



WAKE COUNTY
BOARD OF EDUCATION
CARY, NORTH CAROLINA

Comprehensive Annual Financial Report

for the fiscal year ended **June 30, 2016**



PREPARED BY THE FINANCE DEPARTMENT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introduction





Dr. James G. Merrill, *Superintendent*
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October 27, 2016

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, 2016, 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 Title 2 US Code of Federal Regulations Part 200 Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 2015-16 the school system was the largest in North Carolina and the 16th largest system in the nation. It served 156,644 students from kindergarten through 12th grade in 106 elementary schools, 33 middle schools, 25 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 1.75% 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: entrepreneurial design, engineering, leadership, leadership and world languages, Montessori, museums, leadership in technology, university connections and leadership, center for leadership and technology, gifted and talented, gifted and talented/AIG basics, gifted and talented/AIG basics/museums, gifted and talented/IB diploma programme, international studies, international baccalaureate, center for Spanish language, creative arts and science, and language immersion. 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 1,570. Wake's score was 92 points above the North Carolina average of 1,478 and 117 points above the national average of 1,453. Wake students scored an average of 540 on math, 526 on critical reading and 504 on writing. The percentage of Wake students tested was 62 percent. This is 3.8 percent higher than the percentage of North Carolina students tested and 16.2 percent higher than the national percentage of students tested.

ACT Scores

Wake County Public School System graduates from the 2015-16 school year scored above the state average in all subject areas. The district's composite score was 1.6 points above the state average. In North Carolina, all school systems require high school juniors to take the ACT, regardless of college intentions.

Graduation Rates

For the 2015-16 school year, 87.1 percent of seniors who started school four years earlier graduated on time. This is a one percent increase over the 2014-15 rate of 86.1 percent, and the highest rate registered in the Wake County Public School System in the past ten 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. 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, 2015. This was the twenty-seventh consecutive year that the Board received these prestigious awards. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

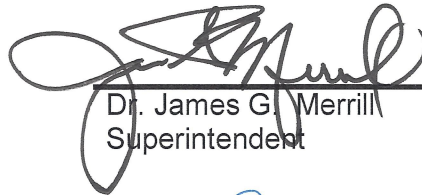
The Certificates of Achievement are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgments

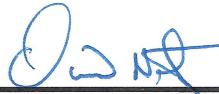
The efficient and dedicated services of the entire staff of the finance division were essential in the preparation of this report. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report and to the Board's independent certified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

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

Respectfully submitted,



Dr. James G. Merrill
Superintendent



David Neter
Chief Operating Officer



Mark Winters
Finance Officer



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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Mark B. Winters

Finance Officer

Wake County Board of Education, North Carolina

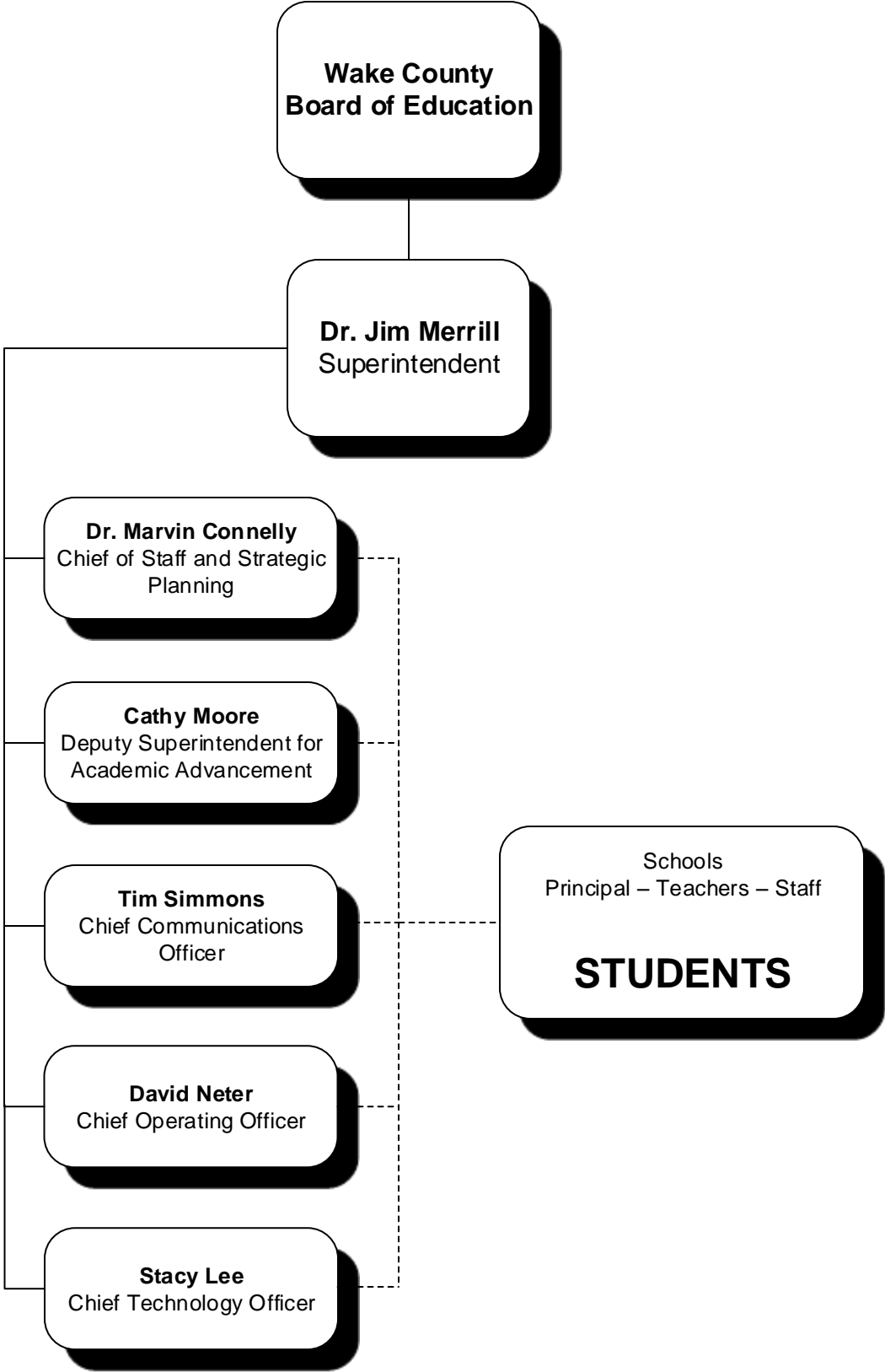


The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date March 8, 2016

Organizational Chart



Board of Education and Leadership Team



Tom Benton
Chair, District 1



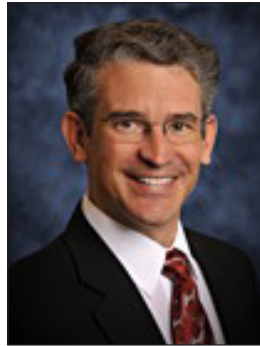
Monika Johnson-Hostler
Vice Chair, District 2



Kevin Hill
District 3



Keith Sutton
District 4



Jim Martin
District 5



Christine Kushner
District 6



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
Stacy Lee, Chief Technology Officer

Finance

Mark Winters, Finance Officer

Area Superintendents

Dr. Edward McFarland - Eastern Wake County
Dr. Lloyd Gardner - Southern Wake County
Dr. Pamela Kinsey-Barker - Northern Wake County
Dr. Andre Smith - Northeastern Wake County
Dr. Clinton Robinson - Southwestern Wake County
Dr. Mark Savage - Western Wake County
Danny Barnes, Interim - Central Wake County
James Overman - Elementary Support
Seydric Williams - Northwestern Wake County

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

Financial Section





Rives & Associates, LLP
Certified Public Accountants

Member:
American Institute of
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, 2016, 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education as of June 30, 2016, 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 Board's Proportionate share of the Net Pension Liability and the Schedule of Board Contributions on pages 52 and 53, 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 schedules and other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and state awards are the responsibility of management and was derived from and relates 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 reports dated October 25, 2016 on our consideration of Wake County Board of Education'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 these reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wake County Board of Education's internal control over financial reporting and compliance.

Rives & Associates LLP

Raleigh, North Carolina
October 25, 2016

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

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, 2016. 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 \$2,753,415,504.
- The Board's total net position increased by \$242,468,817 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 \$57,732,186 and the Board's governmental funds reported combined ending fund balances of \$68,333,875. This is a decrease of \$10,725,348 in comparison with the prior year. Approximately 20 percent of this total amount, or \$13,880,710, is available for spending at the government's discretion.
- The Board enjoyed an increased enrollment of 1,644 students (or 1.06%) 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, 2016**

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 outflows and 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 total of the Board's assets and deferred outflows 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, 2016**

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 \$2,753,415,000 as of June 30, 2016. The largest component of net investment in capital assets of approximately \$2,937,772,000.

