	-	-	-
34,609	35,352	-	-	-	-
-	-	-	-	90,131	74,832
-	-	-	801,148	861,470	709,254
772,481,123	793,580,424	756,603,642	688,176,379	616,013,072	560,329,447
<u>2,146,595</u>	<u>2,616,770</u>	<u>7,387,758</u>	<u>3,440,673</u>	<u>10,502,567</u>	<u>62,587</u>
<u>775,769,786</u>	<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>
21,716,235	23,417,878	22,800,190	22,738,873	28,879,946	26,898,296
8,881,458	9,001,762	9,063,099	8,087,758	-	-
<u>24,726,305</u>	<u>22,099,991</u>	<u>19,628,148</u>	<u>17,396,233</u>	<u>16,066,026</u>	<u>14,007,917</u>
<u>55,323,998</u>	<u>54,519,631</u>	<u>51,491,437</u>	<u>48,222,864</u>	<u>44,945,972</u>	<u>40,906,213</u>
<u>831,093,784</u>	<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>
(341,891,383)	(364,397,541)	(352,576,652)	(322,416,039)	(292,374,273)	(289,900,841)
<u>2,050,051</u>	<u>(482,495)</u>	<u>(2,252,188)</u>	<u>316,026</u>	<u>154,364</u>	<u>1,945,248</u>
<u>\$ (339,841,332)</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

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

	Fiscal Year			
	2014	2013	2012	2011
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (406,060,076)	\$ (447,370,040)	\$ (344,174,630)	\$ (346,837,752)
Business-type activities	<u>(2,115,230)</u>	<u>2,257,004</u>	<u>3,439,185</u>	<u>3,678,638</u>
Total school district net expense	<u>(408,175,306)</u>	<u>(445,113,036)</u>	<u>(340,735,445)</u>	<u>(343,159,114)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Unrestricted county appropriations- operating	323,966,127	317,181,372	311,759,998	312,059,879
Unrestricted county appropriations - capital	90,259,437	72,689,611	99,168,170	97,823,234
Unrestricted state appropriation - capital	5,154,525	32,522,268	-	-
Investment earnings, unrestricted	458,800	443,039	628,155	733,422
Miscellaneous, unrestricted	1,959,815	4,615,860	10,532,393	16,391,839
Transfer	<u>(426,858)</u>	<u>(532,972)</u>	<u>(50,974)</u>	<u>(117,044)</u>
Total governmental activities	<u>421,371,846</u>	<u>426,919,178</u>	<u>422,037,742</u>	<u>426,891,330</u>
Business-type activities:				
Investment earnings, unrestricted	133,264	135,374	181,053	216,954
Loss on sale of capital assets	-	-	-	-
Transfer	<u>426,858</u>	<u>532,972</u>	<u>50,974</u>	<u>117,044</u>
Total business-type activities	<u>560,122</u>	<u>668,346</u>	<u>232,027</u>	<u>333,998</u>
Total school district	<u>421,931,968</u>	<u>427,587,524</u>	<u>422,269,769</u>	<u>427,225,328</u>
<b>Change in net position</b>				
Governmental activities	15,311,770	(20,450,862)	77,863,112	80,053,578
Business-type activities	<u>(1,555,108)</u>	<u>2,925,350</u>	<u>3,671,212</u>	<u>4,012,636</u>
Total school district	<u>\$ 13,756,662</u>	<u>\$ (17,525,512)</u>	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)	\$ (292,374,273)	\$ (289,900,841)
<u>2,050,051</u>	<u>(482,495)</u>	<u>(2,252,188)</u>	<u>316,026</u>	<u>154,364</u>	<u>1,945,248</u>
<u>(339,841,332)</u>	<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>
311,373,607	308,550,944	296,964,799	274,229,013	251,247,744	233,570,793
119,613,110	291,438,862	280,960,672	227,836,179	227,358,357	142,056,287
-	8,828,382	14,853,397	-	-	1,368,603
838,609	2,224,118	3,686,700	3,724,919	2,528,306	1,843,816
10,996,171	11,475,315	8,034,792	6,161,693	10,831,136	10,571,156
<u>(3,259,191)</u>	<u>(1,346,027)</u>	<u>(1,014,145)</u>	<u>(4,566,460)</u>	<u>(75,762)</u>	<u>(75,841)</u>
<u>439,562,306</u>	<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>
283,588	553,080	918,242	951,692	560,405	393,999
-	-	-	(69,289)	-	-
<u>3,259,191</u>	<u>1,346,027</u>	<u>1,014,145</u>	<u>4,566,460</u>	<u>75,762</u>	<u>75,841</u>
<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>	<u>636,167</u>	<u>469,840</u>
<u>443,105,085</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>
97,670,923	256,774,053	250,909,563	184,969,305	199,515,508	99,433,973
<u>5,592,830</u>	<u>1,416,612</u>	<u>(319,801)</u>	<u>5,764,889</u>	<u>790,531</u>	<u>2,415,088</u>
<u>\$ 103,263,753</u>	<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>

