

Comprehensive Annual Financial Report



for the fiscal year ended **June 30, 2015**



**WAKE COUNTY
BOARD OF EDUCATION**

CARY, NORTH CAROLINA

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

Page No.

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the Government- Wide Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Fund	18
Statement of Net Position – Enterprise Funds.....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Funds.....	21

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

Statement of Cash Flows - Enterprise Funds	22
Notes to the Basic Financial Statements.....	23
Required Supplementary Information	
Schedule of the Board's Proportionate Share of The Net Pension Liability	53
Schedule of Board Contributions.....	54
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-Major Governmental Funds	56
Combining Statement of Revenues, Expenditures, And Changes in Fund Balances – Non-Major Governmental Funds	57
Schedules of Revenues, Expenditures, and Changes In Fund Balances – Budget and Actual:	
General Fund.....	58
State Public School Fund	61
State Administered Federal Grants Fund	63
Direct Grants Fund	65
Capital Outlay Fund.....	67
Enterprise Fund – Child Nutrition Program.....	69
Enterprise Fund – Tuition Programs.....	70
Other Restricted Funds	71
Individual School Funds	73

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

STATISTICAL SECTION

Net Position by Component.....	78
Expenses, Program Revenues and Net (Expense)/Revenue	80
General Revenues and Total Change in Net Position.....	82
Fund Balances, Governmental Funds.....	84
General Governmental Revenues by Source.....	86
General Governmental Expenditures by Function	87
Other Financing Sources and Uses and Net Change In Fund Balances - Governmental Funds.....	89
Enterprise Fund Expenses	90
Enterprise Fund Revenues and Operating Transfers In by Source	91
Outstanding Debt	93
Assessed Value of Taxable Property for Wake County	94
Property Tax Rates - All Overlapping Governments for Wake County.....	95
Ten Principal Taxpayers for Wake County.....	97
Property Tax Levies and Collections for Wake County	98
Ratios of Outstanding Debt by Type for Wake County.....	99
Ratio of General Bonded Debt Outstanding for Wake County	101
Direct and Overlapping Governmental Activities Debt	102
Legal Debt Margin Information for Wake County	103
Demographic and Economic Statistics for Wake County	105
Principal Employers for Wake County	106
Full Time Employees by Category	107
Operating Statistics	108

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

Teacher Base Salaries 109

Capital Asset Information 110

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 112

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; In Accordance with OMB Circular A-133: and the State Single Audit Implementation Act 114

Independent Auditor’s Report on Compliance 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 116

Schedule of Findings and Questioned Costs 118

Summary Schedule of Prior Year Audit Findings 121

Schedule of Expenditures of Federal and State Awards 122

Notes to Schedule of Expenditures of Federal and State Awards 124



Introduction

October 25, 2015

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, 2015, 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 2014-15 the school system was the largest in North Carolina and the 16th largest system in the nation. It served 155,000 students from kindergarten through 12th grade in 104 elementary schools, 33 middle schools, 27 high schools, and 4 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% 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-five of the school system's 171 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-eight NC STEM collaborative network schools, two single-gender leadership academies, two early college programs and a college and career academy.

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 January of 2015, the Wake County Board of Education adopted a Mission, Vision, Core Beliefs and Goal to sustain academic growth for Wake County's students.

The vision states, "All Wake County Public School System students will be prepared to reach their full potential and lead productive lives in a complex and changing world".

The mission states, "Wake County Public School System will provide a relevant and engaging education and will graduate students who are collaborative, creative, effective communicators and critical thinkers".

The core beliefs are:

1. Every student is uniquely capable and deserves to be challenged and engaged in relevant, rigorous, and meaningful learning each day.
2. Every student is expected to learn, grow, and succeed while we will eliminate the ability to predict achievement based on socioeconomic status, race, and ethnicity.
3. Well-supported, highly effective, and dedicated principals, teachers, and staff are essential to success for all students.
4. The Board of Education, superintendent, and all staff, while sustaining best practices, will promote and support a culture of continuous improvement, risk-taking, and innovation that results in a high-performing organization focused on student achievement.
5. The Board of Education, superintendent, and all staff value a diverse school community that is inviting, respectful, inclusive, flexible, and supportive.
6. The Wake County residents value a strong public school system and will partner to provide the support and resources to fully realize our shared vision, accomplish the mission, and sustain our core beliefs.

The goal states, "By 2020, Wake County Public School System will annually graduate at least 95% of its students ready for productive citizenship as well as higher education or a career".

SAT Scores

The average combined Scholastic Assessment Test (SAT) score for Wake County Public School System seniors was 1,569. Wake's score was 91 points above the North Carolina average of 1,478 and 79 points above the national average of 1,490. Wake students scored an average of 540 on math, 525 on critical reading and 504 on writing. The percentage of Wake students tested was 67 percent. This is 8 percent higher than the percentage of North Carolina students tested and 14.7 percent higher than the national percentage of students tested.

ACT Scores

Wake County Public School System graduates from the 2014-15 school year scored above the state average in all subject areas. The district's composite score was three-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 2014-15 school year, 86.1 percent of seniors who started school four years earlier graduated on time. This is a 3.9 percent increase over the 2013-14 rate of 82.9 percent, and the highest rate registered in the Wake County Public School System in the past nine 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, 2014. This was the twenty-sixth consecutive year that the Board received these prestigious awards. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

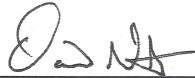
The efficient and dedicated services of the entire staff of the finance division were essential in the preparation of this report. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report and to the Board's independent certified public accountants, Rives & Associates, LLP, for their assistance. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards that we have set for ourselves.

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

Respectfully submitted,



Jim Merrill, Ed.D
Superintendent



David Neter
Chief Operating Officer



Mark Winters
Finance Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Wake County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2014*

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



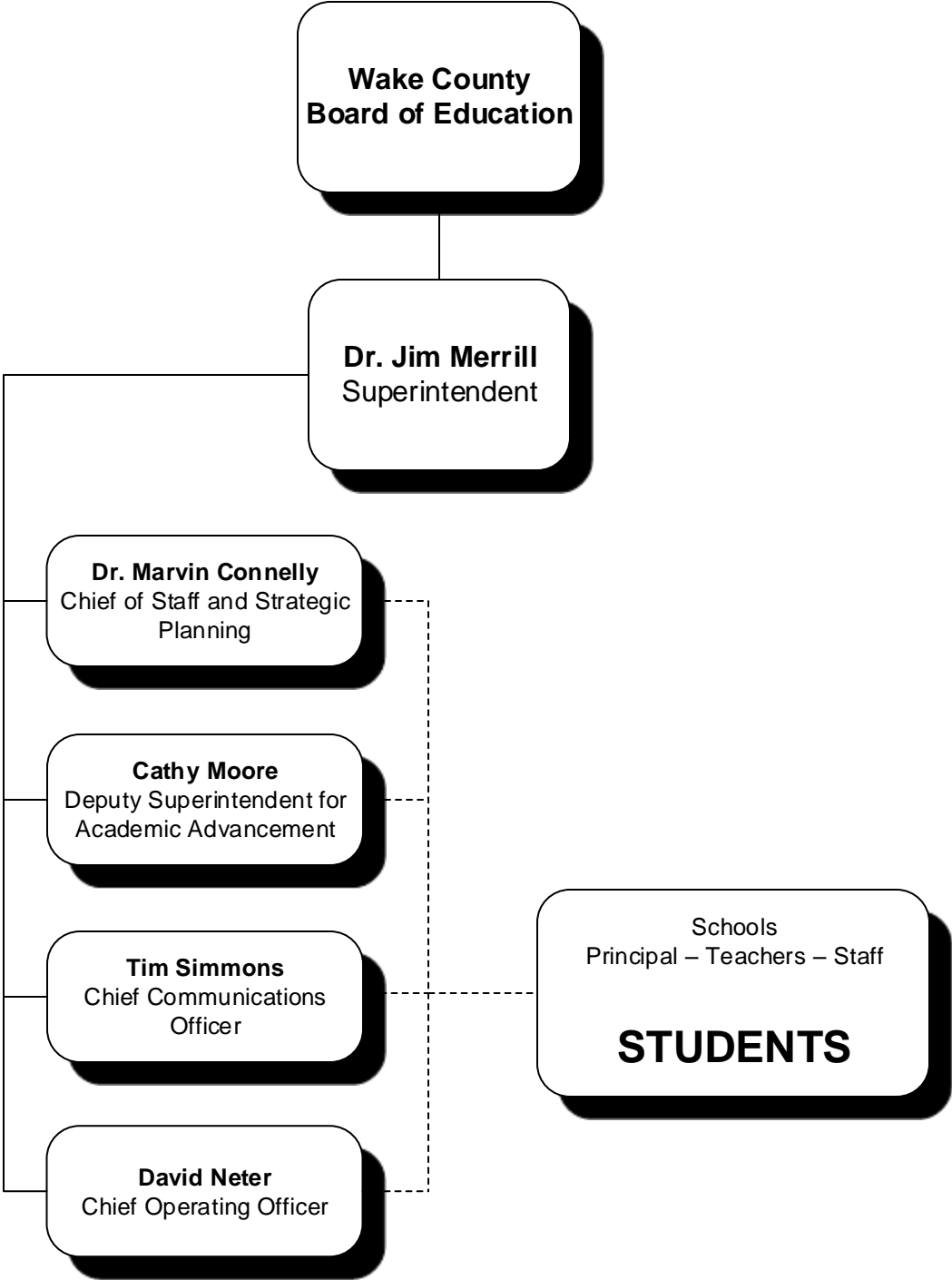
A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read '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, Chair
(District 6)



Tom Benton, Vice Chair
(District 1)



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 Academic
Advancement
David Neter, Chief Operating Officer
Tim Simmons, Chief Communications Officer

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
Timothy Locklair - Western Wake County
Danny Barnes, Interim - Central Wake County
James Overman - Elementary Support

Assistant Superintendents

Brian Kingsley - Academics
Doug Thilman - Human Resources
Joe Desormeaux - Facilities
Karen Hamilton - Special Education
Brenda Elliott - Student Support Services
Dr. Bradley McMillen - Data, Research, and Accountability
Dr. Rodney Trice - Equity Affairs
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

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, 2015, 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, 2015, 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 11 and the Schedule of the Proportionate Share of Net Pension Liability and the Schedule of Board of Contributions on pages 53 and 54, respectively 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 schedule 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, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal awards 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, 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, 2015, 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, 2015

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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, 2015. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,548,860,107.
- The Board's total net position increased by \$136,315,098 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 \$68,337,612 and the Board's governmental funds reported combined ending fund balances of \$78,066,492. This is a decrease of \$22,940,144 in comparison with the prior year. Approximately 22 percent of this total amount, or \$14,894,753, is available for spending at the government's discretion.
- The Board enjoyed an increased enrollment of 1,961 students (or 1.28%) from the previous year.

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.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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 twelve through fourteen 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.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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 Outlay Fund, Direct Grants Fund, Other Restricted Funds and the State Administered Federal Grants Fund. The governmental fund statements are shown on pages fifteen through seventeen of this report.

Proprietary funds: Services for which the Board charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same 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 twenty through twenty-two of this report.

Financial Analysis of the District as a Whole

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$2,548,860,000 as of June 30, 2015. The largest component of net investment in capital assets of approximately \$2,730,563,000.

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

Condensed Statements of Net Position June 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current assets	146,698	155,533	35,065	37,408	181,763	192,941
Capital assets	2,723,289	2,653,788	7,357	7,727	2,730,646	2,661,515
Total assets	<u>2,869,987</u>	<u>2,809,321</u>	<u>42,422</u>	<u>45,135</u>	<u>2,912,409</u>	<u>2,854,456</u>
Deferred outflows of resources	120,093	-	2,451	-	122,544	-
Current Liabilities	178,267	91,502	5,974	4,093	184,241	95,595
Long-term liabilities:	40,520	47,430	480	621	41,000	48,051
Total liabilities	<u>218,787</u>	<u>138,932</u>	<u>6,454</u>	<u>4,714</u>	<u>225,241</u>	<u>143,646</u>
Deferred inflows of resources	255,791	6,118	5,061	-	260,852	6,118
Net investment in capital assets	2,723,207	2,648,922	7,356	7,727	2,730,563	2,656,649
Restricted net position	17,026	16,600	-	-	17,026	16,600
Unrestricted net position	<u>(224,731)</u>	<u>(1,251)</u>	<u>26,002</u>	<u>32,694</u>	<u>(198,729)</u>	<u>31,443</u>
TOTAL NET POSITION	<u>\$ 2,515,502</u>	<u>\$ 2,664,271</u>	<u>\$ 33,358</u>	<u>\$ 40,421</u>	<u>\$ 2,548,860</u>	<u>\$ 2,704,692</u>

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Note that net position for governmental activities decreased by approximately \$148,769,000 during the year. The decrease in net position was due largely to the restatement of beginning Net Position due to the implementation of GASB 68. 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, 2015 and 2014**

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2015	2014
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,236	\$ 1,191	\$ 29,277	\$30,591	\$ 30,513	\$ 31,782
Operating grants and contributions	896,644	855,019	33,504	33,048	930,148	888,067
Capital grants and contributions	-	53	-	-	-	53
General Revenues:						
Other revenues	501,905	421,800	139	133	502,044	421,933
Total revenues	<u>1,399,785</u>	<u>1,278,063</u>	<u>62,920</u>	<u>63,772</u>	<u>1,462,705</u>	<u>1,341,835</u>
Expenses:						
Governmental activities:						
Instructional services	934,111	951,436	-	-	934,111	951,436
System-wide support services	237,089	236,261	-	-	237,089	236,261
Ancillary services	167	176	-	-	167	176
Nonprogram charges	14,957	10,589	-	-	14,957	10,589
Depreciation	75,594	63,862	-	-	75,594	63,862
Business-type activities:						
Food services	-	-	53,254	52,823	53,254	52,823
Tuition programs	-	-	11,218	12,931	11,218	12,931
Total expenses	<u>1,261,918</u>	<u>1,262,324</u>	<u>64,472</u>	<u>65,754</u>	<u>1,326,390</u>	<u>1,328,078</u>
Transfers	(332)	(427)	332	427	-	-
Increase (decrease) in net position	137,535	15,312	(1,220)	(1,555)	136,315	13,757
Net position, beginning, previously reported	2,664,271	2,648,959	40,421	41,976	2,704,692	2,690,935
Restatement	(286,304)	-	(5,843)	-	(292,147)	-
Net position, beginning, restated	<u>2,377,967</u>	<u>2,648,959</u>	<u>34,578</u>	<u>41,976</u>	<u>2,412,545</u>	<u>2,690,935</u>
Net position, ending	<u>\$2,515,502</u>	<u>\$2,664,271</u>	<u>\$ 33,358</u>	<u>\$40,421</u>	<u>\$2,548,860</u>	<u>\$2,704,692</u>

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Total governmental activities generated revenues of \$1.4 billion while expenses in this category totaled \$1.26 billion for the year ended June 30, 2015. Comparatively, revenues were \$1.3 billion and expenses totaled \$1.26 billion for the year ended June 30, 2014. After transfers to the business-type activities, the increase in net position stands at \$137.5 million at June 30, 2015, compared to \$15.3 million in 2014. Instructional services expenses comprised 74% of total governmental-type expenses while system-wide support services made up 18.8% of those expenses for 2015. County funding comprised 35% of total governmental revenue for 2015. In 2014, county funding was 32.4%. Much of the remaining 65% of the total governmental revenue for 2015 consists of restricted state and federal money. This revenue represented 67.6% of total revenue in 2014. Business-type activities generated revenue of \$63 million and expenses of \$64 million. Net position decreased in the business-type activities by \$1.2 million after transfers from the governmental activities of \$332,000.

Financial Analysis of the District's Funds

The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The general fund reported a total fund balance of \$68,337,612, a decrease of \$21,568,173 over last year. The underlying reason for this increase was the appropriation of \$26 million of fund balance to balance the 2014-15 budget, and additional appropriations for one time bonuses and other approved special projects. The unassigned fund balance in the general fund decreased to \$14,894,753. This level of unassigned fund balance equals 1.1 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,397,434,685). The Board assigned \$20,000,000 from fund balance to support the 2015-16 budget.

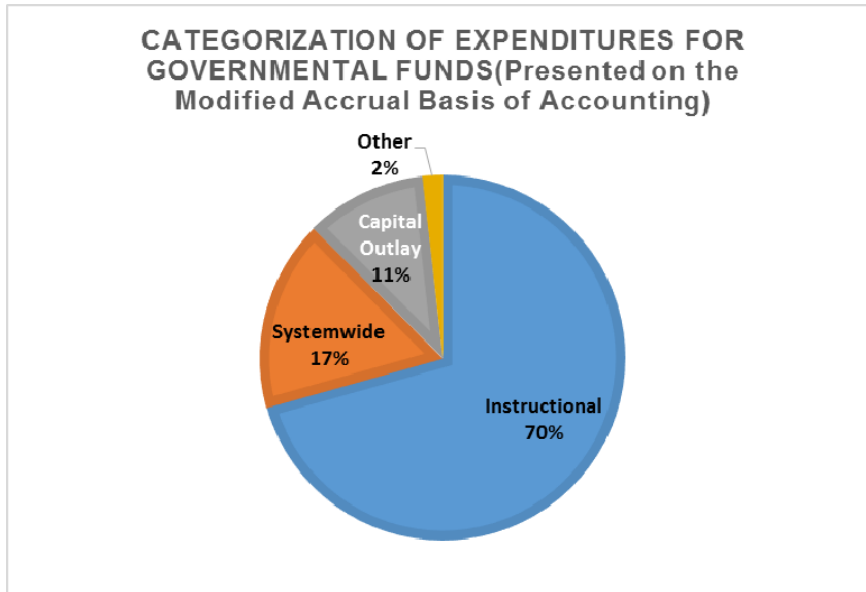
The total fund balance in the capital outlay fund decreased by \$1,466,553, and the restricted fund balance for capital expenditures increased to \$397,078. This decrease was due to the increase of vehicle purchases.