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

Condensed Statements of Net Position						
June 30, 2016 and 2015						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 155,245	\$ 146,698	\$ 36,425	\$ 35,065	\$ 191,670	\$ 181,763
Capital assets	2,932,501	2,723,289	6,087	7,357	2,938,588	2,730,646
Total assets	<u>3,087,746</u>	<u>2,869,987</u>	<u>42,512</u>	<u>42,422</u>	<u>3,130,258</u>	<u>2,912,409</u>
Deferred outflows of resources	79,977	120,093	1,632	2,451	81,609	122,544
Current Liabilities	79,758	178,267	4,332	5,974	84,090	184,241
Long-term liabilities:	311,273	40,520	5,530	480	316,803	41,000
Total liabilities	<u>391,031</u>	<u>218,787</u>	<u>9,862</u>	<u>6,454</u>	<u>400,893</u>	<u>225,241</u>
Deferred inflows of resources	56,551	255,791	1,008	5,061	57,559	260,852
Net investment in capital assets	2,931,685	2,723,207	6,087	7,356	2,937,772	2,730,563
Restricted net position	14,602	17,026	-	-	14,602	17,026
Unrestricted net position	<u>(226,146)</u>	<u>(224,731)</u>	<u>27,187</u>	<u>26,002</u>	<u>(198,959)</u>	<u>(198,729)</u>
TOTAL NET POSITION	<u>\$2,720,141</u>	<u>\$2,515,502</u>	<u>\$ 33,274</u>	<u>\$ 33,358</u>	<u>\$ 2,753,415</u>	<u>\$ 2,548,860</u>

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Note that net position for governmental activities increased by approximately \$204,639,000 during the year. The increase in net position was due largely to the increase in capital assets in the governmental activities due to new school construction. Also note that the Board carries capital assets for which Wake County carries the offsetting debt.

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

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2016 and 2015**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,304	\$ 1,236	\$ 30,847	\$ 29,277	\$ 32,151	\$ 30,513
Operating grants and contributions	934,463	896,644	35,165	33,504	969,628	930,148
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Other revenues	674,168	501,905	199	139	674,367	502,044
Total revenues	1,609,935	1,399,785	66,211	62,920	1,676,146	1,462,705
Expenses:						
Governmental activities:						
Instructional services	1,027,037	934,111	-	-	1,027,037	934,111
System-wide support services	240,905	237,089	-	-	240,905	237,089
Ancillary services	113	167	-	-	113	167
Nonprogram charges	21,134	14,957	-	-	21,134	14,957
Depreciation	79,121	75,594	-	-	79,121	75,594
Business-type activities:						
Food services	-	-	53,618	53,254	53,618	53,254
Tuition programs	-	-	11,750	11,218	11,750	11,218
Total expenses	1,368,310	1,261,918	65,368	64,472	1,433,678	1,326,390
Transfers	(45)	(332)	45	332	-	-
Increase (decrease) in net position	241,580	137,535	888	(1,220)	242,468	136,315
Net position, beginning, previously reported	2,515,502	2,664,271	33,358	40,421	2,548,860	2,704,692
Restatement	(36,941)	(286,304)	(972)	(5,843)	(37,913)	-
Net position, beginning, restated	2,478,561	2,377,967	32,386	34,578	2,510,947	2,412,545
Net position, ending	\$2,720,141	\$2,515,502	\$ 33,274	\$33,358	\$2,753,415	\$2,548,860

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Total governmental activities generated revenues of \$1.6 billion while expenses in this category totaled \$1.37 billion for the year ended June 30, 2016. Comparatively, revenues were \$1.4 billion and expenses totaled \$1.26 billion for the year ended June 30, 2015. After transfers to the business-type activities, the increase in net position stands at \$241.6 million at June 30, 2016, compared to \$137.5 million in 2015. Instructional services expenses comprised 75% of total governmental-type expenses while system-wide support services made up 17.6% of those expenses for 2016. County funding comprised 41.3% of total governmental revenue for 2016. In 2015, county funding was 35%. Much of the remaining 58.7% of the total governmental revenue for 2016 consists of restricted state and federal money. This revenue represented 65% of total revenue in 2015. Business-type activities generated revenue of \$66 million and expenses of \$65 million. Net position increased in the business-type activities by \$888 million after transfers from the governmental activities of \$45,000.

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 \$57,732,186, a decrease of \$10,605,426 over last year. The underlying reason for this decrease was the appropriation of \$20 million of fund balance to balance the 2015-16 budget, and additional appropriations for one time bonuses and other approved special projects. The unassigned fund balance in the general fund decreased to \$13,880,710. This level of unassigned fund balance equals 0.95 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,460,334,679). The Board assigned \$10,400,000 from fund balance to support the 2016-17 budget.

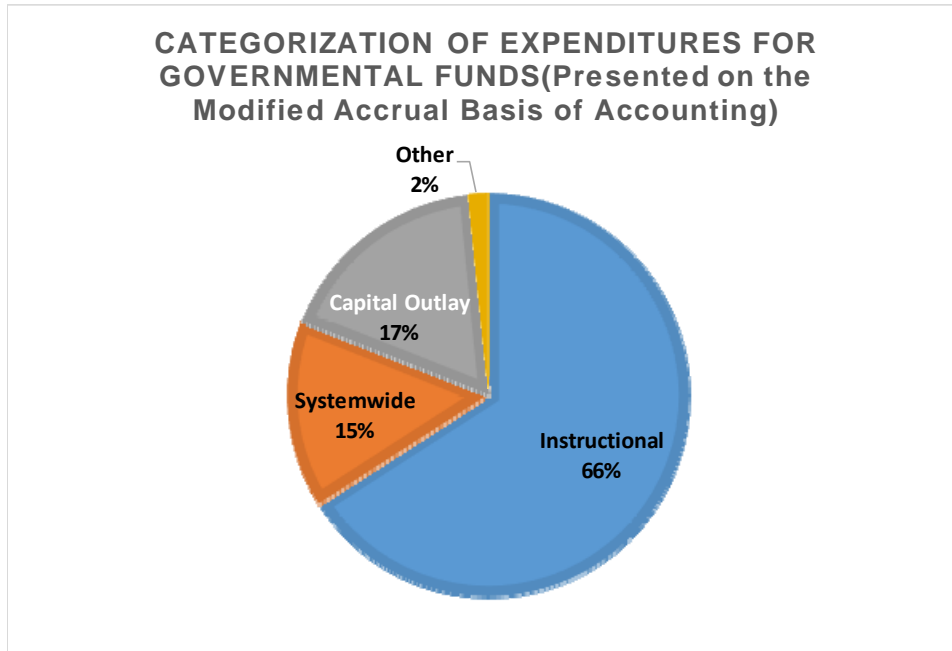
The total fund balance in the capital outlay fund increased by \$366,335, and the restricted fund balance for capital expenditures increased to \$741,489. This increase was due to the operating transfer from the general fund.

The fund balance restricted for individual schools in the individual schools fund increased by \$506,474 due to additional schools and schools increasing their revenues by 7% while only increasing expenditures by 5% in this area.

The Board's governmental funds reported a combined fund balance of \$68,333,875, a \$9,732,617 decrease over last year. County funding increased over the prior year by \$175 million. This increase was due mainly to the increase in the building program. State funding increased approximately \$26 million as a result of student growth and budget increases. Federal funding increased by approximately \$4.4 million due new grant awards.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

The Board's business-type funds reflected a total decrease in net position of approximately \$84 thousand. The Child Nutrition Program reflected a decrease in net position over the last year of \$1,694,698. This was mainly due to the increase in salaries and supply cost. Tuition Programs reflected an increase in net position over last year of \$1,610,567. This was due to 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 \$9 million. This was mainly due to the appropriation of fund balance for floor and carpet cleaning, technology updates, and an operating transfer for capital purchases. Total expenditures for the general fund were \$20 million less than the final budget due to 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 \$21.2 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, 2016**

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$2,938,588,550 (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, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 159,200	\$ 151,825	\$ -	\$ -	\$ 159,200	\$ 151,825
Land improvements	3,983	4,174	-	-	3,983	4,174
Buildings	2,574,223	2,415,202	-	-	2,574,223	2,415,202
Equipment	46,151	51,169	5,920	7,135	52,071	58,304
Vehicles	22,790	25,180	167	222	22,957	25,402
Construction in progress	126,154	75,739	-	-	126,154	75,739
Total	<u>\$ 2,932,501</u>	<u>\$ 2,723,289</u>	<u>\$ 6,087</u>	<u>\$ 7,357</u>	<u>\$ 2,938,588</u>	<u>\$ 2,730,646</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 increased by \$153,298,724 and the business-type activities debt increased by \$3,149,328. The increase in the government-type debt was due to the net pension liability. The increase in the business-type activities debt was also due to the pension liability. 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.