WAKE COUNTY BOARD OF EDUCATION

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011
General fund				
Nonspendable				
Inventories	\$ 2,966,259	\$ 3,122,198	\$ 3,000,164	\$ 3,503,879
Prepaid	4,543,602	1,537,187	11,591,489	-
Restricted				
Stabilization by state statute	5,542,274	3,163,132	4,399,049	3,661,166
Assigned				
Special projects	19,427,037	6,008,131	3,819,829	366,342
Insurance	9,909,912	8,388,026	7,569,663	6,739,799
Flexible benefit plan	1,225,223	1,244,575	1,174,388	1,094,173
Subsequent year expenditures	26,075,734	28,400,000	28,385,581	16,203,025
Unassigned	<u>20,215,744</u>	<u>36,320,179</u>	<u>32,089,863</u>	<u>33,875,157</u>
Total general fund	<u>\$ 89,905,785</u>	<u>\$ 88,183,428</u>	<u>\$ 92,030,026</u>	<u>\$ 65,443,541</u>
All other governmental funds				
Restricted				
Stabilization by State Statute	\$ 2,311,510	\$ 177,432	\$ 439,360	\$ 503,603
Capital expenditures	368,912	253,610	1,273,248	685,615
Individual schools	8,377,238	8,417,038	8,059,392	8,110,769
Restricted contributions	43,191	388,189	60,642	35,513
Subsequent years expenditures	<u>-</u>	<u>273,248</u>	<u>195,614</u>	<u>202,072</u>
Total all other governmental funds	<u>\$ 11,100,851</u>	<u>\$ 9,509,517</u>	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 3,470,497	\$ 3,119,442	\$ 3,744,657	\$ 3,835,802	\$ 3,750,899	\$ 3,494,266
-	-	-	-	-	-
2,876,748	2,058,865	2,144,620	1,921,782	1,938,410	4,164,002
990,699	701,625	1,082,014	1,020,096	1,433,931	1,112,659
5,693,602	5,147,789	4,424,855	4,720,980	4,883,883	4,185,973
1,104,260	966,779	789,294	567,832	433,413	379,295
6,062,845	8,665,600	7,500,000	12,928,333	8,000,000	7,687,401
<u>25,909,770</u>	<u>12,125,691</u>	<u>17,331,201</u>	<u>15,333,685</u>	<u>22,208,771</u>	<u>15,893,117</u>
<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>	<u>\$ 40,328,510</u>	<u>\$ 42,649,307</u>	<u>\$ 36,916,713</u>
\$ 222,184	\$ 21,024	\$ 111,964	\$ 1,250,790	\$ 5,468,597	\$ 2,009,951
1,004,297	182,271	2,688,666	963,123	1,065,858	796,425
8,406,773	8,295,329	8,523,252	8,203,443	8,185,487	7,563,138
281,398	808,053	2,188,100	986,803	3,504,190	2,678,503
91,135	367,719	-	-	587,412	2,000,000
<u>\$ 10,005,787</u>	<u>\$ 9,674,396</u>	<u>\$ 13,511,982</u>	<u>\$ 11,404,159</u>	<u>\$ 18,811,544</u>	<u>\$ 15,048,017</u>

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WAKE COUNTY BOARD OF EDUCATION

GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	State	County Appropriation	County Capital Improvements	Fines and Forfeitures	Federal	Interest	Other	Total
2014	\$ 772,586,613	\$327,496,020	\$ 86,729,544	\$ 3,572,599	\$ 66,288,955	\$ 458,770	\$30,907,403	\$ 1,288,039,904
2013	760,563,546	318,341,737	71,529,246	2,449,100	64,607,219	443,040	25,936,675	1,243,870,563
2012	710,488,290	314,411,592	96,516,576	3,645,125	98,687,403	628,154	26,844,302	1,251,221,442
2011	677,983,052	313,503,224	96,379,890	6,097,760	117,608,962	733,422	27,031,775	1,239,338,085
2010	664,237,277	313,503,223	117,483,494	3,835,957	98,153,246	838,609	26,118,634	1,224,170,440
2009	734,436,545	310,500,000	289,489,806	4,862,031	55,781,421	2,282,287	27,882,099	1,425,234,189
2008	706,587,394	300,744,100	277,181,371	4,163,007	50,122,511	3,678,932	32,477,591	1,374,954,906
2007	622,386,114	275,827,002	226,402,201	4,964,660	49,395,645	3,674,519	25,460,444	1,208,110,585
2006	552,196,750	254,376,000	224,230,100	6,604,711	50,736,486	2,573,801	35,293,414	1,126,011,262
2005	500,863,537	233,570,793	142,056,287	3,857,772	46,268,755	1,793,600	14,512,755	942,923,499

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
2014	153,039	\$ 945,690,541	\$ 229,297,218	\$ 233,721	\$ 15,153,538	\$ -	\$ -
		6,179	1,498	2	99	-	-
2013	149,508	923,736,970	223,162,370	565,028	13,496,176	-	-
		6,179	1,493	4	90	-	-
2012	146,687	895,801,620	210,554,870	299,770	12,919,217	-	-
		6,107	1,435	2	88	-	-
2011	143,289	886,626,928	211,607,971	280,991	14,783,394	-	-
		6,188	1,477	2	103	-	-
2010	139,599	856,329,738	214,130,476	401,826	15,643,117	-	-
		6,134	1,534	3	112	-	-
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	-	-
		6,430	1,669	3	90	-	-
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	-	-
		6,314	1,648	2	86	-	-
2007	128,070	-	-	-	-	705,787,033	12,374,956
		-	-	-	-	5,511	97
2006	120,379	-	-	-	-	624,139,541	11,421,250
		-	-	-	-	5,185	95
2005	114,068	-	-	-	-	575,904,309	11,979,497
		-	-	-	-	5,049	105

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



<u>Administration and Business</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Other</u>	<u>Total Operating</u>	<u>Capital Outlay</u>	<u>Total</u>
-	34	-	-	7,812	581	8,393
\$ -	\$ 5,154,525	\$ -	\$ -	\$ 1,195,529,543	\$ 88,990,466	\$ 1,284,520,009
-	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

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)

<u>Fiscal Year Ended June 30,</u>	<u>Excess of Revenues over (under) Expenditures</u>	<u>Transfers In</u>	<u>Transfers out</u>	<u>Installment Purchase and Capitalized Leases</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Net Change In Fund Balance</u>	<u>Debt Service As A Percentage of Noncapital Expenditures</u>
2014	\$ 3,519,895	\$ 220,473	\$ (270,738)	\$ -	\$ (50,265)	\$ 3,469,630	0.4308%
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%

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND EXPENSES  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Salaries</u>	<u>Benefits</u>	<u>Food</u>	<u>Donated</u> <u>Commodities</u>	<u>Indirect</u> <u>Costs</u>	<u>Other</u>	<u>Total</u>
2014	\$ 20,233,350	\$ 8,421,643	\$ 19,799,206	\$ 3,312,709	\$ 3,222,731	\$ 10,760,210	\$ 65,749,849
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

WAKE COUNTY BOARD OF EDUCATION

ENTERPRISE FUND REVENUES AND TRANSFERS IN BY SOURCE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	<u>Food Sales</u>		<u>Participant Fees</u>		<u>USDA Reimbursement</u>		<u>Donated Commodities</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2014	\$ 18,540,817	28.88%	\$ 12,050,049	18.77%	\$ 29,763,762	46.37%	\$ 3,312,709	5.16%
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

<u>Transfers</u>		<u>Other</u>		<u>Total</u>	
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
\$ 426,858	0.66%	\$ 100,546	0.16%	\$ 64,194,741	100%
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

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>
2014	\$ -	\$ 4,865,546	\$ -	\$ 4,865,546	31.79
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

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)
2014	\$ 107,096,246,490	\$ 17,429,308,807	\$ 2,900,935,929	\$ 127,426,491,226	\$ 0.534	\$ 0.080	\$ 0.614
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

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, 2014.