The fund balance restricted for individual schools in the individual schools fund increased by \$94,582 due to schools decreasing their expenditures by 7% in this area.

The Board's governmental funds reported a combined fund balance of \$78,066,492, a \$22,940,144 decrease over last year. County funding increased over the prior year by \$75 million. This increase was due mainly to the increase in the building program. State funding increased approximately \$41 million as a result of student growth and budget increases. Federal funding decreased by approximately \$258 thousand due to the decreased spending in the ESEA grants.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

The Board's business-type funds reflected a total decrease in net position of approximately \$1.2 million. The Child Nutrition Program reflected a decrease in net position over the last year of \$2,407,603. This was mainly due to the decrease in food sales and the increase in salaries and food cost. Tuition Programs reflected an increase in net position over last year of \$1,188,052. This was due to reduction of costs, as well as an increase in participant fees.



Budgetary Highlights

Over the course of the year, the Board revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases and decreases in appropriations that become necessary to maintain services.

Total amendments to the general fund increased revenues by approximately \$23 million. This was mainly due to the appropriation of fund balance for adjustments to teacher salary supplements and a one-time bonus to staff that did not receive any legislated pay increase or bonus. Total expenditures for the general fund were \$25 million less than the final budget due to prepaid expenditures, carryover purchase orders, the system's practice of sequestering identified savings in an unbudgeted line item and steps to maximize state funds which create savings in local funds.

Total amendments to the state public school fund increased revenues by approximately \$14.5 million. This change was the net of the increases and decreases in allotments received from the state.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$2,730,645,822 (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, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 151,825	\$ 145,796	\$ -	\$ -	\$ 151,825	\$ 145,796
Land improvements	4,174	4,254	-	-	4,174	4,254
Buildings	2,415,202	2,209,521	-	-	2,415,202	2,209,521
Equipment	51,169	55,522	7,135	7,512	58,304	63,034
Vehicles	25,180	29,320	222	215	25,402	29,535
Construction in progress	75,739	209,375	-	-	75,739	209,375
Total	<u>\$ 2,723,289</u>	<u>\$ 2,653,788</u>	<u>\$ 7,357</u>	<u>\$ 7,727</u>	<u>\$ 2,730,646</u>	<u>\$ 2,661,515</u>

More detailed information on the Board's capital assets is contained on pages 36 through 37 in the notes to the financial statements.

Debt Outstanding

During the year the Board's outstanding government-type debt decreased by \$282,796,133 and the business-type activities debt decreased by \$5,887,727. The decrease in the government-type debt was due to the net pension liability. The decrease in the business-type activities debt was due to the decrease in net pension liability and compensated absences. More detailed information on the Board's outstanding debt is contained on page 48 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 \$127.9 billion for the fiscal year ended June 30, 2015, a 4.1 percent increase over the prior fiscal year
- Sales tax collections for the fiscal year ended June 30, 2015 were \$154.5 million. This is a 9.3% increase from \$141.3 million in the prior fiscal year.
- Property tax collections increased from \$684.7 million in the prior fiscal year to \$742.6 in the year ended June 30, 2015, an increase of 8.3%.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Requests for Information

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

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

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WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 100,731,408	\$ 30,686,238	\$ 131,417,646
Due from other governments	39,212,050	1,532,039	40,744,089
Internal balances	(376,181)	376,181	-
Receivables	3,048,210	533,434	3,581,644
Inventory and prepaid expenses	4,082,558	1,937,448	6,020,006
Total current assets	<u>146,698,045</u>	<u>35,065,340</u>	<u>181,763,385</u>
Noncurrent assets:			
Land and construction in progress	227,564,289	-	227,564,289
Capital assets, net of accumulated depreciation	2,495,724,870	7,356,663	2,503,081,533
	<u>2,723,289,159</u>	<u>7,356,663</u>	<u>2,730,645,822</u>
TOTAL ASSETS	<u>2,869,987,204</u>	<u>42,422,003</u>	<u>2,912,409,207</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>120,093,180</u>	<u>2,450,881</u>	<u>122,544,061</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	14,465,723	1,200,827	15,666,550
Accounts payable	46,347,708	2,872,185	49,219,893
Long-term liabilities:			
Net pension liability	68,657,747	1,401,179	70,058,926
Due within one year	48,796,111	500,000	49,296,111
Due in more than one year	40,520,048	479,548	40,999,596
TOTAL LIABILITIES	<u>218,787,337</u>	<u>6,453,739</u>	<u>225,241,076</u>
DEFERRED INFLOWS OF RESOURCES	255,791,406	5,060,679	260,852,085
NET POSITION			
Net investment in capital assets	2,723,207,488	7,356,663	2,730,564,151
Restricted for:			
Individual school activities	8,471,820	-	8,471,820
Stabilization by state statute	8,129,112	-	8,129,112
School capital outlay	397,078	-	397,078
Restricted Contributions	27,801	-	27,801
Unrestricted	<u>(224,731,658)</u>	<u>26,001,803</u>	<u>(198,729,855)</u>
TOTAL NET POSITION	<u>\$ 2,515,501,641</u>	<u>\$ 33,358,466</u>	<u>\$ 2,548,860,107</u>

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

**WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Instructional programs:				
Regular	\$ 538,699,660	\$ 1,182,907	\$ 469,297,147	\$ -
Special populations	181,153,903	-	163,860,245	-
Alternative programs and services	63,987,611	-	57,437,456	-
School leadership	67,145,678	-	46,513,186	-
Co-curricular	21,546,339	-	14,798,875	-
School-based support services	61,577,799	-	53,021,293	-
Systemwide support services				
Support and development	10,932,679	-	4,128,340	-
Special populations support and development	4,373,936	-	1,635,905	-
Alternative programs and services support and development	3,086,128	-	2,157,857	-
Technology support	23,361,372	-	3,391,682	-
Operational support	161,949,750	-	74,497,428	-
Financial and human resource	16,308,934	-	2,603,178	-
Accountability	3,804,913	-	1,687,350	-
Systemwide pupil support	5,062,216	-	243,776	-
Policy, leadership and public relations	8,209,071	-	1,150,247	-
Ancillary services	166,997	52,628	175,274	-
Nonprogram charges	14,957,067	-	45,031	-
Depreciation - unallocated *	75,594,568	-	-	-
Total governmental activities	<u>1,261,918,621</u>	<u>1,235,535</u>	<u>896,644,270</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Food services	53,254,152	16,913,781	33,504,107	-
Tuition programs	11,217,887	12,364,080	-	-
Total business-type activities	<u>64,472,039</u>	<u>29,277,861</u>	<u>33,504,107</u>	<u>-</u>
Total school district	<u>\$ 1,326,390,660</u>	<u>\$ 30,513,396</u>	<u>\$ 930,148,377</u>	<u>\$ -</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, previously reported				
Restatement				
Net position - beginning, restated				
Net position - ending				

(Continued)

* 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.

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:			
Instructional programs:			
Regular	\$ (68,219,606)		\$ (68,219,606)
Special populations	(17,293,658)		(17,293,658)
Alternative programs and services	(6,550,155)		(6,550,155)
School leadership	(20,632,492)		(20,632,492)
Co-curricular	(6,747,464)		(6,747,464)
School-based support services	(8,556,506)		(8,556,506)
Systemwide support services			
Support and development	(6,804,339)		(6,804,339)
Special populations support and development	(2,738,031)		(2,738,031)
Alternative programs and services support and development	(928,271)		(928,271)
Technology support	(19,969,690)		(19,969,690)
Operational support	(87,452,322)		(87,452,322)
Financial and human resource	(13,705,756)		(13,705,756)
Accountability	(2,117,563)		(2,117,563)
Systemwide pupil support	(4,818,440)		(4,818,440)
Policy, leadership and public relations	(7,058,824)		(7,058,824)
Ancillary services	60,905		60,905
Nonprogram charges	(14,912,036)		(14,912,036)
Depreciation - unallocated *	(75,594,568)		(75,594,568)
Total governmental activities	<u>(364,038,816)</u>		<u>(364,038,816)</u>
BUSINESS-TYPE ACTIVITIES:			
Food services		\$ (2,836,264)	(2,836,264)
Tuition programs		<u>1,146,193</u>	<u>1,146,193</u>
Total business-type activities		<u>(1,690,071)</u>	<u>(1,690,071)</u>
Total school district	<u>(364,038,816)</u>	<u>(1,690,071)</u>	<u>(365,728,887)</u>
GENERAL REVENUES			
Unrestricted county appropriations - operating	340,138,653	-	340,138,653
Unrestricted county appropriations - capital	149,664,203	-	149,664,203
Unrestricted state appropriations - capital	4,947,219	-	4,947,219
Investment earnings, unrestricted	389,767	139,011	528,778
Miscellaneous, unrestricted	6,765,132	-	6,765,132
TRANSFER	<u>(331,509)</u>	<u>331,509</u>	<u>-</u>
Subtotal, general revenues and transfers	<u>501,573,465</u>	<u>470,520</u>	<u>502,043,985</u>
Changes in net position	137,534,649	(1,219,551)	136,315,098
Net position - beginning, previously reported	<u>2,664,271,076</u>	<u>40,420,957</u>	<u>2,704,692,033</u>
Restatement	(286,304,084)	(5,842,940)	(292,147,024)
Net position - beginning, restated	<u>2,377,966,992</u>	<u>34,578,017</u>	<u>2,412,545,009</u>
Net position - ending	<u>\$ 2,515,501,641</u>	<u>\$ 33,358,466</u>	<u>\$ 2,548,860,107</u>

* 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.

**WAKE COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 77,957,166	\$ 5,803,657	\$ 9,113,282	\$ 1,314,217	\$ 6,543,086	\$ 100,731,408
Due from other governments	1,772,403	9,156,969	62,474	27,087,476	1,132,728	39,212,050
Accounts receivable	1,273,156	-	30,142	-	1,744,912	3,048,210
Due from other funds	69,581	7,780	593	-	288,195	366,149
Prepaid	1,639,972	-	-	-	-	1,639,972
Inventories	2,442,586	-	-	-	-	2,442,586
Total assets	\$ 85,154,864	\$ 14,968,406	\$ 9,206,491	\$ 28,401,693	\$ 9,708,921	\$ 147,440,375
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 4,663,337	\$ 9,156,968	\$ -	\$ -	\$ 645,418	\$ 14,465,723
Accounts payable	11,851,341	5,811,438	345,939	27,106,505	1,232,485	46,347,708
Due to other funds	302,574	-	388,732	38,128	12,896	742,330
Total liabilities	16,817,252	14,968,406	734,671	27,144,633	1,890,799	61,555,761
Deferred inflows of resources:	-	-	-	-	7,818,122	7,818,122
Fund balances:						
Nonspendable:						
Inventories	2,442,586	-	-	-	-	2,442,586
Prepaid	1,639,972	-	-	-	-	1,639,972
Restricted:						
Stabilization by state statute	7,404,038	-	-	725,074	-	8,129,112
Capital expenditures	-	-	-	397,078	-	397,078
Individual schools	-	-	8,471,820	-	-	8,471,820
Restricted contributions	-	-	-	27,801	-	27,801
Assigned						
Special projects	10,604,339	-	-	107,107	-	10,711,446
Insurance	10,212,545	-	-	-	-	10,212,545
Flexible benefit plan	1,139,379	-	-	-	-	1,139,379
Subsequent years expenditures	20,000,000	-	-	-	-	20,000,000
Unassigned	14,894,753	-	-	-	-	14,894,753
Total fund balances	68,337,612	-	8,471,820	1,257,060	-	78,066,492
Total liabilities, deferred inflows of resources, and fund balances	\$ 85,154,864	\$ 14,968,406	\$ 9,206,491	\$ 28,401,693	\$ 9,708,921	

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	2,723,289,159
Deferred outflows of resources related to pensions	120,093,180
Net pension liability	(68,657,747)
Deferred inflows of resources related to pensions	(247,973,284)

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	\$ (7,039,224)
Compensated absences (vacation)	(82,195,264)
Installment purchase	(81,671)
	<u>(89,316,159)</u>

Total net position - governmental activities \$ 2,515,501,641

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, 2015

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
REVENUES:						
County	\$ 339,271,187	\$ -	\$ -	\$ 149,664,203	\$ 867,466	\$ 489,802,856
State	9,120	808,296,384	-	4,947,219	12,000	813,264,723
Federal	489,171	-	-	-	65,542,149	66,031,320
Other local	6,234,560	-	14,793,611	622,813	14,515,513	36,166,497
Total revenues	<u>346,004,038</u>	<u>808,296,384</u>	<u>14,793,611</u>	<u>155,234,235</u>	<u>80,937,128</u>	<u>1,405,265,396</u>
EXPENDITURES:						
Current operations:						
Instructional services:						
Regular instruction	114,357,420	464,970,431	-	-	3,715,145	583,042,996
Special populations	32,714,622	134,001,500	-	-	29,151,923	195,868,045
Alternative programs and services	12,482,384	27,741,223	-	-	28,858,633	69,082,240
School leadership	26,129,640	46,487,352	-	-	26,626	72,643,618
Co-curricular	7,815,137	-	14,377,548	-	5,646	22,198,331
School-based support	13,090,203	49,927,674	-	-	3,028,969	66,046,846
Systemwide support services						
Support and development	7,803,877	814,870	-	-	3,256,175	11,874,922
Special populations support and development	3,116,992	981,311	-	-	637,949	4,736,252
Alternative programs and services support and development						
Technology support	1,034,486	788,553	-	-	1,419,724	3,242,763
Operational support	12,901,678	3,391,682	-	-	124,804	16,418,164
Financial and human resource	87,552,946	73,787,801	-	-	8,578,515	169,919,262
Accountability	14,565,162	2,372,582	-	-	360,953	17,298,697
Systemwide pupil support	2,316,965	1,613,514	-	-	72,006	4,002,485
Policy, leadership, and public relations	5,124,990	196,289	-	-	43,486	5,364,765
Ancillary services	7,433,861	1,150,247	-	-	4,000	8,588,108
Non-program charges	10,130	26,324	-	-	175,821	212,275
Debt service:	17,857,544	-	-	-	1,798,234	19,655,778
Principal	-	-	-	4,947,219	-	4,947,219
Capital outlay:						
Land, buildings, and other	-	-	-	149,653,988	-	149,653,988
Equipment	-	-	-	3,003,425	-	3,003,425
Total expenditures	<u>366,308,037</u>	<u>808,251,353</u>	<u>14,377,548</u>	<u>157,604,632</u>	<u>81,258,609</u>	<u>1,427,800,179</u>
Excess (deficiency) of revenues over expenditures	<u>(20,303,999)</u>	<u>45,031</u>	<u>416,063</u>	<u>(2,370,397)</u>	<u>(321,481)</u>	<u>(22,534,783)</u>
OTHER FINANCING SOURCES (USES):						
Installment purchase obligations issued	-	-	-	163,344	-	163,344
Transfers in	-	-	-	740,500	321,481	1,061,981
Transfers out	(740,500)	(45,031)	(321,481)	-	-	(1,107,012)
Total other financing sources (uses)	<u>(740,500)</u>	<u>(45,031)</u>	<u>(321,481)</u>	<u>903,844</u>	<u>321,481</u>	<u>118,313</u>
Net change in fund balance	<u>(21,044,499)</u>	<u>-</u>	<u>94,582</u>	<u>(1,466,553)</u>	<u>-</u>	<u>(22,416,470)</u>
Fund balances, beginning of year	89,905,785	-	8,377,238	2,723,613	-	101,006,636
Decrease in reserve for inventories	(523,674)	-	-	-	-	(523,674)
Fund balances, end of year	<u>\$ 68,337,612</u>	<u>\$ -</u>	<u>\$ 8,471,820</u>	<u>\$ 1,257,060</u>	<u>\$ -</u>	<u>\$ 78,066,492</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, 2015**

Total net change in fund balances - governmental funds.	\$ (22,416,470)
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 a depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	69,661,322
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	119,351,072
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.	4,783,875
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:	
Pension expense	(29,584,839)
Compensated absences	(2,626,162)
Loss on disposal of assets	(159,720)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements.	(950,755)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.	<u>(523,674)</u>
Change in net position of governmental activities.	<u>\$ 137,534,649</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, 2015

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 335,521,187	\$ 339,271,187	\$ 339,271,187	\$ -
State	52,600	52,600	9,120	(43,480)
Federal	450,000	450,000	489,171	39,171
Other local	<u>4,641,913</u>	<u>4,655,057</u>	<u>6,234,560</u>	<u>1,579,503</u>
Total revenues	<u>340,665,700</u>	<u>344,428,844</u>	<u>346,004,038</u>	<u>1,575,194</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	109,904,420	117,084,335	114,357,420	2,726,915
Special populations	32,527,086	33,212,594	32,714,622	497,972
Alternative programs and services	12,873,719	12,981,401	12,482,384	499,017
School leadership	31,784,271	26,492,514	26,129,640	362,874
Co-curricular	8,641,853	8,615,400	7,815,137	800,263
School-based support services	13,252,340	13,564,857	13,090,203	474,654
Systemwide support services				
Support and development	8,572,451	8,167,566	7,803,877	363,689
Special populations support and development	3,264,014	3,168,915	3,116,992	51,923
Alternative programs and services support and development	1,304,420	1,085,445	1,034,486	50,959
Technology support	13,350,467	17,153,900	12,901,678	4,252,222
Operational support	86,301,452	92,055,761	87,552,946	4,502,815
Financial and human resource	16,480,990	16,086,331	14,565,162	1,521,169
Accountability	2,729,732	2,426,581	2,316,965	109,616
Systemwide pupil support	5,351,022	5,291,919	5,124,990	166,929
Policy, leadership and public relations	8,716,260	7,898,251	7,433,861	464,390
Ancillary services	1,773	10,455	10,130	325
Non-program charges	13,945,411	17,858,550	17,857,544	1,006
Unbudgeted Funds		<u>8,580,273</u>	<u>-</u>	<u>8,580,273</u>
Total expenditures	<u>369,001,681</u>	<u>391,735,048</u>	<u>366,308,037</u>	<u>25,427,011</u>
Revenues over (under) expenditures	<u>(28,335,981)</u>	<u>(47,306,204)</u>	<u>(20,303,999)</u>	<u>27,002,205</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	28,335,981	48,046,704	-	(48,046,704)
Transfers in	-	(740,500)	(740,500)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>28,335,981</u>	<u>47,306,204</u>	<u>(740,500)</u>	<u>(48,046,704)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(21,044,499)	<u>\$ (21,044,499)</u>
Fund balances, beginning of year			89,905,785	
Decrease in reserve for inventories			(523,674)	
Fund balances, end of year			<u>\$ 68,337,612</u>	