- Wake County's unemployment rate was 4.3% at June 30, 2016. This is down from 5.0% the previous year.
- The County is completing its revaluation cycle for real property and is estimating the increase in value from the last revaluation (eight years ago) to be approximately five percent.
- Sales tax collections for the fiscal year ended June 30, 2016 were \$167.6 million. This is an 8.4% increase from \$154.5 million in the prior fiscal year.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Requests for Information

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

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

WAKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 91,649,976	\$ 32,236,999	\$ 123,886,975
Due from other governments	57,027,112	1,658,339	58,685,451
Internal balances	(223,935)	223,935	-
Receivables	3,267,492	140,876	3,408,368
Inventory and prepaid expenses	3,523,924	2,164,934	5,688,858
Total current assets	<u>155,244,569</u>	<u>36,425,083</u>	<u>191,669,652</u>
Noncurrent assets:			
Land and construction in progress	285,353,384	-	285,353,384
Capital assets, net of accumulated depreciation	2,647,147,922	6,087,244	2,653,235,166
	<u>2,932,501,306</u>	<u>6,087,244</u>	<u>2,938,588,550</u>
TOTAL ASSETS	<u>3,087,745,875</u>	<u>42,512,327</u>	<u>3,130,258,202</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>79,977,246</u>	<u>1,632,188</u>	<u>81,609,434</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	16,889,077	1,374,866	18,263,943
Accounts payable	62,869,185	2,957,123	65,826,308
Long-term liabilities:			
Net pension liability	222,474,451	4,540,295	227,014,746
Due within one year	58,452,128	550,000	59,002,128
Due in more than one year	30,346,051	439,761	30,785,812
TOTAL LIABILITIES	<u>391,030,892</u>	<u>9,862,045</u>	<u>400,892,937</u>
DEFERRED INFLOWS OF RESOURCES	56,551,060	1,008,135	57,559,195
NET POSITION			
Net investment in capital assets	2,931,684,587	6,087,244	2,937,771,831
Restricted for:			
Individual school activities	8,978,294	-	8,978,294
Stabilization by state statute	4,854,723	-	4,854,723
School capital outlay	741,489	-	741,489
Restricted contributions	27,808	-	27,808
Unrestricted	<u>(226,145,732)</u>	<u>27,187,091</u>	<u>(198,958,641)</u>
TOTAL NET POSITION	<u>\$ 2,720,141,169</u>	<u>\$ 33,274,335</u>	<u>\$ 2,753,415,504</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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Instructional programs:				
Regular	\$ 583,890,706	\$ 1,269,473	\$ 468,047,597	\$ -
Special populations	196,300,020	-	179,202,610	-
Alternative programs and services	78,254,955	-	67,325,429	-
School leadership	71,562,962	-	56,099,238	-
Co-curricular	24,699,448	-	15,882,216	-
School-based support services	72,328,355	-	54,659,277	-
Systemwide support services				
Support and development	11,835,596	-	2,607,516	-
Special populations support and development	4,918,030	-	1,899,092	-
Alternative programs and services support and development	3,373,273	-	1,988,219	-
Technology support	28,037,064	-	3,616,242	-
Operational support	156,926,276	-	74,913,648	-
Financial and human resource	18,222,357	-	4,254,355	-
Accountability	3,433,611	-	1,312,708	-
Systemwide pupil support	5,515,556	-	484,730	-
Policy, leadership and public relations	8,642,718	-	2,091,420	-
Ancillary services	112,906	34,136	32,895	-
Nonprogram charges	21,134,354	-	45,462	-
Depreciation - unallocated *	79,120,543	-	-	-
Total governmental activities	<u>1,368,308,730</u>	<u>1,303,609</u>	<u>934,462,654</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Food services	53,618,487	17,315,970	35,165,199	-
Tuition programs	11,750,436	13,531,484	-	-
Total business-type activities	<u>65,368,923</u>	<u>30,847,454</u>	<u>35,165,199</u>	<u>-</u>
Total school district	<u>\$ 1,433,677,653</u>	<u>\$ 32,151,063</u>	<u>\$ 969,627,853</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, 2016**

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:			
Instructional programs:			
Regular	\$ (114,573,636)		\$ (114,573,636)
Special populations	(17,097,410)		(17,097,410)
Alternative programs and services	(10,929,526)		(10,929,526)
School leadership	(15,463,724)		(15,463,724)
Co-curricular	(8,817,232)		(8,817,232)
School-based support services	(17,669,078)		(17,669,078)
Systemwide support services			
Support and development	(9,228,080)		(9,228,080)
Special populations support and development	(3,018,938)		(3,018,938)
Alternative programs and services support and development	(1,385,054)		(1,385,054)
Technology support	(24,420,822)		(24,420,822)
Operational support	(82,012,628)		(82,012,628)
Financial and human resource	(13,968,002)		(13,968,002)
Accountability	(2,120,903)		(2,120,903)
Systemwide pupil support	(5,030,826)		(5,030,826)
Policy, leadership and public relations	(6,551,298)		(6,551,298)
Ancillary services	(45,875)		(45,875)
Nonprogram charges	(21,088,892)		(21,088,892)
Depreciation - unallocated *	(79,120,543)		(79,120,543)
Total governmental activities	<u>(432,542,467)</u>		<u>(432,542,467)</u>
BUSINESS-TYPE ACTIVITIES:			
Food services		\$ (1,137,318)	(1,137,318)
Tuition programs		<u>1,781,048</u>	<u>1,781,048</u>
Total business-type activities		<u>643,730</u>	<u>643,730</u>
Total school district	<u>(432,542,467)</u>	<u>643,730</u>	<u>(431,898,737)</u>
GENERAL REVENUES			
Unrestricted county appropriations - operating	384,849,031	-	384,849,031
Unrestricted county appropriations - capital	280,060,809	-	280,060,809
Unrestricted state appropriations - capital	816,720	-	816,720
Investment earnings, unrestricted	475,650	199,082	674,732
Miscellaneous, unrestricted	7,966,262	-	7,966,262
TRANSFER	<u>(45,187)</u>	<u>45,187</u>	<u>-</u>
Subtotal, general revenues and transfers	<u>674,123,285</u>	<u>244,269</u>	<u>674,367,554</u>
Changes in net position	241,580,818	887,999	242,468,817
Net position - beginning, previously reported	<u>2,515,501,641</u>	<u>33,358,466</u>	<u>2,548,860,107</u>
Restatement	(36,941,290)	(972,130)	(37,913,420)
Net position - beginning, restated	<u>2,478,560,351</u>	<u>32,386,336</u>	<u>2,510,946,687</u>
Net position - ending	<u>\$ 2,720,141,169</u>	<u>\$ 33,274,335</u>	<u>\$ 2,753,415,504</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, 2016

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 67,675,618	\$ 6,450,357	\$ 9,542,488	\$ 1,666,633	\$ 6,314,880	\$ 91,649,976
Due from other governments	2,129,963	10,773,890	65,150	42,500,122	1,557,987	57,027,112
Accounts receivable	1,333,081	-	28,325	-	1,906,086	3,267,492
Due from other funds	64,397	-	4,723	-	4,072	73,192
Prepaid	88,607	-	-	-	-	88,607
Inventories	3,435,317	-	-	-	-	3,435,317
Total assets	\$ 74,726,983	\$ 17,224,247	\$ 9,640,686	\$ 44,166,755	\$ 9,783,025	\$ 155,541,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 5,400,239	\$ 10,773,890	\$ -	\$ -	\$ 1,095,475	\$ 17,269,604
Accounts payable	11,583,143	6,450,357	378,292	42,542,505	1,534,361	62,488,658
Due to other funds	11,415	-	284,100	855	757	297,127
Total liabilities	16,994,797	17,224,247	662,392	42,543,360	2,630,593	80,055,389
Deferred inflows of resources:	-	-	-	-	7,152,432	7,152,432
Fund balances:						
Nonspendable:						
Inventories	3,435,317	-	-	-	-	3,435,317
Prepaid	88,607	-	-	-	-	88,607
Restricted:						
Stabilization by state statute	4,116,427	-	-	738,296	-	4,854,723
Capital expenditures	-	-	-	741,489	-	741,489
Individual schools	-	-	8,978,294	-	-	8,978,294
Restricted contributions for capital expenditures	-	-	-	27,808	-	27,808
Assigned						
Special projects	14,270,811	-	-	115,802	-	14,386,613
Insurance	10,310,534	-	-	-	-	10,310,534
Flexible benefit plan	1,229,780	-	-	-	-	1,229,780
Subsequent years expenditures	10,400,000	-	-	-	-	10,400,000
Unassigned	13,880,710	-	-	-	-	13,880,710
Total fund balances	57,732,186	-	8,978,294	1,623,395	-	68,333,875
Total liabilities, deferred inflows of resources, and fund balances	\$ 74,726,983	\$ 17,224,247	\$ 9,640,686	\$ 44,166,755	\$ 9,783,025	