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,	<u>Taxes Levied by Wake County</u>			<u>Direct and Overlapping Taxes Levied by Municipalities</u>						
	<u>County- Wide Rate</u>	<u>Various Special Tax Districts</u>	<u>Average County Rate</u>	<u>Town of Angier</u>	<u>Town of Apex</u>	<u>Town of Cary</u>	<u>Town of Clayton</u>	<u>Town of Fuquay- Varina</u>	<u>Town of Garner</u>	<u>Town of Holly Springs</u>
2014	.534	.080	.614	.53	.39	.35	.525	.385	.49	.435
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

- 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, 2014.



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
.43	.390	.383	.440	.51	.49	.525
.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

WAKE COUNTY BOARD OF EDUCATION

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

<u>Taxpayer</u>	<u>Fiscal Year 2014</u>			<u>Fiscal Year 2005</u>		
	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Progress Energy Carolinas, Inc.	\$1,624,648,025	1	1.27%	\$2,077,332,906	1	2.92%
SAS Institute, Inc	528,745,658	2	.41	365,082,380	3	.51
Cisco Systems, Inc.	468,055,850	3	.37	395,082,096	2	.56
Duke Realty LP	420,526,829	4	.33	76,194,080	9	.11
Novartis Vaccines & Diagnostics	358,401,109	5	.28	-	-	-
CVM Holdings LLC	334,466,115	6	.26	173,085,658	6	.24
Highwoods Realty LP	322,466,600	7	.25	185,964,692	5	.26
Network Appliance, Inc.	307,047,690	8	.25	75,728,238	10	.11
Glaxosmithkline	242,597,402	9	.19	127,407,075	8	0.18
G & IV LP	241,968,634	10	.19	-	-	-
Public Service Co of NC, Inc	226,906,592	11	.2	158,859,070	7	.22
Bellsouth Tel Co	<u>214,285,726</u>	12	.2	<u>325,208,533</u>	4	.46
	<u>\$5,290,116,230</u>		<u>4%</u>	<u>\$3,959,944,728</u>		<u>5.57%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014.

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
2014	\$ 702,953,904	\$ (1,690,243)	\$ 701,263,661	\$ 697,580,105	99.47%	\$ -	\$ 697,580,105	99.47%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	4,212,318	672,055,729	99.73%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	4,712,305	662,254,283	99.81%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,621,007	655,371,065	99.84%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,609,332	648,602,665	99.86%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,244,173	638,892,384	99.85%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	8,022,839	577,667,854	99.81%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,582,944	513,664,789	99.83%
2006	471,423,336	(4,606,253)	466,817,083	460,044,525	98.55%	6,062,421	466,106,946	99.85%
2005	447,296,073	(2,915,368)	444,380,705	438,197,505	98.61%	5,510,807	443,708,312	99.85%

Notes:

Taxes for the fiscal year ended June 30, 2014 at the collection rate of 99.47% are a composite of the following collections by category:

Vehicle taxes	96.04%
Real and personal property taxes	99.80%

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, 2014.

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
2014	\$ 1,806,329,227	\$ -	\$ 291,053,822	\$ 5,329,121	\$ 490,389	\$ -
2013	1,960,133,287	-	303,982,042	5,327,348	653,850	-
2012	1,934,669,373	-	316,910,261	5,693,721	817,311	-
2011	1,991,296,438	-	323,883,480	6,961,421	980,772	-
2010	1,956,072,526	-	324,671,699	8,181,909	1,144,233	-
2009	1,867,469,296	-	-	9,356,965	1,307,694	-
2008	1,479,851,275	-	-	8,472,500	1,471,155	-
2007	1,554,112,546	-	-	7,778,972	1,634,616	-
2006	1,046,504,574	58,250,000	-	7,763,477	1,798,077	237,923
2005	1,075,969,512	-	-	8,570,962	1,961,538	475,843

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014.