(Continued)

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, 2015

	State Public School Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ -	\$ -	\$ -	\$ -
State	804,702,227	819,157,104	808,296,384	(10,860,720)
Federal	-	-	-	-
Other local	-	-	-	-
Total revenues	<u>804,702,227</u>	<u>819,157,104</u>	<u>808,296,384</u>	<u>(10,860,720)</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	476,811,974	469,459,414	464,970,431	4,488,983
Special populations	136,488,812	134,794,424	134,001,500	792,924
Alternative programs and services	27,870,062	29,059,465	27,741,223	1,318,242
School leadership	40,958,006	47,105,605	46,487,352	618,253
Co-curricular	-	-	-	-
School-based support services	51,531,511	50,991,765	49,927,674	1,064,091
Systemwide support services				
Support and development	903,793	833,585	814,870	18,715
Special populations support and development	1,262,291	989,891	981,311	8,580
Alternative programs and services support and development	709,817	790,986	788,553	2,433
Technology support	4,425,220	5,662,845	3,391,682	2,271,163
Operational support	60,912,628	74,063,779	73,787,801	275,978
Financial and human resource	1,139,176	2,372,582	2,372,582	-
Accountability	1,181,756	1,613,548	1,613,514	34
Systemwide pupil support	-	196,290	196,289	1
Policy, leadership and public relations	450,530	1,150,247	1,150,247	-
Ancillary services	56,651	27,647	26,324	1,323
Non-program charges	-	-	-	-
Unbudgeted Funds	-	-	-	-
Total expenditures	<u>804,702,227</u>	<u>819,112,073</u>	<u>808,251,353</u>	<u>10,860,720</u>
Revenues over (under) expenditures	<u>-</u>	<u>45,031</u>	<u>45,031</u>	<u>-</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(45,031)	(45,031)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Decrease in reserve for inventories			-	
Fund balances, end of year			<u>\$ -</u>	

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

**WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2015**

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,887,010	\$ 9,799,228	\$ 30,686,238
Accounts receivable	33,519	499,915	533,434
Due from other governments	1,446,141	85,898	1,532,039
Due from other funds	43,546	379,754	423,300
Inventory	1,937,448	-	1,937,448
Total current assets	<u>24,347,664</u>	<u>10,764,795</u>	<u>35,112,459</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>6,979,412</u>	<u>377,251</u>	<u>7,356,663</u>
Total assets	<u>31,327,076</u>	<u>11,142,046</u>	<u>42,469,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>1,911,687</u>	<u>539,194</u>	<u>2,450,881</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	1,192,256	8,571	1,200,827
Accounts payable	1,855,758	1,016,427	2,872,185
Due to other funds	42,944	4,175	47,119
Current portion of long-term obligations	<u>440,000</u>	<u>60,000</u>	<u>500,000</u>
Total current liabilities	3,530,958	1,089,173	4,620,131
Noncurrent liabilities:			
Net pension liability	1,092,920	308,259	1,401,179
Compensated absences	<u>425,022</u>	<u>54,526</u>	<u>479,548</u>
Total noncurrent liabilities	<u>1,517,942</u>	<u>362,785</u>	<u>1,880,727</u>
Total liabilities	<u>5,048,900</u>	<u>1,451,958</u>	<u>6,500,858</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>3,947,330</u>	<u>1,113,349</u>	<u>5,060,679</u>
NET POSITION			
Net investment in capital assets	6,979,412	377,251	7,356,663
Unrestricted	<u>17,263,121</u>	<u>8,738,682</u>	<u>26,001,803</u>
Total net position	<u>\$ 24,242,533</u>	<u>\$ 9,115,933</u>	<u>\$ 33,358,466</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, 2015

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 16,913,781	\$ -	\$ 16,913,781
Participant fees	-	12,364,080	12,364,080
Total operating revenues	<u>16,913,781</u>	<u>12,364,080</u>	<u>29,277,861</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	16,794,114	4,641,506	21,435,620
Food	20,205,145	-	20,205,145
Supplies	1,388,968	2,825,290	4,214,258
Purchased services	1,689,107	2,002,637	3,691,744
Other supporting services:			
Employee benefits	6,220,638	645,024	6,865,662
Donated commodities	3,079,893	-	3,079,893
Indirect costs	2,638,427	1,049,475	3,687,902
Depreciation	1,237,860	53,955	1,291,815
TOTAL OPERATING EXPENSES	<u>53,254,152</u>	<u>11,217,887</u>	<u>64,472,039</u>
Operating loss	<u>(36,340,371)</u>	<u>1,146,193</u>	<u>(35,194,178)</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	29,740,577	-	29,740,577
USDA grants - summer feeding program	38,392	-	38,392
USDA grants - fresh fruit & vegetable program	611,942	-	611,942
Federal commodities	3,079,893	-	3,079,893
Interest	97,152	41,859	139,011
Gain on sale of capital assets	33,303	-	33,303
Total non-operating revenues	<u>33,601,259</u>	<u>41,859</u>	<u>33,643,118</u>
Income (loss) before contributions and transfers	(2,739,112)	1,188,052	(1,551,060)
Contribution from other funds	286,478	-	286,478
Transfers from other funds	45,031	-	45,031
	<u>331,509</u>	<u>-</u>	<u>331,509</u>
Change in net position	(2,407,603)	1,188,052	(1,219,551)
Total net position, beginning	<u>31,207,629</u>	<u>9,213,328</u>	<u>40,420,957</u>
Restatement	<u>(4,557,493)</u>	<u>(1,285,447)</u>	<u>(5,842,940)</u>
Total net positions, beginning, restated	<u>26,650,136</u>	<u>7,927,881</u>	<u>34,578,017</u>
Total net position, ending	<u>\$ 24,242,533</u>	<u>\$ 9,115,933</u>	<u>\$ 33,358,466</u>

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user charges	\$ 17,236,364	\$ 11,954,939	\$ 29,191,303
Payments to employees for services	(24,468,050)	(5,695,821)	(30,163,871)
Payments to suppliers for goods and services	(23,171,867)	(4,404,827)	(27,576,694)
Payments for other operating expenses	(2,634,325)	(1,058,048)	(3,692,373)
Net cash provided (used) by operating activities	<u>(33,037,878)</u>	<u>796,243</u>	<u>(32,241,635)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	29,740,577	-	29,740,577
USDA grants - summer feeding program	38,392	-	38,392
USDA grants - fresh fruit & vegetable program	611,942	-	611,942
Net cash provided by non-capital financing activities	<u>30,390,911</u>	<u>-</u>	<u>30,390,911</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(604,729)	(34,131)	(638,860)
Proceeds from sale of equipment	37,641	-	37,641
Net cash used for capital and related financing activities	<u>(567,088)</u>	<u>(34,131)</u>	<u>(601,219)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	97,152	41,859	139,011
Net increase (decrease) in cash and cash equivalents	(3,116,903)	803,971	(2,312,932)
Cash and cash equivalents, beginning of year	24,003,913	8,995,257	32,999,170
Cash and cash equivalents, end of year	<u>\$ 20,887,010</u>	<u>\$ 9,799,228</u>	<u>\$ 30,686,238</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (36,340,371)	\$ 1,146,193	\$ (35,194,178)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,237,860	53,955	1,291,815
Pension expense	470,942	132,830	603,772
Salaries paid by special revenue fund	45,031	-	45,031
(Increase) decrease in accounts receivable and due from other governments	283,794	(397,990)	(114,196)
Decrease in inventories	120,736	-	120,736
Increase in accounts payable and salaries and benefits payable	103,373	398,864	502,237
Increase in deferred outflows of resources for pension plan contributions in current fiscal year	(1,899,872)	(535,863)	(2,435,735)
Decrease in accrued vacation	(139,264)	(1,746)	(141,010)
Donated commodities	3,079,893	-	3,079,893
Total adjustments	<u>3,302,493</u>	<u>(349,950)</u>	<u>2,952,543</u>
Net cash provided (used) by operating activities	<u>\$ (33,037,878)</u>	<u>\$ 796,243</u>	<u>\$ (32,241,635)</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:			
Donated commodities	\$ 3,079,893	\$ -	\$ 3,079,893
Transfer of equipment from capital projects fund	\$ 286,478	\$ -	\$ 286,478
Payments of salaries by state public school fund	\$ 45,031	\$ -	\$ 45,031

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, 2015**

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 the *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 surrenders 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 fundraising activities. The primary expenditures for this fund include athletic teams, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources 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 outlay 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, and lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise funds:

Child Nutrition Fund. The Child Nutrition Fund accounts for the food service program within the school system.

Tuition Programs Fund. The Tuition Programs Fund accounts 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 occur. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 as well as some charges for services. Expenditures are recorded when the related fund liability is incurred, except for claims, 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 using 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 followed by 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. These are included in the budget of the capital outlay 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 to the Board monthly.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 \$448,337,515 approved by the Board as follows:

General fund	\$ 23,473,867
State public school fund	14,454,877
Grants and other restricted funds	14,092,134
Capital outlay fund	393,102,128
Enterprise fund	3,188,563
	<u>\$ 448,311,569</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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 costing 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 the Board provide the schools full use of the facilities, full responsibility for maintenance of the facilities, and also 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and as such, will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion – a pension-related deferral and contributions made to the pension plan in the current fiscal year. The statement of financial position also reports 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 as such, will not be recognized as revenue until then. The Board has two items that meet this criterion – unearned grant revenue in the Direct Grant and Other Restricted Funds and pension-related deferrals.

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 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, 2015, 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

The Board's sick leave policy 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 represents 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.

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

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

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

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Committed fund balance – the portion of fund balance that can only be used for a specific purpose imposed by a majority vote (by quorum) of Board of Education’s governing body the highest level of decision-making authority, and in certain instances, approval by the County’s governing body is also required. Any changes or removal of a specific purpose requires a majority action by the governing bodies that approved the original action. As of June 30, 2015, the Board does not have any committed fund balances.

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

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

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

Special projects – the 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 – the 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 the restricted fund balance first, followed, in-order, by the committed fund balance, the assigned fund balance, and lastly, by the unassigned fund balance. The Superintendent has the authority to deviate from this, if it is in the best interest of the Board of Education.

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

9. 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 \$2,437,435,149 consists of the following elements:

<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)	\$ 3,463,697,854
Less accumulated depreciation	<u>(740,408,695)</u>
Net capital assets	<u>2,723,289,159</u>
Pension-related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	742,108
Contributions made to the pension plan in current fiscal year	119,351,072
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	(7,039,224)
Compensated absences	(82,195,264)
Installment purchase	(81,671)
Net pension liability	(68,657,747)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(16,003,757)
Difference between projected and actual earnings on plan investments	<u>(231,969,527)</u>
Total adjustments	<u>\$ 2,437,435,149</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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. The total adjustment of \$159,951,119 consists of the following elements:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 151,148,309
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.	(81,486,987)
New debt issued during the year is recorded as a source of funds on the fund statement; it has no effect on the statement of activities – it affects only the government-wide statement of net position.	(163,344)
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.	4,947,219
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	119,351,072
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Pension expense	(29,584,839)
Loss on disposal of assets	(159,720)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(2,626,162)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	(523,674)
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>(950,755)</u>
Total adjustments	<u>\$ 159,951,119</u>

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

10. Defined Benefit Pension Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Teachers' and State Employees' Retirement System (TSERS), and additions to/deductions from TSERS' fiduciary net position have been determined on the same basis as they are reported by TSERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due, and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of TSERS. Investments are reported at fair value.

II. 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. Due to 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, 2015, the Board's deposits with banks had a carrying amount of \$53,936,586 and with the State Treasurer of \$6,221,656. The bank balances with financial institutions and the State Treasurer were \$55,644,459 and \$7,010,887, respectively. Of these balances, \$385,948 was covered by federal depository insurance and \$62,269,398 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

2. Investments

At June 30, 2015, 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	\$ 8,976	Term Portfolio duration of .19	AAAm
State Treasurer's Short Term Investment Fund	<u>71,250,428</u>	Weighted average maturity of 1.5 years	Unrated
Total Investments	<u>\$ 71,259,404</u>		

Interest Rate Risk. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Department of State Treasurer Short Term Investment Fund (STIF) has a weighted average maturity of 1.5 years as of June 30, 2015.

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, 2015. 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 percent of the Board's total investments.

3. Accounts Receivable

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Due from other funds (internal balances)</u>	<u>Due from other governments</u>	<u>Other</u>
Governmental activities:			
General Fund	\$ 69,581	\$ 1,772,403	\$ 1,273,156
Other governmental activities	<u>296,568</u>	<u>37,439,647</u>	<u>1,775,054</u>
Total	<u>\$ 366,149</u>	<u>\$ 39,212,050</u>	<u>\$ 3,048,210</u>
Business-type activities			
Child Nutrition Program	\$ 43,546	\$ 1,446,141	\$ 33,519
Tuition Programs	<u>379,754</u>	<u>85,898</u>	<u>499,915</u>
Total	<u>\$ 423,300</u>	<u>\$ 1,532,039</u>	<u>\$ 533,434</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 755,119	Sales tax refund from state
	22,288	Miscellaneous revenue from state
	948,083	Miscellaneous revenue from municipalities
	46,913	Miscellaneous revenue from federal
	<u>1,772,403</u>	

State Public School Fund	9,156,969	Operating funds from DPI
Individual Schools Fund	62,474	Sales tax refund from state

Capital Outlay Fund	27,071,563	County funds from county appropriations
	4,847	Sales tax refund from state
	11,066	Miscellaneous revenue from state
	<u>27,087,476</u>	

Direct Grants Fund	273,662	Federal grant funds
State Administered Federal Grants Fund	857,021	Federal grant funds
Other restricted fund	2,045	Sales tax refund from state
	<u>\$39,212,050</u>	

Business-type activities:

Child Nutrition Program	\$ 1,446,141	USDA Reimbursement from state
Tuition Programs	72,003	Sales tax refund from state
	13,895	Miscellaneous revenue from municipalities
	<u>85,898</u>	
	<u>\$ 1,532,039</u>	

All receivables are expected to be collected within the next fiscal year.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 145,795,880	\$ 6,029,745	\$ -	\$ -	\$ 151,825,625
Construction in progress	<u>209,374,573</u>	<u>138,600,681</u>	<u>(272,236,590)</u>	<u>-</u>	<u>75,738,664</u>
Total capital assets not being depreciated	<u>355,170,453</u>	<u>144,630,426</u>	<u>(272,236,590)</u>	<u>-</u>	<u>227,564,289</u>
Capital assets being depreciated					
Land improvements	9,019,706	247,938	-	-	9,267,644
Buildings	2,786,617,322	-	272,236,590	-	3,058,853,912
Equipment	85,929,543	3,688,460	-	(14,882)	89,603,121
Vehicles and motor equipment	<u>76,426,688</u>	<u>2,581,485</u>	<u>-</u>	<u>(599,285)</u>	<u>78,408,888</u>
Total capital assets being depreciated	<u>2,957,993,259</u>	<u>6,517,883</u>	<u>272,236,590</u>	<u>(614,167)</u>	<u>3,236,133,565</u>
Less accumulated depreciation for					
Land improvements	4,765,953	327,494	-	-	5,093,447
Buildings	577,095,775	66,555,831	-	-	643,651,606
Equipment	30,407,461	8,035,402	-	(8,681)	38,434,182
Vehicles and motor equipment	<u>47,106,966</u>	<u>6,568,260</u>	<u>-</u>	<u>(445,766)</u>	<u>53,229,460</u>
Total accumulated depreciation	<u>659,376,155</u>	<u>\$ 81,486,987</u>	<u>-</u>	<u>\$ (454,447)</u>	<u>740,408,695</u>
Total capital assets being depreciated, net	<u>2,298,617,104</u>				<u>2,495,724,870</u>
Governmental activity capital assets, net	<u>\$ 2,653,787,557</u>				<u>\$ 2,723,289,159</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 75,594,568
Operational support services	<u>5,892,419</u>
Total	<u>\$ 81,486,987</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
Child nutrition program activities				
Capital assets being depreciated:				
Equipment	\$ 18,723,652	\$ 831,313	\$ (81,253)	\$ 19,473,712
Vehicles	<u>930,325</u>	<u>59,894</u>	<u>(14,450)</u>	<u>975,769</u>
Total capital assets being depreciated	19,653,977	891,207	(95,703)	20,449,481
Less accumulated depreciation for:				
Equipment	11,544,301	1,194,689	(76,915)	12,662,075
Vehicles	<u>779,273</u>	<u>43,171</u>	<u>(14,450)</u>	<u>807,994</u>
Total accumulated depreciation	<u>12,323,574</u>	<u>1,237,860</u>	<u>(91,365)</u>	<u>13,470,069</u>
Child nutrition program capital assets, net	<u>7,330,403</u>			<u>6,979,412</u>
Tuition program activities:				
Capital assets being depreciated:				
Equipment	549,587	34,131	-	583,718
Vehicles	<u>81,812</u>	<u>-</u>	<u>-</u>	<u>81,812</u>
Total capital assets being depreciated	631,399	34,131	-	665,530
Less accumulated depreciation for:				
Equipment	216,503	43,728	-	260,231
Vehicles	<u>17,821</u>	<u>10,227</u>	<u>-</u>	<u>28,048</u>
Total accumulated depreciation	<u>234,324</u>	<u>\$ 53,955</u>	<u>\$ -</u>	<u>288,279</u>
Tuition program capital assets, net	<u>397,075</u>			<u>377,251</u>
Business-type activities capital assets, net	<u>\$ 7,727,478</u>			<u>\$ 7,356,663</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2015. At year-end, the Board's commitments with contractors for school construction totaled approximately \$248,954,714. These commitments will be funded by future revenues from Wake County.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 19 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 from allocated funds to the Wake County Board of Education. As future resources will be used to fund the payments under the installment agreement, no encumbrance of fund balance at June 30, 2015, has been recorded.