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	2,932,501,306
Deferred outflows of resources related to pensions	79,977,246
Net pension liability	(222,474,451)
Deferred inflows of resources related to pensions	(49,398,628)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Workers' compensation self-insurance	\$ (6,294,693)
Compensated absences (vacation)	(81,686,767)
Installment purchase	(816,719)
	<u>(88,798,179)</u>
Total net position - governmental activities	\$ 2,720,141,169

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, 2016

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
REVENUES:						
County	\$ 383,970,976	\$ -	\$ -	\$ 280,060,809	\$ 878,055	\$ 664,909,840
State	11,863	839,066,186	-	816,720	-	839,894,769
Federal	509,063	-	-	-	69,944,338	70,453,401
Other local	7,413,975	-	15,875,302	471,945	14,908,545	38,669,767
Total revenues	<u>391,905,877</u>	<u>839,066,186</u>	<u>15,875,302</u>	<u>281,349,474</u>	<u>85,730,938</u>	<u>1,613,927,777</u>
EXPENDITURES:						
Current operations:						
Instructional services:						
Regular instruction	146,700,819	460,136,865	-	-	4,846,450	611,684,134
Special populations	26,714,369	147,075,273	-	-	31,458,604	205,248,246
Alternative programs and services	14,263,721	35,963,250	-	-	30,625,673	80,852,644
School leadership	19,091,153	56,080,547	-	-	19,024	75,190,724
Co-curricular	10,163,094	-	15,001,070	-	6,770	25,170,934
School-based support	19,424,743	52,515,496	-	-	2,187,960	74,128,199
Systemwide support services						
Support and development	8,062,516	1,262,537	-	-	3,357,807	12,682,860
Special populations support and development	3,342,616	1,032,999	-	-	854,433	5,230,048
Alternative programs and services support and development						
Technology support	1,518,858	489,601	-	-	1,461,689	3,470,148
Operational support	16,901,415	3,616,242	-	-	176,595	20,694,252
Financial and human resource	84,065,086	72,931,100	-	-	8,613,912	165,610,098
Accountability	14,216,300	4,138,557	-	-	568,178	18,923,035
Systemwide pupil support	2,271,853	1,257,370	-	-	54,499	3,583,722
Policy, leadership, and public relations	5,247,768	414,836	-	-	47,774	5,710,378
Ancillary services	6,883,018	2,091,420	-	-	-	8,974,438
Non-program charges	1,114	14,906	-	-	45,178	61,198
Debt service:	22,632,919	-	-	-	1,774,150	24,407,069
Principal	-	-	-	816,720	-	816,720
Capital outlay:						
Land, buildings, and other	-	-	-	279,806,559	-	279,806,559
Equipment	-	-	-	3,914,300	-	3,914,300
Total expenditures	<u>401,501,362</u>	<u>839,020,999</u>	<u>15,001,070</u>	<u>284,537,579</u>	<u>86,098,696</u>	<u>1,626,159,706</u>
Excess (deficiency) of revenues over expenditures	(9,595,485)	45,187	874,232	(3,188,105)	(367,758)	(12,231,929)
OTHER FINANCING SOURCES (USES):						
Installment purchase obligations issued	-	-	-	1,551,768	-	1,551,768
Transfers in	-	-	-	2,002,672	367,758	2,370,430
Transfers out	(2,002,672)	(45,187)	(367,758)	-	-	(2,415,617)
Total other financing sources (uses)	<u>(2,002,672)</u>	<u>(45,187)</u>	<u>(367,758)</u>	<u>3,554,440</u>	<u>367,758</u>	<u>1,506,581</u>
Net change in fund balance	<u>(11,598,157)</u>	<u>-</u>	<u>506,474</u>	<u>366,335</u>	<u>-</u>	<u>(10,725,348)</u>
Fund balances, beginning of year	68,337,612	-	8,471,820	1,257,060	-	78,066,492
Decrease in reserve for inventories	992,731	-	-	-	-	992,731
Fund balances, end of year	<u>\$ 57,732,186</u>	<u>\$ -</u>	<u>\$ 8,978,294</u>	<u>\$ 1,623,395</u>	<u>\$ -</u>	<u>\$ 68,333,875</u>

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

**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, 2016**

Total net change in fund balances - governmental funds.	\$ (10,725,348)
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.	198,743,295
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	75,295,615
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.	(735,048)
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	(23,019,216)
Compensated absences	508,497
Loss on disposal of assets	(224,239)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements.	744,531
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.	<u>992,731</u>
Change in net position of governmental activities.	<u>\$ 241,580,818</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, 2016

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 383,874,618	\$ 383,970,976	\$ 383,970,976	\$ -
State	52,600	11,707	11,863	156
Federal	450,000	450,000	509,063	59,063
Other local	<u>5,391,913</u>	<u>5,339,493</u>	<u>7,413,975</u>	<u>2,074,482</u>
Total revenues	<u>389,769,131</u>	<u>389,772,176</u>	<u>391,905,877</u>	<u>2,133,701</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	147,307,405	150,125,988	146,700,819	3,425,169
Special populations	33,881,335	27,937,066	26,714,369	1,222,697
Alternative programs and services	13,255,536	15,277,068	14,263,721	1,013,347
School leadership	16,970,949	19,194,439	19,091,153	103,286
Co-curricular	10,603,605	10,589,116	10,163,094	426,022
School-based support services	14,646,338	19,579,811	19,424,743	155,068
Systemwide support services				
Support and development	8,565,558	8,492,371	8,062,516	429,855
Special populations support and development	3,434,613	3,405,643	3,342,616	63,027
Alternative programs and services support and development	1,733,285	1,551,483	1,518,858	32,625
Technology support	17,025,307	17,273,153	16,901,415	371,738
Operational support	89,271,650	92,336,923	84,065,086	8,271,837
Financial and human resource	15,000,402	14,998,162	14,216,300	781,862
Accountability	2,443,385	2,372,872	2,271,853	101,019
Systemwide pupil support	5,483,795	5,351,264	5,247,768	103,496
Policy, leadership and public relations	7,395,546	7,588,882	6,883,018	705,864
Ancillary services	1,212	1,318	1,114	204
Non-program charges	21,416,563	22,966,563	22,632,919	333,644
Unbudgeted funds	<u>6,466,051</u>	<u>2,796,540</u>	<u>-</u>	<u>2,796,540</u>
Total expenditures	<u>414,902,535</u>	<u>421,838,662</u>	<u>401,501,362</u>	<u>20,337,300</u>
Revenues over (under) expenditures	<u>(25,133,404)</u>	<u>(32,066,486)</u>	<u>(9,595,485)</u>	<u>22,471,001</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	25,133,404	34,069,158	-	(34,069,158)
Transfers out	<u>-</u>	<u>(2,002,672)</u>	<u>(2,002,672)</u>	<u>-</u>
Total other financing sources (uses)	<u>25,133,404</u>	<u>32,066,486</u>	<u>(2,002,672)</u>	<u>(34,069,158)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(11,598,157)</u>	<u>\$ (11,598,157)</u>
Fund balances, beginning of year			68,337,612	
Decrease in reserve for inventories			992,731	
Fund balances, end of year			<u>\$ 57,732,186</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, 2016

	State Public School Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ -	\$ -	\$ -	\$ -
State	828,906,080	850,111,422	839,066,186	(11,045,236)
Federal	-	-	-	-
Other local	-	-	-	-
Total revenues	<u>828,906,080</u>	<u>850,111,422</u>	<u>839,066,186</u>	<u>(11,045,236)</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	473,279,657	465,873,691	460,136,865	5,736,826
Special populations	140,652,527	148,305,390	147,075,273	1,230,117
Alternative programs and services	29,172,044	38,648,040	35,963,250	2,684,790
School leadership	55,644,557	56,091,728	56,080,547	11,181
Co-curricular	-	-	-	-
School-based support services	53,548,726	52,567,495	52,515,496	51,999
Systemwide support services				
Support and development	969,282	1,283,794	1,262,537	21,257
Special populations support and development	925,984	1,032,999	1,032,999	-
Alternative programs and services support and development	363,877	489,751	489,601	150
Technology support	4,985,175	4,904,502	3,616,242	1,288,260
Operational support	62,671,055	72,939,695	72,931,100	8,595
Financial and human resource	3,287,641	4,138,557	4,138,557	-
Accountability	1,296,245	1,263,222	1,257,370	5,852
Systemwide pupil support	305,147	414,836	414,836	-
Policy, leadership and public relations	1,766,828	2,097,620	2,091,420	6,200
Ancillary services	37,335	14,915	14,906	9
Non-program charges	-	-	-	-
Unbudgeted funds	-	-	-	-
Total expenditures	<u>828,906,080</u>	<u>850,066,235</u>	<u>839,020,999</u>	<u>11,045,236</u>
Revenues over (under) expenditures	<u>-</u>	<u>45,187</u>	<u>45,187</u>	<u>-</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	-	-	-	-
Transfers out	-	(45,187)	(45,187)	-
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, 2016**