			Business- Type Activities			
Capital Leases	Notes Payable	Total Governmental Activities	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 51,293	\$ -	\$ 2,103,253,852	\$ 5,877	\$ 2,103,259,729	4.93%	\$ 2,177.66
81,238	-	2,270,177,765	-	2,270,177,765	5.32%	2,350.49
132,027	-	2,258,222,693	-	2,258,222,693	5.29%	2,390.62
173,449	-	2,323,295,560	-	2,323,295,560	5.78%	2,498.76
157,095	299,767	2,290,527,229	-	2,290,527,229	6.10%	2,542.39
328,068	-	1,878,462,023	-	1,878,462,023	5.26%	2,093.66
419,418	-	1,490,214,348	-	1,490,214,348	4.12%	1,719.99
571,090	-	1,564,097,224	-	1,564,097,224	4.45%	1,884.39
733,181	-	1,115,287,232	-	1,115,287,232	3.42%	1,409.59
607,239	-	1,087,585,094	-	1,087,585,094	3.69%	1,443.21

WAKE COUNTY BOARD OF EDUCATION

RATIOS OF GENERAL BONDED DEBT OUTSTANDING FOR WAKE COUNTY  
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	General Obligation Commercial Paper	Total General Bonded Debt		
2014	\$ 1,806,329,227	\$ -	\$ 1,806,329,227	1.42	\$ 1,854.00
2013	1,960,133,287	-	1,960,133,287	1.60%	2,029.47
2012	1,934,669,373	-	1,934,669,373	1.60%	2,048.09
2011	1,991,296,438	-	1,991,296,438	1.67%	2,141.69
2010	1,956,072,526	-	1,956,072,526	1.64%	2,171.16
2009	1,867,469,296	-	1,867,469,296	1.60%	2,081.41
2008	1,479,851,275	-	1,479,851,275	1.78%	1,708.03
2007	1,554,112,546	-	1,554,112,546	1.97%	1,872.36
2006	1,046,504,574	58,250,000	1,104,754,574	1.47%	1,396.28
2005	1,075,969,512	-	1,075,969,512	1.51%	1,427.79

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014.

WAKE COUNTY BOARD OF EDUCATION

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR WAKE COUNTY  
AS OF JUNE 30, 2014

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipality:			
Apex	\$ 52,700,000	100%	\$ 52,700,000
Cary	204,090,002	100%	204,090,002
Fuquay-Varina	8,525,000	100%	8,525,000
Garner	22,425,751	100%	22,425,751
Holly Springs	34,072,311	100%	34,072,311
Knightdale	12,493,794	100%	12,493,794
Morrisville	10,370,000	100%	10,370,000
Raleigh	1,532,000,000	100%	1,532,000,000
Rolesville	-	100%	-
Wake Forest	12,755,000	100%	12,755,000
Wendell	354,517	100%	354,517
Zebulon	<u>3,250,000</u>	100%	<u>3,250,000</u>
Overlapping debt	1,893,036,375		1,893,036,375
Direct debt	<u>2,103,253,852</u>		<u>2,103,253,852</u>
Total direct and overlapping debt	<u>\$ 3,996,290,227</u>		<u>\$ 3,996,290,227</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014.

WAKE COUNTY BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY  
LAST TEN YEARS

	Fiscal Year			
	2014	2013	2012	2011
Assessed value of property	\$ 127,426,491,226	\$ 122,450,151,129	\$ 120,555,400,651	\$ 119,535,621,641
Debt limit, 8% of assessed value (Statutory Limitation)	<u>10,194,119,298</u>	<u>9,796,012,090</u>	<u>9,644,432,052</u>	<u>9,562,849,731</u>
Amount of debt applicable to limit				
General obligation bonds	1,664,875,000	1,801,325,000	1,754,870,000	1,831,620,000
General obligation commercial paper	-	-	-	-
Other Long Term Debt	278,885,802	291,217,436	303,938,059	311,595,642
Bonds Authorized not Issued	<u>950,450,000</u>	<u>145,450,000</u>	<u>65,700,000</u>	<u>239,070,000</u>
Total net debt applicable to limit	<u>2,894,210,802</u>	<u>2,237,992,436</u>	<u>2,124,508,059</u>	<u>2,382,285,642</u>
Legal debt margin	<u>\$ 7,299,908,496</u>	<u>\$ 7,558,019,654</u>	<u>\$ 7,519,923,993</u>	<u>\$ 7,180,564,089</u>
Total net debt applicable to limit as a percentage of debt limit	<u>28.39%</u>	<u>22.85%</u>	<u>22.03%</u>	<u>24.91%</u>

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, 2014.