The payments due in the fiscal year ended June 30, 2015, are as follows:

Total purchase price for 19 buses	\$ 1,551,768
Total payments due in fiscal year 2015-2016	\$ 1,034,512
Remaining payments in subsequent years	\$ 517,256

B. Liabilities

1. Pension Plan Obligations and Other Post-employment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. The Board is a participating employer in 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 membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units, along with the employees of Local Education Agencies and charter schools. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the TSERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82 percent of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011), at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

years of creditable service (or 10 years of creditable service for members joining TSERS on or after August 1, 2011). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service, regardless of age, or have completed five years of service and have reached age 60 (10 years for members joining on or after August 1, 2011). Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

TSERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer (or 10 years of creditable service for members joining TSERS on or after August 1, 2011) or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually-required contribution rate for the year ended June 30, 2015, was 9.15 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$121,786,808 for the year ended June 30, 2015.

Refunds of Contributions. Board employees who have terminated service as a contributing member of TSERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4 percent interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by TSERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Board reported a liability of \$70,058,926 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014, utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan,

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2014, and at June 30, 2013, the Board's proportion was 6percent.

For the year ended June 30, 2015, the Board recognized pension expense of \$30,188,616. At June 30, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,330,364
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	236,703,599
Changes in proportion and differences between Board contributions and proportionate share of contributions	757,253	-
Board contributions subsequent to the measurement date	121,786,808	-
Total	<u>\$ 122,544,061</u>	<u>\$ 253,033,963</u>

A total of \$121,786,808 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 63,284,900
2017	63,284,900
2018	63,284,900
2019	62,422,010
2020	-
Thereafter	-
	<u>\$ 252,276,710</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer), and health status (i.e., disabled and healthy). Current mortality rates are based both on published tables and on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013, valuation were based on the results of an actuarial experience study for the period January 1, 2005, through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19 percent. All rates of return and inflation are annualized.

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015**

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014, effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2 percent, Global Equity 5.8 percent, Real Estate 5.2 percent, Alternatives 9.8 percent, Credit 6.8 percent and Inflation Protection 3.4 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily-required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 502,931,717	\$ 70,058,926	\$ (295,439,042)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately-issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Other Post-employment Benefits

1. Healthcare Benefits

Plan Description. The post-employment 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

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 at <http://www.ncosc.net/> and choosing "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 has 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 percent 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, 2015, 2014, and 2013, the School Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$43,956,344, \$40,529,152, and \$39,249,941, respectively. These contributions represented 5.49 percent, 5.4 percent, and 5.3 percent, 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 post-employment 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 at <http://www.ncosc.net/> and choosing "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 percent 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 is 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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 post-employment 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 post-employment benefit. For the fiscal years ended June 30, 2015, 2014 and 2013, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,282,714, \$3,302,375, and \$3,258,486, respectively. These contributions represented .41 percent, .44 percent, and .44 percent of covered payroll, respectively.

2. Accounts Payable

Accounts payable at the government-wide level at June 30, 2015, were as follows:

	Vendors	Salaries and benefits
Governmental Activities		
General	\$ 11,851,341	\$ 4,663,337
Other Governmental	34,496,367	9,802,386
Total Governmental activities	<u>\$ 46,347,708</u>	<u>\$ 14,465,723</u>
Business-type Activities		
Child Nutrition Program	\$ 1,855,758	\$ 1,192,256
Tuition Programs	1,016,427	8,571
Total Business-type activities	<u>\$ 2,872,185</u>	<u>\$ 1,200,827</u>

3. Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 757,253	\$ -
Board contributions subsequent to the measurement date	121,786,808	-
Difference between projected and actual earnings on plan investments	-	236,703,599
Difference between expected and actual experience	-	16,330,364
Grants not yet earned (Direct Grants)	-	2,132,373
Grants not yet earned (Other Restricted Funds)	-	5,685,749
Totals	<u>\$ 122,544,061</u>	<u>\$ 260,852,085</u>

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015**

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 an additional \$2,000,000 of liability coverage. Effective August 1, 2002, the Board was approved 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 8/1/2014-15 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 purchases commercial property insurance, insuring tangible property assets of the Board. The property insurer provides coverage for a total of \$300,000,000 in catastrophic limits, with a total insured value of 3.7 billion.

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 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Estimated claims payable, beginning of year	\$ 6,088,469	\$ 4,801,559
Current year claims and changes in estimates	2,884,524	2,504,296
Claim payments	<u>(1,933,769)</u>	<u>(1,217,386)</u>
Estimated claims payable, end of year	<u>\$ 7,039,224</u>	<u>\$ 6,088,469</u>

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

5. Contingent Liabilities

At June 30, 2015, 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

6. Long-Term Obligations

a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. The total costs for such leases were \$5,753,349 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year ending June 29</u>	<u>Amount</u>
2016	\$ 5,540,386
2017	4,811,752
2018	4,903,731
2019	3,882,188
2020	3,978,823
2021-2025	17,478,523
2026-2030	10,271,409
2031-2100	<u>3,732,392</u>
Total	<u>\$ 54,599,204</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, authorizes the State Board of Education to allot monies for the payments for financing contracts entered into pursuant to G.S. 115C-528. In fiscal year 2012, the Board entered into an 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 only requires 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. In fiscal year 2014, the Board entered into an installment purchase contract to finance the purchase of two buses through a special third-party financing arrangement offered by Banc of America Public Capital Corp. The financing contract only requires principal payments of \$81,673 for the year ending June 30, 2015. The subsequent payments of \$40,836 and \$40,835 are due in the years ending June 30, 2016, and 2017, respectively.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 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, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Worker's compensation	\$ 6,088,469	\$ 2,884,524	\$ 1,933,769	\$ 7,039,224	\$ 3,755,275
Installment purchase	4,865,546	163,344	4,947,219	81,671	40,836
Net pension liability	350,246,922	-	281,589,175	68,657,747	-
Compensated absences	<u>79,569,102</u>	<u>58,684,302</u>	<u>56,058,140</u>	<u>82,195,264</u>	<u>45,000,000</u>
Total	<u>\$ 440,770,039</u>	<u>\$ 61,732,170</u>	<u>\$ 344,528,303</u>	<u>\$ 157,973,906</u>	<u>\$ 48,796,111</u>
Business-type activities:					
Net pension liability	\$ 7,147,896	\$ -	\$ 5,746,717	\$ 1,401,179	\$ -
Compensated absences	<u>1,120,558</u>	<u>528,375</u>	<u>669,385</u>	<u>979,548</u>	<u>500,000</u>
Total	<u>\$ 8,268,454</u>	<u>\$ 528,375</u>	<u>\$ 6,416,102</u>	<u>\$ 2,380,727</u>	<u>\$ 500,000</u>

Compensated absences and workers' compensation 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
State Public School Fund	General Fund	\$ 7,780
General Fund	Capital Outlay Fund	486
General Fund	Individual Schools Fund	9,250
General Fund	State Administered Federal Grants Fund	5,758
General Fund	Child Nutrition Program	42,944
General Fund	Tuition Program	4,175
General Fund	Direct Grants Fund	6,968
State Administered Federal Grants Fund	General Fund	671
Tuition Program	General Fund	650
Tuition Program	Individual Schools Fund	378,934
Tuition Program	Direct Grants Fund	170
Child Nutrition Program	General Fund	5,568
Child Nutrition Program	Individual Schools Fund	336
Child Nutrition Program	Capital Outlay Fund	37,642
Individual Schools Fund	General Fund	593
Direct Grants Fund	General Fund	18
Direct Grants Fund	Individual Schools Fund	212
Other Restricted Funds	General Fund	287,294
		<u>\$ 789,449</u>

Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$378,934 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 monthly to the Tuition Program. The General Fund owes \$287,294 to the Other Restricted Fund for funds wired into the General Fund bank account too late to transfer them to the Other Restricted Fund by year-end.

The following is a summary of Transfers for the year ended June 30, 2015:

<u>Transfers From:</u>	<u>Transfers To:</u>		
	<u>Capital Outlay Fund</u>	<u>Other Restricted Funds</u>	<u>Child Nutrition Fund</u>
State Public School Fund	\$ -	\$ -	\$ 45,031
General Fund	740,500	-	-
Individual Schools Fund	-	321,481	-
	<u>\$ 740,500</u>	<u>\$ 321,481</u>	<u>\$ 45,031</u>

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015**

During the year, the State Public School Fund transferred \$45,031 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$321,481 to the Other Restricted Funds to fund the costs of additional positions in the schools. The General Fund transferred \$740,500 to the Capital Outlay Fund for capital purchases.

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 the restricted fund balance first, followed in order by the committed fund balance, the assigned fund balance, and, lastly the 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	\$ 68,337,612
Less:	
Inventories	2,442,586
Prepays	1,639,972
Stabilization by State Statute	7,404,038
Special projects	10,604,339
Insurance	10,212,545
Flexible benefit plan	1,139,379
Appropriated fund balance in 2016 budget	<u>20,000,000</u>
Remaining fund balance	<u>\$ 14,894,753</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	\$ 4,288,898
Capital Outlay Fund	725,074

III. 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

Subsequent Events

The Board has evaluated subsequent events through October 25, 2015, in connection with the preparation of these financial statements. This is the date the financial statements were available to be issued.

IV. Change in Accounting Principles/Restatement

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year 2014). As a result, net position for the governmental and business-type activities decreased by \$286,304,084 and \$5,842,940, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' and State Employees' Retirement System
Last Two Fiscal Years *

	<u>2015</u>	<u>2014</u>
Board's portion of the net pension liability (asset)	6%	6%
Board's proportionate share of the net pension liability (asset)	\$ 70,058,955	\$ 357,394,818
Board's covered-employee payroll	\$ 750,539,861	740,564,917
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9%	48%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	90.60%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
Teachers' and State Employees' Retirement System
Last Two Fiscal Years *

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 121,786,808	\$ 110,254,175
Contributions in relation to the contractually required contribution	<u>121,786,808</u>	<u>110,254,175</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 800,662,003	\$ 750,539,861
Contributions as a percentage of covered-employee payroll	15.21%	14.69%

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, 2015**

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
ASSETS				
Cash	\$ 2,148,183	\$ 417,999	\$ 3,976,904	\$ 6,543,086
Due from other governments	273,662	857,021	2,045	1,132,728
Accounts receivable	40,419	-	1,704,493	1,744,912
Due from other funds	<u>230</u>	<u>671</u>	<u>287,294</u>	<u>288,195</u>
 Total assets	 <u>\$ 2,462,494</u>	 <u>\$ 1,275,691</u>	 <u>\$ 5,970,736</u>	 <u>\$ 9,708,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries and benefits payable	\$ 12,464	\$ 614,972	\$ 17,982	\$ 645,418
Accounts payable	310,519	654,961	267,005	1,232,485
Due to other funds	<u>7,138</u>	<u>5,758</u>	<u>-</u>	<u>12,896</u>
 Total liabilities	 <u>330,121</u>	 <u>1,275,691</u>	 <u>284,987</u>	 <u>1,890,799</u>
Deferred inflows of resources:	<u>2,132,373</u>	<u>-</u>	<u>5,685,749</u>	<u>7,818,122</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,462,494</u>	 <u>\$ 1,275,691</u>	 <u>\$ 5,970,736</u>	 <u>\$ 9,708,921</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
REVENUES:				
County	\$ -	\$ -	867,466	\$ 867,466
Federal	2,072,257	63,469,892	-	65,542,149
State	12,000	-	-	12,000
Other	2,282,007	-	12,233,506	14,515,513
Total revenues	<u>4,366,264</u>	<u>63,469,892</u>	<u>13,100,972</u>	<u>80,937,128</u>
EXPENDITURES:				
Instructional services:				
Regular instructional	1,430,060	2,054,549	230,536	3,715,145
Special populations	-	26,250,598	2,901,325	29,151,923
Alternative programs	1,225,028	27,535,106	98,499	28,858,633
School leadership	25,834	-	792	26,626
Co-curricular	5,646	-	-	5,646
School-based support	359,871	1,546,899	1,122,199	3,028,969
Systemwide support services				
Support and development	276,207	2,372,968	607,000	3,256,175
Special populations support and development	9,630	589,285	39,034	637,949
Alternative programs and services support and development	671,550	748,174	-	1,419,724
Technology support	-	-	124,804	124,804
Operational support	164	348,134	8,230,217	8,578,515
Financial and human resource	68,488	292,465	-	360,953
Accountability services	48,500	23,506	-	72,006
Systemwide pupil support	2,718	-	40,768	43,486
Policy, leadership and public relations	4,000	-	-	4,000
Ancillary services	142,259	6,283	27,279	175,821
Non-program charges	96,309	1,701,925	-	1,798,234
Total expenditures	<u>4,366,264</u>	<u>63,469,892</u>	<u>13,422,453</u>	<u>81,258,609</u>
Deficiency of revenues over expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(321,481)</u>	<u>(321,481)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>321,481</u>	<u>321,481</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>

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WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
State: other	\$ 52,600	\$ 9,120	\$ (43,480)	\$ 36,957
Wake County:				
County appropriation	339,271,187	339,271,187	-	323,966,127
Federal:				
ROTC	450,000	489,171	39,171	485,232
Other:				
Fines and forfeitures	2,775,000	4,135,691	1,360,691	3,572,599
Interest	500,000	377,894	(122,106)	441,749
Tuition and fees	1,135,000	1,235,535	100,535	1,191,372
Other local	245,057	485,440	240,383	689,039
Total	4,655,057	6,234,560	1,579,503	5,894,759
Total revenues	344,428,844	346,004,038	1,575,194	330,383,075
EXPENDITURES:				
Regular instructional services				
Regular curricular		109,323,614		91,789,913
CTE curricular		5,033,806		4,553,364
	117,084,335	114,357,420	2,726,915	96,343,277
Special populations services				
Children with disabilities curricular		21,018,887		17,220,295
Children with disabilities CTE curricular		374,028		244,364
Pre-K children with disabilities curricular		4,724,716		1,437,038
Speech and language pathology		2,809,255		2,686,991
Audiology		369,393		339,863
Academically/intellectually gifted curricular		1,613,100		1,139,626
Limited english proficiency		1,805,243		1,566,253
	33,212,594	32,714,622	497,972	24,634,430
Alternative programs and services				
Alternative instructional K-12		1,291,190		1,169,726
Attendance and social work		1,430,154		986,468
Remedial and supplemental K-12		7,009,751		4,970,171
Pre-K readiness/remedial and supplemental		1,854,159		1,857,313
Extended day/year instructional		897,130		752,890
	12,981,401	12,482,384	499,017	9,736,568