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,666,614	\$ 11,570,385	\$ 32,236,999
Accounts receivable	9,842	131,034	140,876
Due from other governments	1,550,521	107,818	1,658,339
Due from other funds	3,492	283,906	287,398
Inventory	2,164,934	-	2,164,934
Total current assets	<u>24,395,403</u>	<u>12,093,143</u>	<u>36,488,546</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>5,756,401</u>	<u>330,843</u>	<u>6,087,244</u>
Total assets	<u>30,151,804</u>	<u>12,423,986</u>	<u>42,575,790</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,289,480</u>	<u>342,708</u>	<u>1,632,188</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	1,355,491	19,375	1,374,866
Accounts payable	2,294,417	662,706	2,957,123
Due to other funds	38,618	24,845	63,463
Current portion of long-term obligations	<u>478,500</u>	<u>71,500</u>	<u>550,000</u>
Total current liabilities	4,167,026	778,426	4,945,452
Noncurrent liabilities:			
Net pension liability	3,478,648	1,061,647	4,540,295
Compensated absences	<u>380,378</u>	<u>59,383</u>	<u>439,761</u>
Total noncurrent liabilities	<u>3,859,026</u>	<u>1,121,030</u>	<u>4,980,056</u>
Total liabilities	<u>8,026,052</u>	<u>1,899,456</u>	<u>9,925,508</u>
DEFERRED INFLOWS OF RESOURCES	<u>867,397</u>	<u>140,738</u>	<u>1,008,135</u>
NET POSITION			
Net investment in capital assets	5,756,401	330,843	6,087,244
Unrestricted	<u>16,791,434</u>	<u>10,395,657</u>	<u>27,187,091</u>
Total net position	<u>\$ 22,547,835</u>	<u>\$ 10,726,500</u>	<u>\$ 33,274,335</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, 2016

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 17,315,970	\$ -	\$ 17,315,970
Participant fees	-	13,531,484	13,531,484
Total operating revenues	<u>17,315,970</u>	<u>13,531,484</u>	<u>30,847,454</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	16,679,855	5,484,554	22,164,409
Food	19,530,729	-	19,530,729
Supplies	1,900,414	2,893,604	4,794,018
Purchased services	1,493,342	1,193,236	2,686,578
Other supporting services:			
Employee benefits	6,908,160	1,009,593	7,917,753
Donated commodities	3,507,389	-	3,507,389
Indirect costs	2,419,434	1,115,178	3,534,612
Depreciation	1,179,164	54,271	1,233,435
TOTAL OPERATING EXPENSES	<u>53,618,487</u>	<u>11,750,436</u>	<u>65,368,923</u>
Operating loss	<u>(36,302,517)</u>	<u>1,781,048</u>	<u>(34,521,469)</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	31,076,595	-	31,076,595
USDA grants - summer feeding program	57,850	-	57,850
USDA grants - fresh fruit & vegetable program	536,692	-	536,692
Federal commodities	3,507,389	-	3,507,389
Interest	131,844	67,238	199,082
Local donations and grants	110,000	-	110,000
Loss on sale of capital assets	(118,919)	(4,408)	(123,327)
Total non-operating revenues	<u>35,301,451</u>	<u>62,830</u>	<u>35,364,281</u>
Income (loss) before contributions and transfers	(1,001,066)	1,843,878	842,812
Transfers from other funds	45,187	-	45,187
	45,187	-	45,187
Change in net position	(955,879)	1,843,878	887,999
Total net position, beginning	<u>24,242,533</u>	<u>9,115,933</u>	<u>33,358,466</u>
Restatement	(738,819)	(233,311)	(972,130)
Total net positions, beginning, restated	<u>23,503,714</u>	<u>8,882,622</u>	<u>32,386,336</u>
Total net position, ending	<u>\$ 22,547,835</u>	<u>\$ 10,726,500</u>	<u>\$ 33,274,335</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, 2016

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 17,235,267	\$ 13,878,445	\$ 31,113,712
Cash paid for goods and services	(22,713,312)	(4,440,561)	(27,153,873)
Cash paid to employees for services	(24,196,554)	(6,723,034)	(30,919,588)
Other operating revenues	(2,383,706)	(998,660)	(3,382,366)
Net cash provided (used) by operating activities	<u>(32,058,305)</u>	<u>1,716,190</u>	<u>(30,342,115)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	31,076,595	-	31,076,595
USDA grants - summer feeding program	57,850	-	57,850
USDA grants - fresh fruit & vegetable program	536,692	-	536,692
Local donations and grants	110,000	-	110,000
Net cash provided by non-capital financing activities	<u>31,781,137</u>	<u>-</u>	<u>31,781,137</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(79,743)	(12,271)	(92,014)
Proceeds from sale of equipment	4,671	-	4,671
Net cash used for capital and related financing activities	<u>(75,072)</u>	<u>(12,271)</u>	<u>(87,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	131,844	67,238	199,082
Net increase (decrease) in cash and cash equivalents	(220,396)	1,771,157	1,550,761
Cash and cash equivalents, beginning of year	20,887,010	9,799,228	30,686,238
Cash and cash equivalents, end of year	<u>\$ 20,666,614</u>	<u>\$ 11,570,385</u>	<u>\$ 32,236,999</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (36,302,517)	\$ 1,781,048	\$ (34,521,469)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,179,164	54,271	1,233,435
Donated commodities	3,507,389	-	3,507,389
Salaries paid by special revenue fund	45,187	-	45,187
Decrease in accounts receivable	63,731	464,729	528,460
Increase in due from other governments	(104,380)	(21,920)	(126,300)
Increase in inventories	(227,486)	-	(227,486)
Increase in net pension liability	2,385,728	753,388	3,139,116
Increase in deferred outflows	(116,612)	(36,825)	(153,437)
Decrease in deferred inflows	(3,079,933)	(972,611)	(4,052,544)
Increase (decrease) in accounts payable and accrued liabilities	597,568	(322,247)	275,321
Increase (decrease) in long-term liabilities	(6,144)	16,357	10,213
Total adjustments	<u>4,244,212</u>	<u>(64,858)</u>	<u>4,179,354</u>
Net cash provided (used) by operating activities	<u>\$ (32,058,305)</u>	<u>\$ 1,716,190</u>	<u>\$ (30,342,115)</u>

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

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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, 2016**

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
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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, 2016**

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 \$341,214,054 approved by the Board as follows:

General fund	\$ 8,938,799
State public school fund	21,205,342
Grants and other restricted funds	13,816,143
Capital outlay fund	295,705,592
Enterprise fund	1,548,178
	<u>\$ 341,214,054</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
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The Board's investments are reported at amortized cost or at fair value as determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. 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.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less 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

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other assets are recorded at original cost. 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 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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, 2016, are recorded in the government-wide and proprietary fund financial statements on a LIFO basis. An estimate has been made based on prior years' records of the current portion of compensated absences.

The 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

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, 2016, 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, 2016

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 \$2,651,807,294 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)	\$ 3,745,012,205
Less accumulated depreciation	<u>(812,510,899)</u>
Net capital assets	<u>2,932,501,306</u>
Pension-related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	4,681,632
Contributions made to the pension plan in current fiscal year	75,295,614
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are, therefore, not recorded in the fund statements:	
Workers' compensation self-insurance	(6,294,693)
Compensated absences	(81,686,767)
Installment purchase	(816,719)
Net pension liability	(222,474,451)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	(25,295,390)
Difference between projected and actual earnings on plan investments	<u>(24,103,238)</u>
Total adjustments	<u>\$ 2,651,807,294</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 \$252,306,166 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.	\$ 283,485,939
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.	(84,742,644)
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.	(1,551,768)
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.	816,720
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	75,295,615
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	(23,019,216)
Loss on disposal of assets	(224,239)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	508,497
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.	992,731
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>744,531</u>
Total adjustments	<u>\$ 252,306,166</u>

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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, 2016, the Board's deposits with banks had a carrying amount of \$41,838,760 and with the State Treasurer of \$6,964,788. The bank balances with financial institutions and the State Treasurer were \$43,140,963 and \$8,107,097, respectively. Of these balances, \$382,642 was covered by federal depository insurance and \$50,865,418 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, 2016**

2. Investments

At June 30, 2016, the Board had \$8,996 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$75,074,431 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The board has no policy for managing interest rate risk or credit risk.

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, 2016.