Fiscal Year					
2010	2009	2008	2007	2006	2005
<u>\$ 119,158,250,199</u>	<u>\$ 116,610,525,500</u>	<u>\$ 83,122,951,280</u>	<u>\$ 78,844,604,531</u>	<u>\$ 75,134,720,561</u>	<u>\$ 71,124,912,096</u>
<u>9,532,660,016</u>	<u>9,328,842,040</u>	<u>6,649,836,102</u>	<u>6,307,568,362</u>	<u>6,010,777,645</u>	<u>5,689,992,968</u>
1,794,370,000	1,772,370,000	1,434,595,000	1,505,200,000	1,020,850,000	1,049,485,000
-	-	-	-	58,250,000	-
313,263,004	10,664,659	9,943,655	9,413,588	9,799,477	11,008,343
391,870,000	514,500,000	911,000,000	1,058,390,000	718,500,000	718,510,000
<u>2,499,503,004</u>	<u>2,297,534,659</u>	<u>2,355,538,655</u>	<u>2,573,003,588</u>	<u>1,807,399,477</u>	<u>1,779,003,343</u>
<u>\$ 7,033,157,012</u>	<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>26.22%</u>	<u>24.63%</u>	<u>35.42%</u>	<u>40.79%</u>	<u>30.07%</u>	<u>31.27%</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>
2014	974,289	*	\$ 63,791	153,039	5.1%
2013	965,833	*	*	149,508	7.3%
2012	944,619	\$ 42,693,474	44,839	146,687	7.7%
2011	929,780	40,193,567	43,280	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%

\* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014.

WAKE COUNTY BOARD OF EDUCATION

PRINCIPAL EMPLOYERS FOR WAKE COUNTY  
CURRENT YEAR AND NINE YEARS AGO

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	5.01%	23,639	1	6.13%
Wake County Public Schools	17,572	2	3.66%	12,997	3	3.37%
International Business Machines (IBM)	10,000	3	2.08%	13,000	2	3.37%
WakeMed Health and Hospitals	8,423	4	1.67%	5,000	5	1.30%
North Carolina State University	8,080	5	1.75%	7,787	4	2.02%
Cisco Systems	5,500	6	1.15%	2,500	11	0.65%
Rex Healthcare	5,400	7	1.12%	3,779	8	0.98%
SAS Institute, Inc.	5,159	8	1.07%	4,300	7	1.11%
Wake County Government	4,341	9	0.90%	3,300	9	0.86%
GlaxoSmithKline, Inc.	4,140	10	0.86%	4,800	6	1.24%
NC DHHS	3,879	11	0.81%	-	-	-
City of Raleigh	3,244	12	0.68%	3,000	10	0.78%
	<u>99,821</u>		<u>20.77%</u>	<u>84,102</u>		<u>21.81%</u>

\* As of the date of publication this information was not available for 2014. Data from 2013 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2014