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
School leadership services	\$ 26,492,514	\$ 26,129,640	\$ 362,874	\$ 29,838,947
Co-Curricular services	8,615,400	7,815,137	800,263	7,667,040
School-based support services				
Educational media		3,100,126		2,761,219
Student accounting		1,716,289		1,662,346
Guidance		6,389,855		4,984,196
Health		698,498		646,155
Safety and security		141,095		128,526
Instructional technology		597,683		929,875
Staff development unallocated		393,013		323,791
Parent involvement		53,644		53,158
Volunteer		-		(736)
	<u>13,564,857</u>	<u>13,090,203</u>	<u>474,654</u>	<u>11,488,530</u>
Support and development services				
Regular curricular support and development		7,486,009		6,507,497
CTE curricular support and development		317,868		204,888
	<u>8,167,566</u>	<u>7,803,877</u>	<u>363,689</u>	<u>6,712,385</u>
Special population support and development services	<u>3,168,915</u>	<u>3,116,992</u>	<u>51,923</u>	<u>2,976,976</u>
Alternative programs and services support and development services	<u>1,085,445</u>	<u>1,034,486</u>	<u>50,959</u>	<u>1,155,940</u>
Technology support services	<u>17,153,900</u>	<u>12,901,678</u>	<u>4,252,222</u>	<u>13,615,627</u>
Operational support services				
Communication		1,743,271		35,409
Printing and copying		242,281		143,822
Public utility and energy		24,060,528		22,564,762
Custodial/housekeeping		11,740,592		9,002,921
Transportation		19,669,619		19,820,976
Warehouse and delivery		92,357		526,716
Facilities planning		3,628,570		4,378,872
Maintenance		26,375,728		24,905,915
	<u>92,055,761</u>	<u>87,552,946</u>	<u>4,502,815</u>	<u>81,379,393</u>
Financial and human resource services				
Financial		8,506,428		8,628,692
Human resource		6,058,734		6,131,362
	<u>16,086,331</u>	<u>14,565,162</u>	<u>1,521,169</u>	<u>14,760,054</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,184,086	\$ -	\$ 1,372,265
Planning, research development and program evaluation		<u>1,132,879</u>		<u>1,156,304</u>
	<u>2,426,581</u>	<u>2,316,965</u>	<u>109,616</u>	<u>2,528,569</u>
Systemwide pupil support services				
Educational media support		189,629		174,594
Student accounting support		2,025,348		2,147,301
Guidance support		527,899		518,851
Health support		67,301		61,791
Safety and security support		<u>2,314,813</u>		<u>1,991,699</u>
	<u>5,291,919</u>	<u>5,124,990</u>	<u>166,929</u>	<u>4,894,236</u>
Policy, leadership and public relations services				
Board of education		328,159		302,298
Legal		1,207,328		1,261,451
Audit		416,621		515,795
Leadership		4,416,090		3,810,597
Public relations and marketing		<u>1,065,663</u>		<u>1,263,149</u>
	<u>7,898,251</u>	<u>7,433,861</u>	<u>464,390</u>	<u>7,153,290</u>
Ancillary services				
Community		5,666		25,514
Nutrition		3,774		251
Adult		<u>690</u>		<u>52,578</u>
	<u>10,455</u>	<u>10,130</u>	<u>325</u>	<u>78,343</u>
Nonprogram charges:				
Payments to charter schools	<u>17,858,550</u>	<u>17,857,544</u>	<u>1,006</u>	<u>13,761,647</u>
Unbudgeted funds	<u>8,580,273</u>	<u>-</u>	<u>8,580,273</u>	<u>-</u>
Total expenditures	<u>391,735,048</u>	<u>366,308,037</u>	<u>25,427,011</u>	<u>328,725,252</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(47,306,204)</u>	<u>(20,303,999)</u>	<u>27,002,205</u>	<u>1,657,823</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	48,046,704	-	(48,046,704)	-
Transfers in	-	-	-	220,473
Transfers out	<u>(740,500)</u>	<u>(740,500)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>47,306,204</u>	<u>(740,500)</u>	<u>(48,046,704)</u>	<u>220,473</u>
Net change in fund balance	<u>\$ -</u>	<u>(21,044,499)</u>	<u>\$ (21,044,499)</u>	<u>1,878,296</u>
Fund balance, beginning of year		89,905,785		88,183,428
Decrease in reserve for inventories		<u>(523,674)</u>		<u>(155,939)</u>
Fund balance, end of year		<u>\$ 68,337,612</u>		<u>\$ 89,905,785</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance-	2014
	Budget	Actual	Positive	Actual
			(Negative)	
REVENUES:				
State of North Carolina	\$ 819,157,104	\$ 808,296,384	\$ (10,860,720)	\$ 767,393,426
Total revenues	<u>819,157,104</u>	<u>808,296,384</u>	<u>(10,860,720)</u>	<u>767,393,426</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		430,043,649		412,943,394
CTE curricular		<u>34,926,782</u>		<u>32,681,989</u>
	<u>469,459,414</u>	<u>464,970,431</u>	<u>4,488,983</u>	<u>445,625,383</u>
Special populations services				
Children with disabilities curricular		94,945,099		90,028,791
Children with disabilities CTE curricular		5,107,609		4,759,531
Pre-K children with disabilities curricular		5,300,356		4,785,733
Speech and language pathology		8,943,160		8,836,523
Audiology		680,738		706,972
Academically/intellectually gifted curricular		8,307,840		7,642,785
Limited english proficiency		<u>10,716,698</u>		<u>9,967,369</u>
	<u>134,794,424</u>	<u>134,001,500</u>	<u>792,924</u>	<u>126,727,704</u>
Alternative programs and services				
Alternative instructional K-12		6,405,012		6,161,266
Attendance and social work		5,643,494		5,396,418
Remedial and supplemental K-12		14,019,455		15,377,304
Pre-K readiness/remedial and supplemental		3		-
Extended day/year instructional		<u>1,673,259</u>		<u>967,535</u>
	<u>29,059,465</u>	<u>27,741,223</u>	<u>1,318,242</u>	<u>27,902,523</u>
School leadership services	<u>47,105,605</u>	<u>46,487,352</u>	<u>618,253</u>	<u>38,905,032</u>
School-based support services				
Educational media		12,621,904		12,034,772
Student accounting		6,574,842		6,319,847
Guidance		26,703,751		24,902,153
Health		1,254,721		1,306,991
Safety and security		954,788		900,668
Instructional technology		1,712,717		1,562,788
Staff development unallocated		<u>104,951</u>		<u>77,533</u>
	<u>50,991,765</u>	<u>49,927,674</u>	<u>1,064,091</u>	<u>47,104,752</u>
Support and development services				
Regular curricular support and development		471,266		409,524
CTE curricular support and development		<u>343,604</u>		<u>419,233</u>
	<u>833,585</u>	<u>814,870</u>	<u>18,715</u>	<u>828,757</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
Special population support and development services	\$ 989,891	\$ 981,311	\$ 8,580	\$ 1,110,207
Alternative programs and services support and development services	790,986	788,553	2,433	768,945
Technology support services	5,662,845	3,391,682	2,271,163	2,230,667
Operational support services				
Custodial/housekeeping		18,282,850		17,771,281
Transportation		55,281,716		55,364,179
Maintenance		223,235		356,584
	74,063,779	73,787,801	275,978	73,492,044
Financial and human resource services				
Financial		1,588,570		338,604
Human resource		784,012		505,954
	2,372,582	2,372,582	-	844,558
Accountability services				
Student testing		1,547,490		1,373,179
Planning, research development and program evaluation		66,024		-
	1,613,548	1,613,514	34	1,373,179
Systemwide pupil support services				
Student accounting	196,290	196,289	1	-
Policy, leadership and public relations services				
Audit		116,027		-
Leadership		969,614		443,108
Public relations and marketing		64,606		-
	1,150,247	1,150,247	-	443,108
Ancillary services				
Community		-		(3,417)
Nutrition		26,324		(10,281)
	27,647	26,324	1,323	(13,698)
Total expenditures	819,112,073	808,251,353	10,860,720	767,343,161
Excess of revenues over expenditures before other financing uses	45,031	45,031	-	50,265
OTHER FINANCING USES:				
Transfers out	(45,031)	(45,031)	-	(50,265)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
Federal:				
IDEA	\$ 41,030,719	\$ 30,545,587	\$ (10,485,132)	\$ 30,374,034
ESEA	32,397,916	24,860,948	(7,536,968)	25,764,604
Career technical education	1,395,291	1,383,516	(11,775)	1,356,675
Improving teacher quality	3,600,602	3,067,988	(532,614)	2,722,529
ARRA- school improvement	132,237	121,657	(10,580)	288,087
Race to the top	1,383,208	1,346,628	(36,580)	2,879,719
School improvement	118,526	88,997	(29,529)	350,772
Title III - language acquisition	2,698,867	1,688,878	(1,009,989)	1,253,315
Other federal	537,238	365,693	(171,545)	331,394
Total revenues	<u>83,294,604</u>	<u>63,469,892</u>	<u>(19,824,712)</u>	<u>65,321,129</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		708,826		1,946,189
CTE curricular		<u>1,345,723</u>		<u>1,382,376</u>
	<u>2,135,910</u>	<u>2,054,549</u>	<u>81,361</u>	<u>3,328,565</u>
Special populations services				
Children with disabilities curricular		23,841,710		22,736,143
Children with disabilities CTE curricular		108,380		13,685
Pre-K children with disabilities curricular		1,054,116		2,824,183
Speech and language pathology		242,211		276,942
Audiology		53,030		40,636
Gifted and talented		-		2,934
Limited english proficiency		<u>951,151</u>		<u>671,292</u>
	<u>28,224,014</u>	<u>26,250,598</u>	<u>1,973,416</u>	<u>26,565,815</u>
Alternative programs and services				
Alternative instruction		-		6,918
Attendance and social work		131,496		198,630
Remedial and supplemental K-12		21,460,479		22,390,892
Pre-K readiness/remedial and supplemental		4,049,956		3,582,034
Extended day/year instructional		<u>1,893,175</u>		<u>2,187,307</u>
	<u>31,634,515</u>	<u>27,535,106</u>	<u>4,099,409</u>	<u>28,365,781</u>
School leadership services	-	-	-	59,627

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
School-based support services				
Educational media	\$ -	\$ -	\$ -	\$ 8,761
Student accounting		-		4,742
Guidance		238,461		420,019
Health		8,031		-
Instructional technology		-		581
Staff development unallocated		955,611		274,385
Parent involvement		344,796		283,575
	<u>1,852,866</u>	<u>1,546,899</u>	<u>305,967</u>	<u>992,063</u>
Support and development services				
Regular curricular support and development		2,372,199		2,678,779
CTE curricular support and development		769		-
	<u>2,662,820</u>	<u>2,372,968</u>	<u>289,852</u>	<u>2,678,779</u>
Special population support and development services	<u>896,543</u>	<u>589,285</u>	<u>307,258</u>	<u>528,557</u>
Alternative programs and services support and development services	<u>1,004,286</u>	<u>748,174</u>	<u>256,112</u>	<u>619,553</u>
Operational support services				
Custodial/housekeeping		-		4,716
Transportation		348,134		325,702
	<u>567,801</u>	<u>348,134</u>	<u>219,667</u>	<u>330,418</u>
Financial and human resource services				
Human resource	<u>342,629</u>	<u>292,465</u>	<u>50,164</u>	<u>407,736</u>
Accountability services				
Planning, research development and program evaluation	<u>24,014</u>	<u>23,506</u>	<u>508</u>	<u>71,147</u>
Ancillary services				
Nutrition services	<u>17,518</u>	<u>6,283</u>	<u>11,235</u>	<u>10,798</u>
Nonprogram charges:				
Indirect cost	<u>1,868,831</u>	<u>1,701,925</u>	<u>166,906</u>	<u>1,362,290</u>
Unbudgeted funds	<u>12,062,857</u>	<u>-</u>	<u>12,062,857</u>	<u>-</u>
Total expenditures	<u>83,294,604</u>	<u>63,469,892</u>	<u>19,824,712</u>	<u>65,321,129</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
DIRECT GRANTS FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 12,000	\$ 12,000	\$ -	\$ 1,705
Federal:				
Magnet	3,254,917	1,493,734	(1,761,183)	-
Teacher incentive fund	555,714	331,792	(223,922)	393,145
Other federal	773,880	246,731	(527,149)	89,449
Total	4,584,511	2,072,257	(2,512,254)	482,594
Other:				
Parents as teachers	459,317	452,296	(7,021)	439,399
NC Pre-K	599,829	236,788	(363,041)	135,150
Other	3,280,580	1,592,923	(1,687,657)	849,020
Total	4,339,726	2,282,007	(2,057,719)	1,423,569
Total Revenues	8,936,237	4,366,264	(4,569,973)	1,907,868
EXPENDITURES:				
Regular instructional services				
Regular curricular		1,418,770		440,190
CTE curricular		11,290		15,029
	3,246,822	1,430,060	1,816,762	455,219
Special populations services				
Children with disabilities curricular	25,350	-	25,350	10,402
Alternative programs and services				
Alternative instruction		-		85
Remedial and supplemental K-12		-		-
Pre-K readiness/remedial and supplemental		1,061,868		700,652
Extended day/year instructional		163,160		136,315
	2,568,770	1,225,028	1,343,742	837,052
School leadership services	31,032	25,834	5,198	1,169
Co-Curricular services	19,007	5,646	13,361	8,925
School-based support services				
Educational media		140,578		-
Guidance		89,195		-
Safety and security		3,771		-
Instructional technology		72,025		-
Staff development unallocated		-		171
Parent involvement		54,302		60,186
	654,593	359,871	294,722	60,357

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DIRECT GRANTS FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 737,508	\$ 276,207	\$ 461,301	\$ 61,308
Special population support and development services	23,374	9,630	13,744	-
Alternative programs and services support and development services	851,561	671,550	180,011	184,789
Operational support services				
Transportation	18,089	164	17,925	818
Financial and human resource services				
Human resource	84,215	68,488	15,727	64,359
Accountability services				
Planning, research development and program evaluation	101,500	48,500	53,000	33,250
Systemwide pupil support services				
Guidance support	5,509	2,718	2,791	2,341
Policy, leadership and public relations services				
Leadership	4,000	4,000	-	-
Ancillary services				
Community	183,828	142,259	41,569	158,278
Nonprogram charges:				
Indirect cost	169,559	96,309	73,250	29,601
Unbudgeted funds	211,520	-	211,520	-
Total expenditures	8,936,237	4,366,264	4,569,973	1,907,868
Excess of revenues over expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance-	2014
	Budget	Actual	Positive	Actual
			(Negative)	
REVENUES:				
Wake County:				
Appropriation	\$ 1,287,747	\$ 1,287,747	\$ -	\$ 3,529,893
Capital improvements fund	516,120,130	148,376,456	(367,743,674)	86,718,841
2010B RZEBD bonds	-	-	-	10,703
	<u>517,407,877</u>	<u>149,664,203</u>	<u>(367,743,674)</u>	<u>90,259,437</u>
State				
LEA financed purchase of school buses	4,947,219	4,947,219	-	5,154,525
	<u>4,947,219</u>	<u>4,947,219</u>	<u>-</u>	<u>5,154,525</u>
Other:				
Sale of school property	150,000	136,683	(13,317)	86,554
Interest	5,000	1,346	(3,654)	2,482
Other local	311,277	484,784	173,507	273,127
	<u>466,277</u>	<u>622,813</u>	<u>156,536</u>	<u>362,163</u>
Total revenues	<u>522,821,373</u>	<u>155,234,235</u>	<u>(367,587,138)</u>	<u>95,776,125</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	17,344,173	5,665,744	11,678,429	8,331,841
Buildings:				
General contracts		4,496,480		8,273,567
Heating contracts		1,798,329		1,965,654
Architect fees		7,903,778		7,255,536
Equipment contracts		16,749,487		9,099,545
Miscellaneous contracts		112,611,486		53,125,137
	<u>494,505,123</u>	<u>143,559,560</u>	<u>350,945,563</u>	<u>79,719,439</u>
Other:				
Library books	5,384,100	428,684	4,955,416	393,745
	<u>517,233,396</u>	<u>149,653,988</u>	<u>367,579,408</u>	<u>88,445,025</u>
Equipment:				
Instructional		15,392		30,073
Administrative		110,757		177,952
	<u>131,962</u>	<u>126,149</u>	<u>5,813</u>	<u>208,025</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
Vehicles:				
Administration		930,753		272,419
Transportation		1,946,523		64,997
	<u>3,766,482</u>	<u>2,877,276</u>	<u>889,206</u>	<u>337,416</u>
Debt service:				
Principal	<u>4,947,219</u>	<u>4,947,219</u>	<u>-</u>	<u>5,154,525</u>
Total expenditures	<u>526,079,059</u>	<u>157,604,632</u>	<u>368,474,427</u>	<u>94,144,991</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(3,257,686)</u>	<u>(2,370,397)</u>	<u>887,289</u>	<u>1,631,134</u>
OTHER FINANCING SOURCES:				
Installment purchase obligations issued	163,344	163,344	-	-
Appropriated fund balance	2,353,842	-	(2,353,842)	-
Transfers In	<u>740,500</u>	<u>740,500</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>3,257,686</u>	<u>903,844</u>	<u>(2,353,842)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,466,553)</u>	<u>\$ (1,466,553)</u>	<u>1,631,134</u>
Fund balance, beginning of year		<u>2,723,613</u>		<u>1,092,479</u>
Fund balance, end of year		<u>\$ 1,257,060</u>		<u>\$ 2,723,613</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ENTERPRISE FUND - CHILD NUTRITION PROGRAM
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance-	2014
	Budget	Actual	Positive (Negative)	Actual
REVENUES:				
Federal:				
Regular USDA grants	\$ 31,203,011	\$ 29,740,577	\$ (1,462,434)	\$ 29,196,645
USDA Grants - Fresh fruit & vegetable program	383,113	611,942	228,829	61,522
USDA Grants - Summer feeding program	-	38,392	38,392	505,595
	<u>31,586,124</u>	<u>30,390,911</u>	<u>(1,195,213)</u>	<u>29,763,762</u>
Other:				
Food sales	22,505,519	16,913,781	(5,591,738)	18,540,817
Interest	98,367	97,152	(1,215)	97,748
Donation of equipment	-	286,478	286,478	357,781
	<u>22,603,886</u>	<u>17,297,411</u>	<u>(5,306,475)</u>	<u>18,996,346</u>
Total revenues	<u>54,190,010</u>	<u>47,688,322</u>	<u>(6,501,688)</u>	<u>48,760,108</u>
EXPENDITURES:				
Business supporting services:				
Salaries		16,794,114		15,682,636
Food		20,205,145		19,799,206
Supplies		1,388,968		1,845,916
Purchased services		1,689,107		1,531,170
Indirect costs paid		2,638,427		2,165,711
Equipment purchases		604,729		500,387
	<u>46,182,537</u>	<u>43,320,490</u>	<u>2,862,047</u>	<u>41,525,026</u>
Other supporting services:				
Employee benefits	<u>8,052,504</u>	<u>7,649,568</u>	<u>402,936</u>	<u>7,383,947</u>
Total expenditures	<u>54,235,041</u>	<u>50,970,058</u>	<u>3,264,983</u>	<u>48,908,973</u>
Deficiency of revenues over expenditures	<u>(45,031)</u>	<u>(3,281,736)</u>	<u>(3,236,705)</u>	<u>(148,865)</u>
OTHER FINANCING SOURCES:				
Operating transfer in	<u>45,031</u>	<u>45,031</u>	<u>-</u>	<u>50,265</u>
Deficiency of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(3,236,705)</u>	<u>\$ (3,236,705)</u>	<u>(98,600)</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		604,729		500,387
Depreciation		(1,237,860)		(1,101,769)
Contributions to the pension plan in current fiscal year		1,899,872		
Pension expense		(470,942)		
Gain (Loss) on sale of capital assets		33,303		(28,283)
Change in net position		<u>\$ (2,407,603)</u>		<u>\$ (728,265)</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, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES:				
Other:				
Participant fees	\$ 20,214,676	\$ 12,364,080	\$ (7,850,596)	\$ 12,050,049
Donation of equipment	-	-	-	18,812
Interest	-	41,859	41,859	35,516
Total revenues	<u>20,214,676</u>	<u>12,405,939</u>	<u>(7,808,737)</u>	<u>12,104,377</u>
EXPENDITURES:				
Business supporting services:				
Salaries		4,641,506		4,550,714
Supplies		2,825,290		2,886,357
Purchased services		2,002,637		3,343,116
Indirect costs paid		1,049,475		1,057,020
Equipment purchases		34,131		33,579
	18,770,463	<u>10,553,039</u>	8,217,424	<u>11,870,786</u>
Other supporting services:				
Employee benefits	<u>1,444,213</u>	<u>1,048,057</u>	<u>396,156</u>	<u>1,037,696</u>
Total expenditures	<u>20,214,676</u>	<u>11,601,096</u>	<u>8,613,580</u>	<u>12,908,482</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	804,843	<u>\$ 804,843</u>	(804,105)
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		34,131		33,579
Depreciation		(53,955)		(51,882)
Contributions to the pension plan in current fiscal year		535,863		-
Pension expense		(132,830)		-
Loss on sale of capital assets		-		(4,435)
Change in net position		<u>\$ 1,188,052</u>		<u>\$ (826,843)</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, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actuals
REVENUES:				
Wake County - County Appropriation	\$ 867,466	\$ 867,466	\$ -	\$ -
Other Local:				
Medicaid	10,427,470	4,728,448	(5,699,022)	3,889,244
Indirect cost	5,484,242	5,484,242	-	4,614,623
E-Rate	2,010,674	2,010,674	-	3,019,557
Interest	10,142	10,142	-	14,539
Total	<u>17,932,528</u>	<u>12,233,506</u>	<u>(5,699,022)</u>	<u>11,537,963</u>
Total revenues	<u>18,799,994</u>	<u>13,100,972</u>	<u>(5,699,022)</u>	<u>11,537,963</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		230,513		-
CTE curricular		23		-
	<u>230,536</u>	<u>230,536</u>	<u>-</u>	<u>-</u>
Special populations services				
Children with disabilities curricular		2,176,423		1,995,607
Children with disabilities CTE curricular		154,972		139,462
Pre-K children with disabilities curricular		108,622		111,617
Speech and language pathology		461,308		455,885
	<u>4,010,100</u>	<u>2,901,325</u>	<u>1,108,775</u>	<u>2,702,571</u>
Alternative programs and services				
Alternative instructional K-12		-		(914)
Remedial and supplemental K-12		82,581		5,151
Extended day/year instructional		15,918		16,353
	<u>113,762</u>	<u>98,499</u>	<u>15,263</u>	<u>20,590</u>
School leadership services	<u>792</u>	<u>792</u>	<u>-</u>	<u>-</u>
School-based support services				
Guidance		1,033,314		767,150
Health		88,781		1,424
Instructional technology		104		-
	<u>1,178,804</u>	<u>1,122,199</u>	<u>56,605</u>	<u>768,574</u>
Support and development services				
Regular curricular support and development	<u>607,000</u>	<u>607,000</u>	<u>-</u>	<u>352,515</u>
Special population support and development	<u>78,337</u>	<u>39,034</u>	<u>39,303</u>	<u>-</u>
Technology support services	<u>124,804</u>	<u>124,804</u>	<u>-</u>	<u>899,449</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER RESTRICTED FUNDS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015		Variance- Positive (Negative)	2014
	Budget	Actual		Actuals
Operational support services				
Communication		1,885,870		2,062,687
Public utility and energy		5,467,105		4,629,162
Transportation		9,776		4,801
Facilities planning		867,466		-
Maintenance		-		57,421
	<u>8,232,197</u>	<u>8,230,217</u>	<u>1,980</u>	<u>6,754,071</u>
Systemwide pupil support services				
Health support	<u>41,572</u>	<u>40,768</u>	<u>804</u>	<u>40,193</u>
Ancillary services - community	<u>27,279</u>	<u>27,279</u>	<u>-</u>	<u>-</u>
Nonprogram charges				
Other	<u>4,476,292</u>	<u>-</u>	<u>4,476,292</u>	<u>-</u>
Total expenditures	<u>19,121,475</u>	<u>13,422,453</u>	<u>5,699,022</u>	<u>11,537,963</u>
Deficiency of revenues over expenditures before other financing sources	<u>(321,481)</u>	<u>(321,481)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>321,481</u>	<u>321,481</u>	<u>-</u>	<u>-</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
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2015