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, 2016. 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, 2016, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other
Governmental activities:			
General Fund	\$ 64,397	\$ 2,129,963	\$ 1,333,081
Other governmental activities	8,795	54,897,149	1,934,411
Total	<u>\$ 73,192</u>	<u>\$ 57,027,112</u>	<u>\$ 3,267,492</u>
Business-type activities			
Child Nutrition Program	\$ 3,492	\$ 1,550,521	\$ 9,842
Tuition Programs	283,906	107,818	131,034
Total	<u>\$ 287,398</u>	<u>\$ 1,658,339</u>	<u>\$ 140,876</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 816,680	Sales tax refund from state
	20,248	Miscellaneous revenue from state
	1,245,877	Miscellaneous revenue from municipalities
	47,158	Miscellaneous revenue from federal
	<u>2,129,963</u>	
State Public School Fund	10,773,890	Operating funds from DPI
Individual Schools Fund	65,150	Sales tax refund from state
Capital Outlay Fund	42,500,122	County funds from county appropriations
Direct Grants Fund	331,772	Federal grant funds
State Administered Federal Grants Fund	1,219,855	Federal grant funds
Other restricted fund	6,360	Sales tax refund from state
	<u>\$57,027,112</u>	

Business-type activities:

Child Nutrition Program	\$ 1,550,521	USDA Reimbursement from state
Tuition Programs	66,469	Sales tax refund from state
	41,349	Miscellaneous revenue from municipalities
	<u>107,818</u>	
	<u>\$ 1,658,339</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, 2016**

4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was:

	Beginning Balances as Restated	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 151,825,625	\$ 7,374,176	\$ -	\$ -	\$ 159,199,801
Construction in progress	<u>75,738,664</u>	<u>267,970,000</u>	<u>(217,555,081)</u>	<u>-</u>	<u>126,153,583</u>
Total capital assets not being depreciated	<u>227,564,289</u>	<u>275,344,176</u>	<u>(217,555,081)</u>	<u>-</u>	<u>285,353,384</u>
Capital assets being depreciated					
Land improvements	9,267,644	142,994	-	(283,403)	9,127,235
Buildings	3,058,853,912	-	217,555,081	-	3,276,408,993
Equipment	89,603,121	3,753,923	-	(571,472)	92,785,572
Vehicles and motor equipment	<u>78,408,888</u>	<u>4,244,846</u>	<u>-</u>	<u>(1,316,713)</u>	<u>81,337,021</u>
Total capital assets being depreciated	<u>3,236,133,565</u>	<u>8,141,763</u>	<u>217,555,081</u>	<u>(2,171,588)</u>	<u>3,459,658,821</u>
Less accumulated depreciation for					
Land improvements	5,093,447	329,604	-	(279,483)	5,143,568
Buildings	632,958,515	69,227,040	-	-	702,185,555
Equipment	38,434,182	8,624,024	-	(423,055)	46,635,151
Vehicles and motor equipment	<u>53,229,460</u>	<u>6,561,976</u>	<u>-</u>	<u>(1,244,811)</u>	<u>58,546,625</u>
Total accumulated depreciation	<u>729,715,604</u>	<u>\$ 84,742,644</u>	<u>-</u>	<u>\$ (1,947,349)</u>	<u>812,510,899</u>
Total capital assets being depreciated, net	<u>2,506,417,961</u>				<u>2,647,147,922</u>
Governmental activity capital assets, net	<u>\$ 2,733,982,250</u>				<u>\$ 2,932,501,306</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 79,120,543
Operational support services	<u>5,622,101</u>
Total	<u>\$ 84,742,644</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
Child nutrition program activities				
Capital assets being depreciated:				
Equipment	\$ 19,473,712	\$ 79,743	\$ (247,526)	\$ 19,305,929
Vehicles	<u>975,769</u>	<u>-</u>	<u>(76,256)</u>	<u>899,513</u>
Total capital assets being depreciated	20,449,481	79,743	(323,782)	20,205,442
Less accumulated depreciation for:				
Equipment	12,662,075	1,134,291	(123,936)	13,672,430
Vehicles	<u>807,994</u>	<u>44,873</u>	<u>(76,256)</u>	<u>776,611</u>
Total accumulated depreciation	<u>13,470,069</u>	<u>1,179,164</u>	<u>(200,192)</u>	<u>14,449,041</u>
Child nutrition program capital assets, net	<u>6,979,412</u>			<u>5,756,401</u>
Tuition program activities:				
Capital assets being depreciated:				
Equipment	583,718	12,271	(13,932)	582,057
Vehicles	<u>81,812</u>	<u>-</u>	<u>-</u>	<u>81,812</u>
Total capital assets being depreciated	665,530	12,271	(13,932)	663,869
Less accumulated depreciation for:				
Equipment	260,231	44,044	(9,524)	294,751
Vehicles	<u>28,048</u>	<u>10,227</u>	<u>-</u>	<u>38,275</u>
Total accumulated depreciation	<u>288,279</u>	<u>\$ 54,271</u>	<u>\$ (9,524)</u>	<u>333,026</u>
Tuition program capital assets, net	<u>377,251</u>			<u>330,843</u>
Business-type activities capital assets, net	<u>\$ 7,356,663</u>			<u>\$ 6,087,244</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2016. At year-end, the Board's commitments with contractors for school construction totaled approximately \$293,198,340. 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, 2016**

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 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.

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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, 2016, 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 \$76,832,259 for the year ended June 30, 2016.

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, 2016, the Board reported a liability of \$227,014,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015, 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, relative to the projected future payroll covered by the pension plan of all participating TSERS employers, actuarially determined. At June 30, 2015, and at June 30, 2014, the Board's proportion was 5.9756% and 5.8869%, respectively.

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For the year ended June 30, 2016, the Board recognized pension expense of \$23,488,995. At June 30, 2016, 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	\$ -	\$ 25,811,621
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	24,595,142
Changes in proportion and differences between Board contributions and proportionate share of contributions	4,777,175	-
Board contributions subsequent to the measurement date	76,832,259	-
Total	<u>\$ 81,609,434</u>	<u>\$ 50,406,763</u>

A total of \$76,832,259 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (28,190,079)
2018	(28,190,079)
2019	(27,299,237)
2020	38,049,809
	<u>\$ (45,629,586)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014, 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

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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, 2014, 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	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100.00%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 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.

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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</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
Board's proportionate share of the net pension liability(asset)	683,251,991	227,014,830	(160,155,009)

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 are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

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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, 2016, 2015, and 2014, the School Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$47,023,022, \$43,956,344, and \$40,529,152, respectively. These contributions represented 5.6 percent, 5.49 percent, and 5.4 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.

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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
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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, 2016, 2015 and 2014, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,442,757, \$3,282,714, and \$3,302,375, respectively. These contributions represented .41 percent, .41 percent, and .44 percent of covered payroll, respectively.

2. Accounts Payable

Accounts payables as of June 30, 2016, are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 11,583,143	\$ 5,400,239
Other Governmental	50,905,515	11,869,365
Total Governmental activities	<u>\$ 62,488,658</u>	<u>\$ 17,269,604</u>
Business-type Activities		
Child Nutrition Program	\$ 2,294,417	\$ 1,355,491
Tuition Programs	662,706	19,375
Total Business-type activities	<u>\$ 2,957,123</u>	<u>\$ 1,374,866</u>

3. Deferred Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportion and difference between employer contributions and proportionate share of contributions	\$ 4,777,175	\$ -
Board contributions subsequent to the measurement date	76,832,259	-
Difference between projected and actual earnings on plan investments	-	24,595,142
Difference between expected and actual experience	-	25,811,621
Grants not yet earned (Direct Grants)	-	1,489,676
Grants not yet earned (Other Restricted Funds)	-	5,662,756
Totals	<u>\$ 81,609,434</u>	<u>\$ 57,559,195</u>

**WAKE COUNTY BOARD OF EDUCATION
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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. Through 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 \$3,000,000 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 with a self-insured specific retention of \$750,000; 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 4 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 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Estimated claims payable, beginning of year	\$ 7,039,224	\$ 6,088,469
Current year claims and changes in estimates	1,161,465	2,884,524
Claim payments	<u>(1,905,996)</u>	<u>(1,933,769)</u>
Estimated claims payable, end of year	<u>\$ 6,294,693</u>	<u>\$ 7,039,224</u>

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

**WAKE COUNTY BOARD OF EDUCATION
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5. Contingent Liabilities

At June 30, 2016, the Board was a defendant to various lawsuits. In the opinion of the Board's management and the Board's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Board's financial position.

6. Long-Term Obligations

a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. The total costs for such leases were \$5,927,697 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year ending June 29</u>	<u>Amount</u>
2017	\$ 5,935,781
2018	5,778,054
2019	4,774,612
2020	4,852,187
2021	4,943,809
2022-2026	25,982,740
2027-2031	3,015,589
2032-2100	<u>3,099,967</u>
Total	<u>\$ 58,382,739</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 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. Payments of \$40,836 and \$40,835 are due in the years ending June 30, 2016, and 2017, respectively. In fiscal year 2015, the Board entered into an installment purchase contract to finance the purchase of 19 buses through a special third-party financing arrangement offered by Banc of America Public Capital Corp. The financing contract only requires principal payments of \$775,884 for the year ending June 30, 2016. The subsequent payments of \$387,942 are due in the years ending June 30, 2017 and 2018.