WAKE COUNTY BOARD OF EDUCATION

FULL TIME EMPLOYEES BY CATEGORY  
LAST TEN YEARS

	<u>2014</u>	<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>
School and school based support										
Principals	170	169	164	163	159	157	152	147	138	132
Assistant principals, nonteaching	323	309	290	285	277	289	286	262	236	228
Elementary teachers	4,547	4,394	4,283	4,069	4,059	4,123	4,036	3,274	2,750	2,592
Secondary teachers	4,145	3,888	3,774	3,635	3,580	3,769	3,517	2,861	2,781	2,660
Other teachers	1,871	1,760	1,753	1,675	1,638	1,654	1,651	2,467	2,592	2,488
Guidance	436	409	397	420	411	436	311	296	276	262
Psychological	96	96	90	90	86	88	61	74	72	71
Librarian, audiovisual	208	209	205	323	359	338	201	195	183	176
Consultant, supervisor	89	82	73	87	92	89	86	99	103	101
Teacher assistants	<u>2,191</u>	<u>2,177</u>	<u>2,100</u>	<u>2,065</u>	<u>2,057</u>	<u>2,383</u>	<u>2,292</u>	<u>2,191</u>	<u>1,907</u>	<u>1,852</u>
Total school and school based support	<u>14,076</u>	<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>
Central services										
Administrators, managers	20	17	19	16	19	19	19	16	17	19
Technicians	317	303	294	319	311	322	98	94	106	106
Clerical, secretarial	955	910	910	905	943	943	1,071	945	899	879
Service workers	1,752	1,697	1,671	1,737	1,808	1,788	2,132	2,023	2,016	1,981
Skilled crafts	295	264	265	269	292	289	164	148	130	126
Other professionals	<u>596</u>	<u>592</u>	<u>589</u>	<u>629</u>	<u>625</u>	<u>582</u>	<u>489</u>	<u>663</u>	<u>648</u>	<u>606</u>
Total central services	<u>3,935</u>	<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>
Total full time employees	<u>18,011</u>	<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>

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>
2014	153,039	2.36%	\$ 1,195,529,543	\$ 7,812	-0.52%	170	9,678
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

Source: Wake County Public Schools Growth Management Department

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WAKE COUNTY BOARD OF EDUCATION

TEACHER BASE SALARIES  
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>System Average Salary</u>
2014	\$ 37,702.50	\$ 84,576.88	\$ 49,798.52
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION

CAPITAL ASSET INFORMATION  
LAST TEN YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010'</u>	<u>2009</u>
Schools						
Elementary						
Buildings	207	203	215	220	220	217
Square feet	8,874,100	8,760,281	8,685,116	8,925,284	8,896,687	8,532,044
Capacity	73,177	73,728	76,351	76,851	75,438	72,872
Enrollment	72,075	70,612	70,526	69,277	67,748	67,468
Mobile classrooms	572	571	607	602	504	499
Middle						
Buildings	113	114	111	107	105	105
Square feet	5,177,696	5,242,441	5,266,057	5,570,506	5,176,364	5,156,547
Capacity	37,929	38,202	37,233	37,780	33,317	32,449
Enrollment	34,983	34,365	33,604	32,596	31,482	30,813
Mobile classrooms	181	183	189	190	127	127
High						
Buildings	218	211	211	210	210	210
Square feet	6,569,478	6,040,661	6,009,897	5,894,216	5,894,216	5,897,099
Capacity	45,381	44,021	43,619	43,780	43,056	41,019
Enrollment	44,448	43,285	42,143	41,014	39,994	39,075
Mobile classrooms	353	349	309	368	130	130
Other (includes academies)						
Buildings	7	11	9	7	7	7
Square feet	169,490	325,466	276,564	195,471	195,471	195,471
Capacity	1,656	1,235	384	384	366	366
Enrollment	1,533	1,246	414	412	375	350
Mobile classrooms	13	33	1	1	1	1
Administrative						
Buildings	18	24	24	23	23	23
Square Feet	383,811	625,877	625,877	523,725	523,725	523,725
Transportation						
Buses	928	920	928	920	905	895

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



<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
214	209	204	202
8,173,730	7,410,687	7,024,803	6,814,920
70,674	68,484	55,572	52,575
65,641	62,395	58,220	54,741
696	636	613	402
104	102	102	99
4,652,335	4,482,347	4,479,713	4,360,162
32,316	30,818	28,099	27,670
29,895	29,031	27,686	26,647
193	217	173	122
209	209	203	203
5,966,408	5,620,679	5,288,295	5,178,676
41,862	39,607	34,270	33,589
38,127	36,295	34,284	32,351
302	243	221	185
7	7	7	6
195,471	195,877	195,877	122,032
422	422	471	418
339	351	314	329
1	1	-	-
23	22	21	21
523,725	491,868	444,620	444,620
874	838	798	767

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SINGLE AUDIT SECTION

# Single Audit Section



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**Independent Auditors' Report On  
Internal Control Over Financial Reporting And On Compliance  
And Other Matters Based On An Audit Of Financial Statements Performed  
In Accordance With *Government Auditing Standards***

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 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, 2014, 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 25, 2014

**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 described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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**

The purpose of this report is 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 entity'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 25, 2014



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## **Independent Auditors' Report On Compliance For Each Major Federal Program and Internal Control Over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act**

To the Wake County Board of Education  
Cary, North Carolina

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

We have audited Wake County Board of Education's ("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, 2014. The Board's major federal programs are identified in the summary of auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards and 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, 2014.