	Fund Balance 6/30/2014	Revenues	Expenditures	Fund Balance 6/30/2015
HIGH SCHOOLS:				
Apex	\$ 367,455	\$ 312,075	\$ 317,653	\$ 361,877
Athens	160,811	165,160	188,629	137,342
Broughton	234,159	386,707	402,727	218,139
Cary	121,346	281,584	299,133	103,797
East Wake (includes 4 schools)	52,403	168,371	167,541	53,233
Enloe	318,749	363,209	389,567	292,391
Fuquay-Varina	168,838	221,166	218,208	171,796
Garner	89,190	336,326	307,679	117,837
Green Hope	256,663	323,572	335,001	245,234
Heritage	124,319	257,496	222,843	158,972
Holly Springs	194,557	306,335	283,320	217,572
Knightdale	76,907	149,131	139,683	86,355
Leesville Road	159,167	333,072	328,021	164,218
Middle Creek	286,107	283,388	248,737	320,758
Millbrook	219,797	415,167	445,114	189,850
Panther Creek	151,896	420,889	446,640	126,145
Rolesville	14,762	79,213	68,173	25,802
Sanderson	150,929	242,135	229,969	163,095
Southeast Raleigh	62,061	134,849	150,518	46,392
Apex Friendship	-	11,208	7,013	4,195
Wake NCSU STEM Early College	5,083	4,747	8,373	1,457
Wake Early College	24,202	18,299	13,905	28,596
Wake Forest	190,740	376,924	425,057	142,607
Wakefield	123,903	264,327	272,281	115,949
	<u>3,554,044</u>	<u>5,855,350</u>	<u>5,915,785</u>	<u>3,493,609</u>
MIDDLE SCHOOLS:				
Apex	157,049	124,157	107,816	173,390
Carnage	55,685	115,850	118,977	52,558
Carroll	26,831	72,791	79,392	20,230
Centennial	59,790	37,849	51,678	45,961
Daniels	29,138	155,941	153,156	31,923
Davis Drive	32,890	81,147	75,331	38,706
Dillard Drive	8,476	116,634	120,702	4,408
Durant Road	52,718	131,612	166,389	17,941
East Cary	30,441	97,647	91,149	36,939
East Garner	127,060	117,951	127,781	117,230
East Millbrook	31,159	104,338	105,061	30,436
East Wake	23,773	58,024	50,817	30,980
Fuquay-Varina	56,116	50,592	51,094	55,614
Heritage	82,171	187,434	199,460	70,145
Holly Ridge	108,434	84,989	75,975	117,448
Holly Grove	59,110	145,203	137,188	67,125
Leesville Road	107,771	87,764	94,714	100,821
Ligon	77,331	111,542	115,852	73,021

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2015

	Fund Balance 6/30/2014	Revenues	Expenditures	Fund Balance 6/30/2015
Lufkin Road	\$ 36,650	\$ 56,663	\$ 58,030	\$ 35,283
Martin	58,727	114,162	118,380	54,509
Mills Park	61,237	293,652	271,978	82,911
Moore Square	35,313	49,351	50,776	33,888
North Garner	42,932	55,971	57,277	41,626
Reedy Creek	29,941	37,880	35,919	31,902
Rolesville	26,107	120,211	107,177	39,141
Salem	68,468	224,478	231,869	61,077
Wake Forest	48,926	70,741	67,039	52,628
Wakefield	65,746	71,547	82,447	54,846
Wendell	23,424	49,566	43,128	29,862
West Cary	13,873	122,279	118,294	17,858
West Lake	117,369	142,026	175,615	83,780
West Millbrook	44,345	72,431	64,807	51,969
Zebulon	19,720	53,581	48,631	24,670
	<u>1,818,721</u>	<u>3,416,004</u>	<u>3,453,899</u>	<u>1,780,826</u>
ELEMENTARY SCHOOLS:				
Adams	30,064	41,567	53,401	18,230
Akins	55,572	31,603	45,461	41,714
Alston Ridge	24,204	58,244	51,743	30,705
Apex	37,495	53,415	54,417	36,493
Aversboro	10,667	33,084	29,521	14,230
Baileywick	19,035	26,100	20,236	24,899
Ballentine	36,992	17,141	13,887	40,246
Banks Road	40,483	46,973	52,479	34,977
Barwell Road	10,650	16,435	11,543	15,542
Baucom	42,394	59,412	58,477	43,329
Brassfield	19,389	53,893	51,094	22,188
Brentwood	18,349	22,094	20,359	20,084
Briarcliff	41,154	40,486	46,088	35,552
Brier Creek	20,489	153,977	123,717	50,749
Brooks	49,431	76,770	60,293	65,908
Bugg	18,585	45,683	47,000	17,268
Carpenter	53,833	87,583	122,886	18,530
Carver	2,761	45,496	40,774	7,483
Cary	17,723	35,732	42,756	10,699
Cedar Fork	7,692	63,070	52,870	17,892
Combs	31,958	124,647	111,522	45,083
Conn	22,143	53,744	57,125	18,762
Creech Road	19,408	14,840	11,711	22,537
Davis Drive	55,934	98,772	116,812	37,894
Dillard Drive	28,362	21,554	19,649	30,267
Douglas	33,209	109,411	105,825	36,795
Douglas Discretionary Funds	3,492	20	864	2,648
Durant Road	30,092	136,110	128,161	38,041

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2015

	Fund Balance 6/30/2014	Revenues	Expenditures	Fund Balance 6/30/2015
East Garner	\$ 4,935	\$ 8,919	\$ 9,493	\$ 4,361
Farmington Woods	26,576	41,514	39,237	28,853
Forest Pines	20,350	41,363	40,985	20,728
Forestville	9,527	29,108	27,000	11,635
Fox Road	29,573	21,793	23,506	27,860
Fuller	28,544	28,102	28,307	28,339
Fuquay-Varina	24,934	47,229	43,181	28,982
Green	14,968	11,940	14,469	12,439
Green Hope	45,423	54,671	51,288	48,806
Harris Creek	30,193	62,281	63,461	29,013
Heritage	43,904	32,315	36,691	39,528
Highcroft	7,766	127,328	117,685	17,409
Hodge Road	13,531	23,216	24,126	12,621
Holly Grove	39,835	79,907	66,989	52,753
Holly Ridge	16,284	56,576	62,828	10,032
Holly Springs	15,006	81,568	71,840	24,734
Hunter	21,841	37,508	27,348	32,001
Jeffreys Grove	32,727	50,380	50,916	32,191
Jones Dairy	15,636	50,113	44,026	21,723
Joyner	11,897	89,759	78,464	23,192
Kingswood	12,676	40,209	31,937	20,948
Knightdale	27,682	16,780	19,194	25,268
Lacy	46,338	186,197	192,659	39,876
Lake Myra	4,976	11,520	8,293	8,203
Laurel Park	33,142	83,578	85,560	31,160
Lead Mine	20,863	58,948	46,230	33,581
Leesville Road	44,089	106,927	125,004	26,012
Lincoln Heights	6,121	24,718	21,878	8,961
Lockhart	16,546	32,986	30,898	18,634
Lynn Road	17,889	16,990	18,346	16,533
Middle Creek	21,597	54,678	65,359	10,916
Millbrook	14,026	28,864	31,810	11,080
Mills Park	26,679	82,880	81,465	28,094
Morrisville	31,746	55,927	54,685	32,988
North Forest Pines	26,363	64,066	57,464	32,965
North Ridge	32,040	74,826	68,655	38,211
Northwoods	29,547	23,058	18,478	34,127
Oak Grove	63,458	49,595	70,211	42,842
Olds	23,996	59,529	57,920	25,605
Olive Chapel	162,650	113,887	145,317	131,220
Partnership Primary	27,400	46,907	45,069	29,238
Penny Road	26,340	65,592	58,662	33,270
Pleasant Union	44,225	102,387	101,600	45,012
Poe	26,295	12,656	34,878	4,073
Powell	8,587	7,871	5,534	10,924
Rand Road	38,137	49,771	40,692	47,216

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2015

	Fund Balance 6/30/2014	Revenues	Expenditures	Fund Balance 6/30/2015
Reedy Creek	\$ 26,801	\$ 47,746	\$ 47,712	\$ 26,835
Richland Creek	2,994	6,694	3,396	6,292
River Bend	33,129	20,459	19,625	33,963
Rolesville	24,839	69,364	70,995	23,208
Root	27,465	172,807	123,420	76,852
Salem	106,312	38,288	41,696	102,904
Sanford Creek	41,010	66,757	51,382	56,385
Smith	16,862	19,890	15,254	21,498
Stough	17,612	38,347	47,761	8,198
Swift Creek	17,972	31,337	27,936	21,373
Sycamore Creek	28,318	107,694	101,884	34,128
Timber Drive	32,689	35,005	32,479	35,215
Turner Creek	36,448	74,976	50,809	60,615
Underwood	6,683	31,295	6,220	31,758
Vance	17,109	25,983	19,349	23,743
Vandora Springs	60,541	33,977	36,270	58,248
Wake Forest	34,739	26,440	23,038	38,141
Wakefield	15,435	36,480	30,404	21,511
Wakelon	4,271	26,276	22,925	7,622
Walnut Creek	15,914	17,596	17,411	16,099
Washington	59,329	46,070	50,917	54,482
Weatherstone	15,626	105,479	72,586	48,519
Wendell	20,621	33,771	26,482	27,910
West Lake	64,824	47,576	57,328	55,072
Wilburn	29,615	18,950	22,945	25,620
Wildwood Forest	3,745	45,363	38,883	10,225
Wiley	51,679	52,837	68,945	35,571
Willow Springs	32,254	46,877	42,731	36,400
Yates Mill	21,809	23,316	24,046	21,079
York	8,993	29,544	24,031	14,506
Zebulon	5,498	11,817	13,169	4,146
	<u>2,949,554</u>	<u>5,403,804</u>	<u>5,222,338</u>	<u>3,131,020</u>
ACADEMIES:				
Hilburn	13,263	57,363	51,115	19,511
Wake Young Men's	4,433	7,837	5,606	6,664
Wake Young Women's	4,713	36,042	30,590	10,165
	<u>22,409</u>	<u>101,242</u>	<u>87,311</u>	<u>36,340</u>
OTHER:				
Longview School	9,835	3,786	1,657	11,964
Mt. Vernon	10,263	3,150	1,094	12,319
Phillips High School	10,217	9,939	16,391	3,765
River Oaks	2,195	336	554	1,977
	<u>32,510</u>	<u>17,211</u>	<u>19,696</u>	<u>30,025</u>
TOTAL	<u>\$ 8,377,238</u>	<u>\$ 14,793,611</u>	<u>\$ 14,699,029</u>	<u>\$ 8,471,820</u>

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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 FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental activities:					
Net investment in capital assets	\$2,723,207,488	\$2,648,922,011	\$2,631,483,747	\$2,638,196,366	\$2,581,406,320
Restricted	17,025,811	16,599,934	12,011,212	14,427,305	13,198,738
Unrestricted	<u>(224,731,658)</u>	<u>(1,250,869)</u>	<u>5,464,347</u>	<u>16,786,497</u>	<u>(3,058,002)</u>
Total net position	<u>2,515,501,641</u>	<u>2,664,271,076</u>	<u>2,648,959,306</u>	<u>2,669,410,168</u>	<u>2,591,547,056</u>
Business-type activities					
Net investment in capital assets	7,356,663	7,727,478	8,010,544	8,243,904	9,263,646
Unrestricted	<u>26,001,803</u>	<u>32,693,479</u>	<u>33,965,521</u>	<u>30,806,811</u>	<u>26,115,857</u>
Total net position	<u>33,358,466</u>	<u>40,420,957</u>	<u>41,976,065</u>	<u>39,050,715</u>	<u>35,379,503</u>
Government-wide					
Net investment in capital assets	2,730,564,151	2,656,649,489	2,639,494,291	2,646,440,270	2,590,669,966
Restricted	17,025,811	16,599,934	12,011,212	14,427,305	13,198,738
Unrestricted	<u>(198,729,855)</u>	<u>31,442,610</u>	<u>39,429,868</u>	<u>47,593,308</u>	<u>23,057,855</u>
Total net position	<u>\$2,548,860,107</u>	<u>\$2,704,692,033</u>	<u>\$2,690,935,371</u>	<u>\$2,708,460,883</u>	<u>\$2,626,926,559</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
Governmental activities:					
Net investment in capital assets	\$2,516,805,009	\$2,432,805,178	\$2,163,062,885	\$1,906,571,596	\$1,707,105,617
Restricted	8,406,773	8,295,329	8,523,252	8,203,443	8,185,487
Unrestricted	<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>
Total net position	<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>
Business-type activities					
Net investment in capital assets	10,080,094	7,570,688	6,895,575	6,601,516	2,287,185
Unrestricted	<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>
Total net position	<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>
Government-wide					
Net investment in capital assets	2,526,885,103	2,440,375,866	2,169,958,460	1,913,173,112	1,709,392,802
Restricted	8,406,773	8,295,329	8,523,252	8,203,443	8,185,487
Unrestricted	<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>
Total net position	<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>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 538,699,660	\$ 548,740,312	\$ 541,574,616	\$ 519,493,395	\$ 504,048,718
Special populations	181,153,903	181,570,641	177,338,087	169,258,921	172,013,848
Alternative programs and services	63,987,611	67,406,274	64,409,245	64,474,589	66,020,928
School leadership	67,145,678	69,258,721	68,170,100	66,186,552	65,743,983
Co-curricular	21,546,339	23,226,828	21,733,809	20,697,012	20,795,975
School-based support services	61,577,799	61,233,044	60,149,751	61,734,726	62,943,658
Systemwide support services					
Support and development	10,932,679	10,115,956	9,919,952	9,914,905	9,936,030
Special populations support and development	4,373,936	4,651,561	4,299,423	4,115,631	3,938,268
Alternative programs and services support and development	3,086,128	2,739,756	2,469,867	3,138,741	2,487,540
Technology support	23,361,372	18,109,553	17,505,099	22,221,921	16,729,489
Operational support	161,949,750	167,828,385	183,977,661	144,351,091	152,934,837
Financial and human resource	16,308,934	16,209,892	16,587,230	16,134,413	15,495,361
Accountability	3,804,913	4,012,919	3,221,131	3,305,901	2,326,694
Systemwide pupil support	5,062,216	4,925,370	4,915,910	4,733,648	4,760,279
Policy, leadership and public relations	8,209,071	7,667,733	7,248,610	7,026,646	6,909,359
Ancillary Services	166,997	176,331	516,479	245,029	171,092
Instruction	-	-	-	-	-
Support services					
Nonprogram charges	14,957,067	10,589,182	9,879,925	9,081,210	8,432,140
Interest on long-term debt	-	-	-	-	-
Depreciation-unallocated	75,594,568	63,861,810	85,310,073	43,016,402	36,919,821
Total governmental activities expenses	<u>1,261,918,621</u>	<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	53,254,152	52,823,064	49,839,848	47,476,596	45,662,100
Tuition programs	11,217,887	12,931,220	10,222,509	10,595,711	9,621,336
Total business-type activities	<u>64,472,039</u>	<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>1,326,390,660</u>	<u>1,328,078,552</u>	<u>1,339,289,325</u>	<u>1,227,203,040</u>	<u>1,207,891,456</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	1,182,907	1,157,302	1,136,084	1,135,858	1,133,966
Charges for services-operational support	-	-	-	-	-
Charges for services-ancillary services	52,628	34,070	30,271	34,001	27,719
Charges for services-central	-	-	-	-	-
Charges for services-community	-	-	-	-	-
Operating grants and contributions	896,644,270	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>897,879,805</u>	<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	16,913,781	18,540,817	20,004,234	20,920,103	21,206,179
Charges for services-tuition programs	12,364,080	12,050,049	10,736,600	10,676,628	10,014,453
Operating grants and contributions	33,504,107	33,048,188	31,578,527	29,914,761	27,741,442
Total business-type activities program revenues	<u>62,781,968</u>	<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>960,661,773</u>	<u>919,903,246</u>	<u>894,176,289</u>	<u>886,467,595</u>	<u>864,732,342</u>
Net (expense)/revenue					
Governmental activities	(364,038,816)	(406,060,076)	(447,370,040)	(344,174,630)	(346,837,752)
Business-type activities	(1,690,071)	(2,115,230)	2,257,004	3,439,185	3,678,638
Total school district net expense	<u>\$ (365,728,887)</u>	<u>\$ (408,175,306)</u>	<u>\$ (445,113,036)</u>	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>