WAKE COUNTY BOARD OF EDUCATION
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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, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Worker's compensation	\$ 7,039,224	\$ 1,161,465	\$ 1,905,996	\$ 6,294,693	\$ 3,023,350
Installment purchase	81,671	1,551,768	816,720	816,719	428,778
Net pension liability	68,657,747	153,816,704	-	222,474,451	-
Compensated absences	<u>82,195,264</u>	<u>55,404,957</u>	<u>55,913,454</u>	<u>81,686,767</u>	<u>55,000,000</u>
Total	<u>\$ 157,973,906</u>	<u>\$ 211,934,894</u>	<u>\$ 58,636,170</u>	<u>\$ 311,272,630</u>	<u>\$ 58,452,128</u>
Business-type activities:					
Net pension liability	\$ 1,401,179	\$ 3,139,116	\$ -	\$ 4,540,295	\$ -
Compensated absences	<u>979,548</u>	<u>689,323</u>	<u>679,110</u>	<u>989,761</u>	<u>550,000</u>
Total	<u>\$ 2,380,727</u>	<u>\$ 3,828,439</u>	<u>\$ 679,110</u>	<u>\$ 5,530,056</u>	<u>\$ 550,000</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.

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Outlay Fund	\$ 855
General Fund	Individual Schools Fund	2,343
General Fund	State Administered Federal Grants Fund	372
General Fund	Child Nutrition Program	37,710
General Fund	Tuition Program	22,835
General Fund	Direct Grants Fund	282
State Administered Federal Grants Fund	General Fund	243
Tuition Program	General Fund	2,804
Tuition Program	Individual Schools Fund	281,102
Child Nutrition Program	General Fund	2,745
Child Nutrition Program	Individual Schools Fund	655
Child Nutrition Program	Direct Grants Fund	92
Individual Schools Fund	General Fund	4,712
Individual Schools Fund	Direct Grants Fund	11
Direct Grants Fund	General Fund	911
Other Restricted Funds	Child Nutrition Program	908
Other Restricted Funds	Tuition Program	2,010
		<u>\$ 360,590</u>

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Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$281,102 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 following is a summary of Transfers for the year ended June 30, 2016:

<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	\$ -	\$ -	\$ 45,187
General Fund	2,002,672	-	-
Individual Schools Fund	-	367,758	-
	<u>\$ 2,002,672</u>	<u>\$ 367,758</u>	<u>\$ 45,187</u>

During the year, the State Public School Fund transferred \$45,187 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$367,758 to the Other Restricted Funds to fund the costs of additional positions in the schools. The General Fund transferred \$2,002,672 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	\$ 57,732,186
Less:	
Inventories	3,435,317
Prepays	88,607
Stabilization by State Statute	4,116,427
Special projects	14,270,811
Insurance	10,310,534
Flexible benefit plan	1,229,780
Appropriated fund balance in 2017 budget	<u>10,400,000</u>
Remaining fund balance	<u>\$ 13,880,710</u>

**WAKE COUNTY BOARD OF EDUCATION
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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	\$ 588,985
Capital Outlay Fund	738,296

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.

Subsequent Events

The Board has evaluated subsequent events through October 25, 2016, in connection with the preparation of these financial statements. This is the date the financial statements were available to be issued.

IV. Prior Period 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. An error in the implementation of the statement caused an overstatement of deferred outflows of resources. As a result, net position for the governmental and business-type activities decreased by \$47,634,381 and \$972,130, respectively.

In 2015, depreciation expense was overstated by \$10,693,091. As a result, the beginning balance for capital assets increased by \$10,693,091 and the net position for the governmental activities increased by \$10,693,091.

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 Three Fiscal Years *

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's portion of the net pension liability (asset)	6.1602%	5.9756%	5.8869%
Board's proportionate share of the net pension liability (asset)	\$ 227,014,746	\$ 70,058,926	\$ 357,394,818
Board's covered-employee payroll	\$ 800,662,003	\$ 750,539,861	\$ 740,564,917
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28%	9%	48%
Plan fiduciary net position as a percentage of the total pension liability	94.64%	98.24%	90.60%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 76,832,259	\$ 73,180,297	\$ 65,221,914
Contributions in relation to the contractually required contribution	<u>76,832,259</u>	<u>73,180,297</u>	<u>65,221,914</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 839,696,815	\$ 800,662,003	\$ 750,539,861
Contributions as a percentage of covered- employee payroll	9.15%	9.14%	8.69%

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, 2016**

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
ASSETS				
Cash	\$ 1,400,592	\$ 514,430	\$ 4,399,858	\$ 6,314,880
Due from other governments	331,772	1,219,855	6,360	1,557,987
Accounts receivable	135,948	-	1,770,138	1,906,086
Due from other funds	911	243	2,918	4,072
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,869,223</u>	<u>\$ 1,734,528</u>	<u>\$ 6,179,274</u>	<u>\$ 9,783,025</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries and benefits payable	\$ 21,698	\$ 1,057,341	\$ 16,436	\$ 1,095,475
Accounts payable	357,464	676,815	500,082	1,534,361
Due to other funds	385	372	-	757
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>379,547</u>	<u>1,734,528</u>	<u>516,518</u>	<u>2,630,593</u>
Deferred inflows of resources:	<u>1,489,676</u>	<u>-</u>	<u>5,662,756</u>	<u>7,152,432</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,869,223</u>	<u>\$ 1,734,528</u>	<u>\$ 6,179,274</u>	<u>\$ 9,783,025</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Direct Grants	State Administered Federal Grants	Other Restricted Funds	Total
REVENUES:				
County	\$ -	\$ -	\$ 878,055	\$ 878,055
Federal	4,648,779	65,295,559	-	69,944,338
Other	2,543,010	-	12,365,535	14,908,545
Total revenues	<u>7,191,789</u>	<u>65,295,559</u>	<u>13,243,590</u>	<u>85,730,938</u>
EXPENDITURES:				
Instructional services:				
Regular instructional	3,067,927	1,468,402	310,121	4,846,450
Special populations	26,960	27,593,750	3,837,894	31,458,604
Alternative programs	1,546,991	29,004,040	74,642	30,625,673
School leadership	18,690	-	334	19,024
Co-curricular	6,770	-	-	6,770
School-based support	859,493	1,092,446	236,021	2,187,960
Systemwide support services				
Support and development	785,380	2,055,927	516,500	3,357,807
Special populations support and development	45,128	746,164	63,141	854,433
Alternative programs and services support and development	503,847	957,842	-	1,461,689
Technology support	-	-	176,595	176,595
Operational support	8,820	281,327	8,323,765	8,613,912
Financial and human resource	85,136	483,042	-	568,178
Accountability services	54,499	-	-	54,499
Systemwide pupil support	2,718	-	45,056	47,774
Ancillary services	14,419	3,480	27,279	45,178
Non-program charges	165,011	1,609,139	-	1,774,150
Total expenditures	<u>7,191,789</u>	<u>65,295,559</u>	<u>13,611,348</u>	<u>86,098,696</u>
Deficiency of revenues over expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(367,758)</u>	<u>(367,758)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>367,758</u>	<u>367,758</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
State: other	\$ 11,707	\$ 11,863	\$ 156	\$ 9,120
Wake County:				
County appropriation	383,970,976	383,970,976	-	339,271,187
Federal:				
ROTC	450,000	509,063	59,063	489,171
Other:				
Fines and forfeitures	3,550,000	5,176,776	1,626,776	4,135,691
Interest	450,000	460,467	10,467	377,894
Tuition and fees	1,160,000	1,303,609	143,609	1,235,535
Other local	179,493	473,123	293,630	485,440
Total	5,339,493	7,413,975	2,074,482	6,234,560
Total revenues	389,772,176	391,905,877	2,133,701	346,004,038
EXPENDITURES:				
Regular instructional services				
Regular curricular		140,568,264		109,323,614
CTE curricular		6,132,555		5,033,806
	150,125,988	146,700,819	3,425,169	114,357,420
Special populations services				
Children with disabilities curricular		17,744,493		21,018,887
Children with disabilities CTE curricular		303,497		374,028
Pre-K children with disabilities curricular		1,715,096		4,724,716
Speech and language pathology		2,100,980		2,809,255
Audiology		299,166		369,393
Academically/intellectually gifted curricular		1,790,548		1,613,100
Limited english proficiency		2,760,589		1,805,243
	27,937,066	26,714,369	1,222,697	32,714,622
Alternative programs and services				
Alternative instructional K-12		1,395,984		1,291,190
Attendance and social work		2,055,414		1,430,154
Remedial and supplemental K-12		7,665,188		7,009,751
Pre-K readiness/remedial and supplemental		1,815,206		1,854,159
Extended day/year instructional		1,331,929		897,130
	15,277,068	14,263,721	1,013,347	12,482,384