## **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 a 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 material weaknesses or significant deficiencies. 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 any other purpose.

*Rivco & Associates LLP*

Raleigh, North Carolina  
October 25, 2014



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

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, 2014. 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, 2014.

## **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.

*Rivco & Associates LLP*

Raleigh, North Carolina  
October 25, 2014

**WAKE COUNTY BOARD OF EDUCATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2014**

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

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**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**

	Special Education Cluster
	School Improvement Grants Cluster
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, 2014**

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

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Dollar threshold used to distinguish between Type  
A and Type B programs: \$ 2,980,963

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**

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State Public School Fund  
Drivers Training  
Financed Purchase of School Buses

**WAKE COUNTY BOARD OF EDUCATION**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2014**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

**WAKE COUNTY BOARD OF EDUCATION**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2014**

No findings disclosed in the prior year

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2014

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:			
Cash Assistance:			
Special Education Cluster:			
Preschool Grant	84.173	49	\$ 479,461
Grants to States	84.027	60	26,147,859
IDEA VI B - Early Intervening Services	84.027A	70	3,737,736
IDEA VI B - Special Needs	84.027A	118	3,563
IDEA Targeted Assistance	84.173A	119	5,415
Total Special Education Cluster			30,374,034
School Improvement Grants Cluster:			
School Improvement Grants	84.377A	117	350,772
ARRA - Title I School Improvement	84.388A	143	288,087
Total Title 1, Part A Cluster			638,859
Title I - School Improvement	84.010A	105	20,379
Title 1, Low Income	84.010	50	25,744,225
McKinney-Vento Homeless Assistance	84.196	26	99,833
Vocational Education: Program Improvement	84.048	17	1,356,675
Improving Teacher Quality	84.367A	103	2,722,529
Language Acquisition	84.365A	104	1,253,315
IDEA VI B - Special Education State Improvement	84.323A	82	15,399
Emergency Impact Aid - IDEA	84.938C	114	216,162
ARRA - Race to the Top	84.395	156	2,806,498
ARRA - Race to the Top - Stem	84.395	159	73,221
Direct Programs - Indian Education Act	84.060A	310	78,142
Teacher Incentive Fund	84.374A	395	393,145
Transition to Teaching Program	84.350A	346	11,307
Total U.S. Department of Education			65,803,723
<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		22,446,479
School Breakfast Program	10.553		6,750,166
Summer Food Service Program	10.559		505,595
Cash Assistance Subtotal			29,702,240
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		3,312,709
Fresh Fruit and Vegetable Program	10.582		61,522
Total U.S. Department of Agriculture			33,076,471

Continued on Following Page

WAKE COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2014  
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Revenues Grantor Recognized
<u>Other Federal Assistance:</u>			
U.S. Department of Defense Direct Program - ROTC	12.xxx	301	485,232
Total Federal Assistance			<u>99,365,426</u>
<u>STATE GRANTS:</u>			
<u>N. C. Department of Public Instruction</u>			
Cash Assistance			
State Public School Fund			725,488,495
Technology Fund		15	1,500,528
Vocational Education:			
Months of Employment		13	33,489,069
Support Funds		14	2,903,614
Drivers Training		12	2,791,278
AP Test Fee Program		440	32,600
Professional Leave Funding		509	4,357
Non-Cash Assistance			
Financed Purchase of School Buses		120	5,154,525
Textbooks		130	1,220,442
<u>N. C. State University</u>			
Partners for Postsecondary Success - RCCC		552	1,705
Total State Assistance			<u>772,586,613</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 871,952,039</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, 2014

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 \$3,312,709 were received during the year ended June 30, 2014. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2014.



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