(Continued)

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

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 488,546,948	\$ 520,736,969	\$ 499,787,125	\$ -	\$ -
Special populations	165,788,455	162,672,147	154,036,707	-	-
Alternative programs and services	58,426,846	56,432,546	51,795,462	-	-
School leadership	62,680,216	64,582,811	60,295,993	-	-
Co-curricular	18,982,397	19,741,681	19,897,732	-	-
School-based support services	64,506,361	66,411,122	66,510,312	-	-
Systemwide support services					
Support and development	10,612,453	11,519,131	10,788,721	-	-
Special populations support and development	5,287,193	5,497,400	6,095,269	-	-
Alternative programs and services support and development	1,533,361	1,921,084	2,001,281	-	-
Technology support	16,624,585	28,033,386	26,328,759	-	-
Operational support	151,786,145	148,788,642	148,183,392	-	-
Financial and human resource	15,472,245	16,726,131	16,757,435	-	-
Accountability	2,255,479	2,508,241	2,147,180	-	-
Systemwide pupil support	4,205,184	4,517,008	3,844,828	-	-
Policy, leadership and public relations	7,915,174	8,287,942	8,550,793	-	-
Ancillary Services	418,998	344,305	253,544	-	-
Instruction	-	-	-	709,746,607	626,497,392
Support services	-	-	-	269,002,952	259,029,601
Nonprogram charges	10,169,808	11,185,748	9,742,580	9,497,563	9,017,665
Interest on long-term debt	-	-	-	780	487,882
Depreciation-unallocated	32,449,321	31,830,062	30,404,042	26,695,661	24,952,001
Total governmental activities expenses	<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>
Business-type activities:					
Food service	45,061,386	46,467,797	45,846,155	40,130,227	36,208,155
Tuition programs	8,212,561	8,534,329	7,897,470	7,776,611	8,583,453
Total business-type activities	<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>
Total school district expenses	<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>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	1,107,459	1,106,269	805,693	109,324	143,028
Charges for services-operational support	-	-	47,410	-	-
Charges for services-ancillary services	34,609	35,352	-	-	-
Charges for services-central	-	-	-	-	90,131
Charges for services-community	-	-	-	801,148	861,470
Operating grants and contributions	772,481,123	793,580,424	756,603,642	688,176,379	616,013,072
Capital grants and contributions	2,146,595	2,616,770	7,387,758	3,440,673	10,502,567
Total governmental activities program revenues	<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>
Business-type activities:					
Charges for services-food services	21,716,235	23,417,878	22,800,190	22,738,873	28,879,946
Charges for services-tuition programs	8,881,458	9,001,762	9,063,099	8,087,758	-
Operating grants and contributions	24,726,305	22,099,991	19,628,148	17,396,233	16,066,026
Total business-type activities program revenues	<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>
Total school district program revenues	<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>
Net (expense)/revenue					
Governmental activities	(341,891,383)	(364,397,541)	(352,576,652)	(322,416,039)	(292,374,273)
Business-type activities	2,050,051	(482,495)	(2,252,188)	316,026	154,364
Total school district net expense	<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>

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

WAKE COUNTY BOARD OF EDUCATION
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2015	2014	2013	2012	2011
Net (expense)/revenue					
Governmental activities	\$ (364,038,816)	\$ (406,060,076)	\$ (447,370,040)	\$ (344,174,630)	\$ (346,837,752)
Business-type activities	(1,690,071)	(2,115,230)	2,257,004	3,439,185	3,678,638
Total school district net expense	<u>(365,728,887)</u>	<u>(408,175,306)</u>	<u>(445,113,036)</u>	<u>(340,735,445)</u>	<u>(343,159,114)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations- operating	340,138,653	323,966,127	317,181,372	311,759,998	312,059,879
Unrestricted county appropriations - capital	149,664,203	90,259,437	72,689,611	99,168,170	97,823,234
Unrestricted state appropriation - capital	4,947,219	5,154,525	32,522,268	-	-
Investment earnings, unrestricted	389,767	458,800	443,039	628,155	733,422
Miscellaneous, unrestricted	6,765,132	1,959,815	4,615,860	10,532,393	16,391,839
Transfer	(331,509)	(426,858)	(532,972)	(50,974)	(117,044)
Total governmental activities	<u>501,573,465</u>	<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	139,011	133,264	135,374	181,053	216,954
Loss on sale of capital assets	-	-	-	-	-
Transfer	331,509	426,858	532,972	50,974	117,044
Total business-type activities	<u>470,520</u>	<u>560,122</u>	<u>668,346</u>	<u>232,027</u>	<u>333,998</u>
Total school district	<u>502,043,985</u>	<u>421,931,968</u>	<u>427,587,524</u>	<u>422,269,769</u>	<u>427,225,328</u>
Change in net position					
Governmental activities	137,534,649	15,311,770	(20,450,862)	77,863,112	80,053,578
Business-type activities	(1,219,551)	(1,555,108)	2,925,350	3,671,212	4,012,636
Total school district	<u>\$ 136,315,098</u>	<u>\$ 13,756,662</u>	<u>\$ (17,525,512)</u>	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
Net (expense)/revenue					
Governmental activities	\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)	\$ (292,374,273)
Business-type activities	2,050,051	(482,495)	(2,252,188)	316,026	154,364
Total school district net expense	<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>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	311,373,607	308,550,944	296,964,799	274,229,013	251,247,744
Unrestricted county appropriations - capital	119,613,110	291,438,862	280,960,672	227,836,179	227,358,357
Unrestricted state appropriation - capital	-	8,828,382	14,853,397	-	-
Investment earnings, unrestricted	838,609	2,224,118	3,686,700	3,724,919	2,528,306
Miscellaneous, unrestricted	10,996,171	11,475,315	8,034,792	6,161,693	10,831,136
Transfer	<u>(3,259,191)</u>	<u>(1,346,027)</u>	<u>(1,014,145)</u>	<u>(4,566,460)</u>	<u>(75,762)</u>
Total governmental activities	<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>
Business-type activities:					
Investment earnings, unrestricted	283,588	553,080	918,242	951,692	560,405
Loss on sale of capital assets	-	-	-	(69,289)	-
Transfer	<u>3,259,191</u>	<u>1,346,027</u>	<u>1,014,145</u>	<u>4,566,460</u>	<u>75,762</u>
Total business-type activities	<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>	<u>636,167</u>
Total school district	<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>
Change in net position					
Governmental activities	97,670,923	256,774,053	250,909,563	184,969,305	199,515,508
Business-type activities	<u>5,592,830</u>	<u>1,416,612</u>	<u>(319,801)</u>	<u>5,764,889</u>	<u>790,531</u>
Total school district	<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>

WAKE COUNTY BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2015	2014	2013	2012	2011
General fund					
Nonspendable					
Inventories	\$ 2,442,586	\$ 2,966,259	\$ 3,122,198	\$ 3,000,164	\$ 3,503,879
Prepaid	1,639,972	4,543,602	1,537,187	11,591,489	-
Restricted					
Stabilization by state statute	7,404,038	5,542,274	3,163,132	4,399,049	3,661,166
Assigned					
Special projects	10,604,339	19,427,037	6,008,131	3,819,829	366,342
Insurance	10,212,545	9,909,912	8,388,026	7,569,663	6,739,799
Flexible benefit plan	1,139,379	1,225,223	1,244,575	1,174,388	1,094,173
Subsequent year expenditures	20,000,000	26,075,734	28,400,000	28,385,581	16,203,025
Unassigned	<u>14,894,753</u>	<u>20,215,744</u>	<u>36,320,179</u>	<u>32,089,863</u>	<u>33,875,157</u>
Total general fund	<u>\$ 68,337,612</u>	<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	\$ 725,074	\$ 2,311,510	\$ 177,432	\$ 439,360	\$ 503,603
Capital expenditures	397,078	368,912	253,610	1,273,248	685,615
Individual schools	8,471,820	8,377,238	8,417,038	8,059,392	8,110,769
Restricted contributions	27,801	43,191	388,189	60,642	35,513
Subsequent years expenditures	-	-	273,248	195,614	202,072
Assigned					
Special projects	<u>107,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 9,728,880</u>	<u>\$ 11,100,851</u>	<u>\$ 9,509,517</u>	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
General fund					
Nonspendable					
Inventories	\$ 3,470,497	\$ 3,119,442	\$ 3,744,657	\$ 3,835,802	\$ 3,750,899
Prepaid	-	-	-	-	-
Restricted					
Stabilization by state statute	2,876,748	2,058,865	2,144,620	1,921,782	1,938,410
Assigned					
Special projects	990,699	701,625	1,082,014	1,020,096	1,433,931
Insurance	5,693,602	5,147,789	4,424,855	4,720,980	4,883,883
Flexible benefit plan	1,104,260	966,779	789,294	567,832	433,413
Subsequent year expenditures	6,062,845	8,665,600	7,500,000	12,928,333	8,000,000
Unassigned	<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>
Total general fund	<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>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 222,184	\$ 21,024	\$ 111,964	\$ 1,250,790	\$ 5,468,597
Capital expenditures	1,004,297	182,271	2,688,666	963,123	1,065,858
Individual schools	8,406,773	8,295,329	8,523,252	8,203,443	8,185,487
Restricted contributions	281,398	808,053	2,188,100	986,803	3,504,190
Subsequent years expenditures	91,135	367,719	-	-	587,412
Assigned					
Special projects	-	-	-	-	-
Total all other governmental funds	<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>

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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
2015	\$ 813,264,723	\$ 341,426,400	\$ 148,376,456	\$ 4,135,691	\$ 66,031,320	\$ 389,382	\$ 31,641,424	\$ 1,405,265,396
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

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
2015	155,000	\$ 1,008,882,076	\$ 241,445,418	\$ 212,275	\$ 19,655,778	\$ -	\$ -
2014	153,039	945,690,541	229,297,218	233,721	15,153,538	-	-
2013	149,508	923,736,970	223,162,370	565,028	13,496,176	-	-
2012	146,687	895,801,620	210,554,870	299,770	12,919,217	-	-
2011	143,289	886,626,928	211,607,971	280,991	14,783,394	-	-
2010	139,599	856,329,738	214,130,476	401,826	15,643,117	-	-
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	-	-
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	-	-
2007	128,070	-	-	-	-	5,511	97
		-	-	-	-	705,787,033	12,374,956
2006	120,379	-	-	-	-	5,185	95
		-	-	-	-	624,139,541	11,421,250

(Continued)

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

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,	Administration and Business	Debt Service Principal	Debt Service Interest	Other	Total Operating	Capital Outlay	Total
2015	\$ -	32 \$ 4,947,219	- \$ -	- \$ -	8,227 \$ 1,275,142,766	985 \$ 152,657,413	9,212 \$ 1,427,800,179
2014	-	34 5,154,525	-	-	7,812 1,195,529,543	581 88,990,466	8,393 1,284,520,009
2013	-	87 13,060,081	-	-	7,853 1,174,020,625	627 93,747,356	8,480 1,267,767,981
2012	-	25 3,617,971	-	-	7,657 1,123,193,448	683 100,396,136	8,341 1,223,589,584
2011	-	55 7,866,703	-	-	7,825 1,121,165,987	693 99,288,717	8,517 1,220,454,704
2010	-	18 2,537,987	- 1,206	-	7,801 1,089,044,350	872 121,769,895	8,673 1,210,814,245
2009	-	28 3,916,152	- 3,228	-	8,220 1,131,997,639	2,183 300,679,772	10,404 1,432,677,411
2008	-	11 1,410,428	- 4,985	-	8,060 1,080,066,091	2,209 296,001,716	10,270 1,376,067,807
2007	1,514 193,889,905	6 715,689	- 9,712	566 72,424,079	7,693 985,201,374	1,832 234,655,146	9,525 1,219,856,520
2006	1,441 173,463,534	16 1,965,025	- 38,420	572 68,828,783	7,309 879,856,553	1,968 236,915,221	9,277 1,116,771,774

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

WAKE COUNTY BOARD OF EDUCATION
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Excess of Revenues over (under) Expenditures	Transfers In	Transfers out	Installment Purchase and Capitalized Leases	Total Other Financing Sources (Uses)	Net Change In Fund Balance	Debt Service As A Percentage of Noncapital Expenditures
2015	\$ (22,534,783)	\$ 1,061,981	\$ (1,107,012)	\$ 163,344	\$ 118,313	\$ (22,416,470)	0.3875%
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%

WAKE COUNTY BOARD OF EDUCATION
ENTERPRISE FUND EXPENSES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Employee Salaries	Benefits	Food	Donated Commodities	Indirect Costs	Other	Total
2015	\$ 21,435,620	\$ 6,865,662	\$ 20,205,145	\$ 3,079,893	\$ 3,687,902	\$ 9,197,817	\$ 64,472,039
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

**WAKE COUNTY BOARD OF EDUCATION
ENTERPRISE FUND REVENUES AND TRANSFERS IN BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Food Sales		Participant Fees		USDA Reimbursement		Donated Commodities	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2015	\$ 16,913,781	26.74%	\$ 12,364,080	19.55%	\$ 30,390,911	48.06%	\$ 3,079,893	4.87%
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

(Continued)

**WAKE COUNTY BOARD OF EDUCATION
 ENTERPRISE FUND REVENUES AND TRANSFERS IN BY SOURCE
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Transfers		Other		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
2015	\$ 331,509	0.52%	\$ 172,314	0.27%	\$ 63,252,488	100%
2014	426,858	0.66	100,546	0.16	64,194,741	100
2013	532,972	0.85	132,218	0.21	62,979,104	100
2012	50,974	0.08	168,573	0.28	61,742,915	100
2011	117,044	0.20	250,245	0.42	59,296,072	100
2010	3,259,191	5.54	296,506	0.50	58,866,777	100
2009	1,346,027	2.38	680,450	1.20	56,418,738	100
2008	1,014,145	1.9	869,181	1.63	53,423,824	100
2007	4,566,460	8.51	1,000,827	1.86	53,671,727	100
2006	75,762	0.16	667,653	1.47	45,582,139	100

**WAKE COUNTY BOARD OF EDUCATION
OUTSTANDING DEBT
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Capital Leases</u>	<u>Installment Purchase</u>	<u>Mortgage Payable</u>	<u>Total</u>	<u>Per Student</u>
2015	\$ -	\$ 81,671	\$ -	\$ 81,671	0.53
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

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)
2015	\$ 109,552,757,999	\$ 15,528,241,566	\$ 2,866,523,443	\$ 127,947,523,008	\$ 0.578	\$ 0.080	\$ 0.658
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 ⁽²⁾	99,568,342,254	14,058,926,692	2,983,256,554	116,610,525,500	0.534	0.080	0.614
2008	66,679,502,469	13,556,157,155	2,887,291,656	83,122,951,280	0.678	0.100	0.778
2007	62,996,405,923	12,506,221,915	3,341,976,693	78,844,604,531	0.634	0.100	0.734
2006	59,644,957,346	12,084,539,414	3,405,223,801	75,134,720,561	0.604	0.100	0.704

Notes:

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, 2015.

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>						
	County- Wide Rate	Various Special Tax Districts	Average County Rate	Town of Angier	Town of Apex	Town of Cary	Town of Clayton	Town of Fuquay- Varina	Town of Garner	Town of Holly Springs
2015	.578	.080	.658	.53	.39	.35	.525	.385	.50	.435
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 ⁽²⁾	.534	.080	.614	.53	.34	.33	.54	.385	.49	.415
2008	.678	.100	.778	.53	.40	.42	.54	.52	.575	.53
2007	.634	.100	.734	.53	.40	.42	.49	.52	.575	.53
2006	.604	.100	.704	.50	.40	.42	-	.52	.56	.53

(Continued)

- 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, 2015.

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,	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
2015	.43	.390	.404	.440	.52	.49	.525
2014	.43	.390	.383	.440	.51	.49	.525
2013	.41	.367	.383	.440	.51	.49	.513
2012	.41	.367	.374	.440	.51	.49	.50
2011	.41	.367	.374	.420	.51	.49	.50
2010	.40	.367	.374	.420	.51	.49	.50
2009 ⁽²⁾	.40	.367	.374	.420	.51	.49	.51
2008	.50	.468	.435	.515	.55	.54	.55
2007	.50	.468	.435	.485	.54	.54	.50
2006	.50	.468	.395	.485	.54	.54	.49

- 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, 2015.

**WAKE COUNTY BOARD OF EDUCATION
TEN PRINCIPAL TAXPAYERS FOR WAKE COUNTY
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$1,598,837,313	1	1.25%	\$2,077,332,906	1	2.76%
SAS Institute, Inc	580,232,549	2	0.45%	365,082,380	3	0.49%
Cisco Systems, Inc.	483,415,551	3	0.38%	395,082,096	2	0.53%
Duke Realty LP	422,405,650	4	0.33%	-	-	-
Novartis Vaccines & Diagnostics	342,885,268	5	0.27%	-	-	-
Network Appliance, Inc.	335,385,381	6	0.26%	-	-	-
CVM Holdings LLC	334,466,115	7	0.26%	173,085,658	8	0.23%
NC Eastern Municipal Power Agency	332,662,384	8	0.26%	299,213,133	5	0.40%
Highwoods Realty LP	297,873,388	9	0.23%	185,964,692	7	0.25%
WMCi Raleigh I LLC	234,840,643	10	0.18%			
Bellsouth Tel Co	-	-	-	325,208,533	4	0.43%
Weeks Realty LLP	-	-	-	268,665,884	6	0.36%
Public Service Co of NC, Inc	-	-	-	158,859,070	9	0.21%
Summit Properties Partnership LP	-	-	-	<u>144,168,044</u>	10	<u>0.19%</u>
	<u>\$4,963,004,242</u>		<u>3.87%</u>	<u>\$4,392,662,396</u>		<u>5.85%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

**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		Total Collections to Date		
				Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2015	\$ 760,907,032	\$ (664,952)	\$760,242,080	\$ 758,063,799	99.71%	\$ -	\$ 758,063,799	99.71%
2014	702,953,904	(1,690,243)	701,263,661	697,580,105	99.47%	2,379,913	699,960,018	99.81%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	4,798,606	672,642,017	99.82%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	4,897,400	662,439,378	99.84%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,707,151	655,457,209	99.85%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,661,094	648,654,427	99.86%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,288,788	638,936,999	99.85%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	8,066,015	577,711,030	99.82%
2007	518,390,324	(3,827,251)	514,563,073	507,081,845	98.55%	6,611,477	513,693,322	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%

Notes:

Taxes for the fiscal year ended June 30, 2015 at the collection rate of 99.71% are a composite of the following collections by category:

Vehicle taxes	98.83%
Real and personal property taxes	99.78%

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, 2015.

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
2015	\$ 2,142,354,768	\$ -	\$ 278,125,603	\$ 4,922,510	\$ 326,928	\$ -
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

(Continued)

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015

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			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Notes Payable	Total Governmental Activities	Capital Leases				
2015	\$ 763,502	\$ -	\$ 2,426,493,311	\$ 3,777		\$ 2,426,497,088	5.40%	\$ 2,413.50
2014	51,293	-	2,103,253,852	5,877		2,103,259,729	4.93%	2,106.02
2013	81,238	-	2,270,177,765	-		2,270,177,765	5.32%	2,328.33
2012	132,027	-	2,258,222,693	-		2,258,222,693	5.29%	2,370.56
2011	173,449	-	2,323,295,560	-		2,323,295,560	5.78%	2,499.97
2010	157,095	299,767	2,290,527,229	-		2,290,527,229	6.10%	2,525.64
2009	328,068	-	1,878,462,023	-		1,878,462,023	5.26%	2,093.66
2008	419,418	-	1,490,214,348	-		1,490,214,348	4.12%	1,719.99
2007	571,090	-	1,564,097,224	-		1,564,097,224	4.45%	1,884.39
2006	733,181	-	1,115,287,232	-		1,115,287,232	3.42%	1,409.59

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015

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		
2015	\$ 2,142,354,768	\$ -	\$ 2,142,354,768	1.67%	\$ 2,130.88
2014	1,806,329,227	-	1,806,329,227	1.42%	1,808.70
2013	1,960,133,287	-	1,960,133,287	1.60%	2,010.34
2012	1,934,669,373	-	1,934,669,373	1.60%	2,030.91
2011	1,991,296,438	-	1,991,296,438	1.67%	2,142.72
2010	1,956,072,526	-	1,956,072,526	1.64%	2,156.86
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

WAKE COUNTY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipality:			
Apex	\$ 50,580,000	100%	\$ 50,580,000
Cary	190,720,000	100%	190,720,000
Fuquay-Varina	13,200,000	100%	13,200,000
Garner	29,760,000	100%	29,760,000
Holly Springs	23,775,000	100%	23,775,000
Knightdale	4,260,000	100%	4,260,000
Morrisville	9,620,000	100%	9,620,000
Raleigh	332,210,000	100%	332,210,000
Rolesville	-	100%	-
Wake Forest	16,085,000	100%	16,085,000
Wendell	-	100%	-
Zebulon	3,414,000	100%	3,414,000
Wake County	<u>2,426,493,311</u>	100%	<u>2,426,493,311</u>
Overlapping debt	3,100,117,311		3,100,117,311
Direct debt	<u>81,671</u>		<u>81,671</u>
Total direct and overlapping debt	<u>\$ 3,100,198,982</u>		<u>\$ 3,100,198,982</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

WAKE COUNTY BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY
LAST TEN YEARS

	Fiscal Year				
	2015	2014	2013	2012	2011
Assessed value of property	\$ 127,947,523,008	\$ 127,426,491,226	\$ 122,450,151,129	\$ 120,555,400,651	\$ 119,535,621,641
Debt limit, 8% of assessed value (Statutory Limitation)	10,235,801,841	10,194,119,298	9,796,012,090	9,644,432,052	9,562,849,731
Amount of debt applicable to limit					
General obligation bonds	1,967,590,000	1,664,875,000	1,801,325,000	1,754,870,000	1,831,620,000
General obligation commercial paper	-	-	-	-	-
Other Long Term Debt	266,887,940	278,885,802	291,217,436	303,938,059	311,595,642
Bonds Authorized not Issued	511,210,000	950,450,000	145,450,000	65,700,000	239,070,000
Total net debt applicable to limit	2,745,687,940	2,894,210,802	2,237,992,436	2,124,508,059	2,382,285,642
Legal debt margin	\$ 7,490,113,901	\$ 7,299,908,496	\$ 7,558,019,654	\$ 7,519,923,993	\$ 7,180,564,089
Total net debt applicable to limit as a percentage of debt limit	26.82%	28.39%	22.85%	22.03%	24.91%

(Continued)

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, 2015.

WAKE COUNTY BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION FOR WAKE COUNTY
LAST TEN YEARS

	Fiscal Year				
	2010	2009	2008	2007	2006
Assessed value of property	\$ 119,158,250,199	\$ 116,610,525,500	\$83,122,951,280	\$78,844,604,531	\$75,134,720,561
Debt limit, 8% of assessed value (Statutory Limitation)	<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>
Amount of debt applicable to limit					
General obligation bonds	1,794,370,000	1,772,370,000	1,434,595,000	1,505,200,000	1,020,850,000
General obligation commercial paper	-	-	-	-	58,250,000
Other Long Term Debt	313,263,004	10,664,659	9,943,655	9,413,588	9,799,477
Bonds Authorized not Issued	<u>391,870,000</u>	<u>514,500,000</u>	<u>911,000,000</u>	<u>1,058,390,000</u>	<u>718,500,000</u>
Total net debt applicable to limit	<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>
Legal debt margin	<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>
Total net debt applicable to limit as a percentage of debt limit	<u>26.22%</u>	<u>24.63%</u>	<u>35.42%</u>	<u>40.79%</u>	<u>30.07%</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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

**WAKE COUNTY BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS FOR WAKE COUNTY
LAST TEN YEARS**

Year	Population Estimates	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2015	1,005,385	*	\$ 65,160	155,000	5.0%
2014	998,691	*	63,791	153,039	5.1%
2013	975,024	\$ 44,911,652	46,097	149,508	7.3%
2012	952,611	42,693,474	44,839	146,687	7.7%
2011	929,330	40,193,567	43,280	143,289	7.8%
2010	906,908	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%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015.

**WAKE COUNTY BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS FOR WAKE COUNTY
 CURRENT YEAR AND NINE YEARS AGO**

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	5.01%	37,671	1	9.21%
Wake County Public Schools	18,554	2	3.86%	15,000	2	3.67%
International Business Machines (IBM)	10,000	3	2.08%	13,000	3	3.18%
WakeMed Health and Hospitals	8,422	4	1.64%	6,500	5	1.59%
North Carolina State University	7,876	5	1.75%	7,787	4	1.90%
Cisco Systems	5,500	6	1.15%	-	-	-
Rex Healthcare	5,300	7	1.10%	3,800	10	0.93%
SAS Institute, Inc.	5,232	8	1.09%	4,300	8	1.05%
GlaxoSmithKline, Inc.	4,950	9	1.03%	4,800	6	1.17%
NC DHHS	3,800	10	1.03%	-	-	-
Wake Med Faculty Physicians Internal Medicine	-	-	-	4,000	9	0.98%
Pinkerton and Burns	-	-	-	4,500	7	1.10%
	<u>93,717</u>		<u>19.74%</u>	<u>101,358</u>		<u>24.78%</u>

* As of the date of publication this information was not available for 2015. Data from 2014 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2015

WAKE COUNTY BOARD OF EDUCATION
FULL TIME EMPLOYEES BY CATEGORY
LAST TEN YEARS

	<u>2015</u>	<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>
School and school based support										
Principals	172	170	169	164	163	159	157	152	147	138
Assistant principals, nonteaching	349	323	309	290	285	277	289	286	262	236
Elementary teachers	4,658	4,547	4,394	4,283	4,069	4,059	4,123	4,036	3,274	2,750
Secondary teachers	4,178	4,145	3,888	3,774	3,635	3,580	3,769	3,517	2,861	2,781
Other teachers	1,762	1,871	1,760	1,753	1,675	1,638	1,654	1,651	2,467	2,592
Guidance	464	436	409	397	420	411	436	311	296	276
Psychological	99	96	96	90	90	86	88	61	74	72
Librarian, audiovisual	211	208	209	205	323	359	338	201	195	183
Consultant, supervisor	89	89	82	73	87	92	89	86	99	103
Teacher assistants	<u>2,404</u>	<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>
Total school and school based support	<u>14,386</u>	<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>
Central services										
Administrators, managers	21	20	17	19	16	19	19	19	16	17
Technicians	368	317	303	294	319	311	322	98	94	106
Clerical, secretarial	1,039	955	910	910	905	943	943	1,071	945	899
Service workers	2,056	1,752	1,697	1,671	1,737	1,808	1,788	2,132	2,023	2,016
Skilled crafts	291	295	264	265	269	292	289	164	148	130
Other professionals	<u>754</u>	<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>
Total central services	<u>4,529</u>	<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>
Total full time employees	<u>18,915</u>	<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>

Source: Wake County Public Schools Human Resources Department

**WAKE COUNTY BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN YEARS**

Fiscal Year	Enrollment	Percentage Increase In Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Schools	Graduating Class
2015	155,000	1.28%	\$ 1,275,142,766	\$ 8,227	5.31%	171	10,154
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

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>
2015	\$ 37,867.50	\$ 87,291.00	\$ 49,530.36
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS

	2015	2014	2013	2012	2011
Schools					
Elementary					
Buildings	206	207	203	215	220
Square feet	8,769,259	8,874,100	8,760,281	8,685,116	8,925,284
Capacity	73,745	73,177	73,728	76,351	76,851
Enrollment	71,918	72,075	70,612	70,526	69,277
Mobile classrooms	597	572	571	607	602
Middle					
Buildings	115	113	114	111	107
Square feet	5,327,777	5,177,696	5,242,441	5,266,057	5,570,506
Capacity	38,187	37,929	38,202	37,233	37,780
Enrollment	35,532	34,983	34,365	33,604	32,596
Mobile classrooms	175	181	183	189	190
High					
Buildings	225	218	211	211	210
Square feet	6,907,085	6,569,478	6,040,661	6,009,897	5,894,216
Capacity	47,243	45,381	44,021	43,619	43,780
Enrollment	45,182	44,448	43,285	42,143	41,014
Mobile classrooms	361	353	349	309	368
Other (includes academies)					
Buildings	10	7	11	9	7
Square feet	307,171	169,490	325,466	276,564	195,471
Capacity	1,993	1,656	1,235	384	384
Enrollment	2,368	1,533	1,246	414	412
Mobile classrooms	19	13	33	1	1
Administrative					
Buildings	18	18	24	24	23
Square Feet	357,830	383,811	625,877	625,877	523,725
Transportation					
Buses	908	928	920	928	920

(Continued)

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

WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS

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

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

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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, 2015, 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, 2015

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, 2015



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

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, 2015. 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*. 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, 2015.

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.

Rivers & Associates LLP

Raleigh, North Carolina
October 25, 2015



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Independent Auditors' Report On Compliance 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, 2015. 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, 2015.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state programs and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Rives & Associates LLP

Raleigh, North Carolina
October 25, 2015

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

CFDA Numbers Names of Federal Program or Cluster

	Child Nutrition Cluster:
10.555	National School Lunch Program
10.553	School Breakfast Program
84.010	Title 1, Low Income
84.367A	Improving Teacher Quality

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

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

Dollar threshold used to distinguish between Type
A and Type B programs: \$ 2,985,034

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

Material weaknesses identified? yes X no

Significant deficiencies identified that are
not considered to be material weaknesses? yes X none reported

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

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

Identification of major State programs:

Program Name

State Public School Fund
Technology Fund

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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WAKE COUNTY BOARD OF EDUCATION
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

No findings disclosed in the prior year

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
FEDERAL GRANTS:			
<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	\$ 399,470
Grants to States	84.027	60	26,005,401
IDEA VI B - Early Intervening Services	84.027A	70	4,102,605
IDEA VI B - Special Needs	84.027A	118	29,283
IDEA Targeted Assistance	84.173A	119	8,828
Total Special Education Cluster			30,545,587
School Improvement Grants Cluster:			
School Improvement Grants	84.377A	117	88,997
ARRA - Title I School Improvement	84.388A	143	121,657
Total Title 1, Part A Cluster			210,654
Title I - School Improvement	84.010A	105	59,354
Title 1, Low Income	84.010	50	24,801,594
Vocational Education: Program Improvement	84.048	17	1,383,516
CTE - Capacity Building	84.048A	58	1,882
McKinney-Vento Homeless Assistance	84.196	26	66,847
IDEA VI B - Special Education State Improvement	84.323A	82	22,664
Improving Teacher Quality	84.367A	103	3,067,988
Language Acquisition	84.365A	104	1,688,878
Language Acquisition, Title III Part A	84.365A	111	115,130
Emergency Impact Aid - IDEA	84.938C	114	159,170
ARRA - Race to the Top - Governor's Teacher Network	84.395	154	382,775
ARRA - Race to the Top	84.395	156	927,765
ARRA - Race to the Top - Stem	84.395	159	36,088
Direct Programs - Indian Education Act	84.060A	310	76,436
Magnet Schools	84.165A	317	1,493,734
NC Quest	84.367B	341	1,842
READS Summer Learning	84.411	342	58,796
Fund for the Improvement of Education	84.215E	371	91,817
Teacher Incentive Fund	84.374A	395	331,792
Total U.S. Department of Education			65,524,309

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<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		23,080,256
School Breakfast Program	10.553		6,660,321
Summer Food Service Program	10.559		611,942
Cash Assistance Subtotal			<u>30,352,519</u>
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555		3,079,893
Fresh Fruit and Vegetable Program	10.582		38,392
Total U.S. Department of Agriculture			<u>33,470,804</u>
<u>Other Federal Assistance:</u>			
National Science Foundation - Math & Science Partnership	47.076	372	17,840
U.S. Department of Defense Direct Program - ROTC	12.xxx	301	489,171
Total Federal Assistance			<u>99,502,124.00</u>
<u>STATE GRANTS:</u>			
<u>N. C. Department of Public Instruction</u>			
Cash Assistance			
State Public School Fund			763,115,040
Technology Fund		15	2,644,448
Vocational Education:			
Months of Employment		13	36,963,349
Support Funds		14	2,676,587
Drivers Training		12	2,896,197
Professional Leave Funding		509	9,120
Non-Cash Assistance			
Financed Purchase of School Buses		120	4,947,219
Textbooks		130	763
<u>NC Arts Council</u>		461	<u>12,000</u>
Total State Assistance			<u>813,264,723</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 912,766,847</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, 2015

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 \$3,079,893 were received during the year ended June 30, 2015. These commodities received were included in the determination of federal awards expended for the year ended June 30, 2015.