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
School leadership services	\$ 19,194,439	\$ 19,091,153	\$ 103,286	\$ 26,129,640
Co-Curricular services	10,589,116	10,163,094	426,022	7,815,137
School-based support services				
Educational media		5,319,217		3,100,126
Student accounting		1,051,034		1,716,289
Guidance		11,006,823		6,389,855
Health		224,245		698,498
Safety and security		166,666		141,095
Instructional technology		1,076,137		597,683
Staff development unallocated		472,279		393,013
Parent involvement		108,342		53,644
Volunteer		-		-
	<u>19,579,811</u>	<u>19,424,743</u>	<u>155,068</u>	<u>13,090,203</u>
Support and development services				
Regular curricular support and development		7,744,588		7,486,009
CTE curricular support and development		317,928		317,868
	<u>8,492,371</u>	<u>8,062,516</u>	<u>429,855</u>	<u>7,803,877</u>
Special population support and development services	<u>3,405,643</u>	<u>3,342,616</u>	<u>63,027</u>	<u>3,116,992</u>
Alternative programs and services support and development services	<u>1,551,483</u>	<u>1,518,858</u>	<u>32,625</u>	<u>1,034,486</u>
Technology support services	<u>17,273,153</u>	<u>16,901,415</u>	<u>371,738</u>	<u>12,901,678</u>
Operational support services				
Communication		298,880		1,743,271
Printing and copying		51,139		242,281
Public utility and energy		24,494,055		24,060,528
Custodial/housekeeping		12,039,014		11,740,592
Transportation		17,141,717		19,669,619
Warehouse and delivery		303,219		92,357
Facilities planning		3,793,535		3,628,570
Maintenance		25,943,527		26,375,728
	<u>92,336,923</u>	<u>84,065,086</u>	<u>8,271,837</u>	<u>87,552,946</u>
Financial and human resource services				
Financial		8,750,278		8,506,428
Human resource		5,466,022		6,058,734
	<u>14,998,162</u>	<u>14,216,300</u>	<u>781,862</u>	<u>14,565,162</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,336,529	\$ -	\$ 1,184,086
Planning, research development and program evaluation		935,324		1,132,879
	<u>2,372,872</u>	<u>2,271,853</u>	<u>101,019</u>	<u>2,316,965</u>
Systemwide pupil support services				
Educational media support		188,903		189,629
Student accounting support		1,975,116		2,025,348
Guidance support		603,211		527,899
Health support		70,487		67,301
Safety and security support		2,410,051		2,314,813
	<u>5,351,264</u>	<u>5,247,768</u>	<u>103,496</u>	<u>5,124,990</u>
Policy, leadership and public relations services				
Board of education		307,231		328,159
Legal		1,254,927		1,207,328
Audit		451,511		416,621
Leadership		3,224,983		4,416,090
Public relations and marketing		1,644,366		1,065,663
	<u>7,588,882</u>	<u>6,883,018</u>	<u>705,864</u>	<u>7,433,861</u>
Ancillary services				
Community				5,666
Nutrition		1,114		3,774
Adult		-		690
	<u>1,318</u>	<u>1,114</u>	<u>204</u>	<u>10,130</u>
Nonprogram charges:				
Payments to charter schools	<u>22,966,563</u>	<u>22,632,919</u>	<u>333,644</u>	<u>17,857,544</u>
Unbudgeted funds	<u>2,796,540</u>	<u>-</u>	<u>2,796,540</u>	<u>-</u>
Total expenditures	<u>421,838,662</u>	<u>401,501,362</u>	<u>20,337,300</u>	<u>366,308,037</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(32,066,486)</u>	<u>(9,595,485)</u>	<u>22,471,001</u>	<u>(20,303,999)</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	34,069,158	-	(34,069,158)	-
Transfers out	(2,002,672)	(2,002,672)	-	(740,500)
Total other financing sources	<u>32,066,486</u>	<u>(2,002,672)</u>	<u>(34,069,158)</u>	<u>(740,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>(11,598,157)</u>	<u>\$ (11,598,157)</u>	<u>(21,044,499)</u>
Fund balance, beginning of year		68,337,612		89,905,785
Increase(Decrease) in reserve for inventories		992,731		(523,674)
Fund balance, end of year		<u>\$ 57,732,186</u>		<u>\$ 68,337,612</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, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 850,111,422	\$ 839,066,186	\$ (11,045,236)	\$ 808,296,384
Total revenues	<u>850,111,422</u>	<u>839,066,186</u>	<u>(11,045,236)</u>	<u>808,296,384</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		422,566,757		430,043,649
CTE curricular		<u>37,570,108</u>		<u>34,926,782</u>
	<u>465,873,691</u>	<u>460,136,865</u>	<u>5,736,826</u>	<u>464,970,431</u>
Special populations services				
Children with disabilities curricular		104,306,221		94,945,099
Children with disabilities CTE curricular		1,590,192		5,107,609
Pre-K children with disabilities curricular		10,315,636		5,300,356
Speech and language pathology		11,124,432		8,943,160
Audiology		864,530		680,738
Academically/intellectually gifted curricular		8,389,075		8,307,840
Limited english proficiency		<u>10,485,187</u>		<u>10,716,698</u>
	<u>148,305,390</u>	<u>147,075,273</u>	<u>1,230,117</u>	<u>134,001,500</u>
Alternative programs and services				
Alternative instructional K-12		6,358,891		6,405,012
Attendance and social work		5,305,679		5,643,494
Remedial and supplemental K-12		22,448,934		14,019,455
Pre-K readiness/remedial and supplemental		9,225		3
Extended day/year instructional		<u>1,840,521</u>		<u>1,673,259</u>
	<u>38,648,040</u>	<u>35,963,250</u>	<u>2,684,790</u>	<u>27,741,223</u>
School leadership services	<u>56,091,728</u>	<u>56,080,547</u>	<u>11,181</u>	<u>46,487,352</u>
School-based support services				
Educational media		11,330,904		12,621,904
Student accounting		7,569,280		6,574,842
Guidance		24,858,697		26,703,751
Health		5,951,328		1,254,721
Safety and security		1,001,697		954,788
Instructional technology		1,662,412		1,712,717
Staff development unallocated		<u>141,178</u>		<u>104,951</u>
	<u>52,567,495</u>	<u>52,515,496</u>	<u>51,999</u>	<u>49,927,674</u>
Support and development services				
Regular curricular support and development		879,062		471,266
CTE curricular support and development		<u>383,475</u>		<u>343,604</u>
	<u>1,283,794</u>	<u>1,262,537</u>	<u>21,257</u>	<u>814,870</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
Special population support and development services	\$ 1,032,999	\$ 1,032,999	\$ -	\$ 981,311
Alternative programs and services support and development services	489,751	489,601	150	788,553
Technology support services	4,904,502	3,616,242	1,288,260	3,391,682
Operational support services				
Custodial/housekeeping		18,960,232		18,282,850
Transportation		53,333,972		55,281,716
Maintenance		636,896		223,235
	72,939,695	72,931,100	8,595	73,787,801
Financial and human resource services				
Financial		2,192,193		1,588,570
Human resource		1,946,364		784,012
	4,138,557	4,138,557	-	2,372,582
Accountability services				
Student testing		1,257,370		1,547,490
Planning, research development and program evaluation		-		66,024
	1,263,222	1,257,370	5,852	1,613,514
Systemwide pupil support services				
Student accounting	414,836	414,836	-	196,289
Policy, leadership and public relations services				
Audit		84,949		116,027
Leadership		1,895,155		969,614
Public relations and marketing		111,316		64,606
	2,097,620	2,091,420	6,200	1,150,247
Ancillary services				
Nutrition	14,915	14,906	9	26,324
Total expenditures	850,066,235	839,020,999	11,045,236	808,251,353
Excess of revenues over expenditures before other financing uses	45,187	45,187	-	45,031
OTHER FINANCING USES:				
Transfers out	(45,187)	(45,187)	-	(45,031)
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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
Federal:				
IDEA	\$ 39,065,010	\$ 32,104,981	\$ (6,960,029)	\$ 30,545,587
ESEA	33,278,527	26,945,279	(6,333,248)	24,860,948
Career technical education	1,423,255	1,422,146	(1,109)	1,383,516
Improving teacher quality	2,987,443	2,752,578	(234,865)	3,067,988
English language acquisition	3,026,305	1,956,347	(1,069,958)	1,688,878
Other federal	155,765	114,228	(41,537)	1,922,975
Total revenues	<u>79,936,305</u>	<u>65,295,559</u>	<u>(14,640,746)</u>	<u>63,469,892</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		81,799		708,826
CTE curricular		<u>1,386,603</u>		<u>1,345,723</u>
	<u>1,489,677</u>	<u>1,468,402</u>	<u>21,275</u>	<u>2,054,549</u>
Special populations services				
Children with disabilities curricular		25,371,247		23,841,710
Children with disabilities CTE curricular		-		108,380
Pre-K children with disabilities curricular		791,895		1,054,116
Speech and language pathology		208,984		242,211
Audiology		50,000		53,030
Limited english proficiency		<u>1,171,624</u>		<u>951,151</u>
	<u>28,481,237</u>	<u>27,593,750</u>	<u>887,487</u>	<u>26,250,598</u>
Alternative programs and services				
Attendance and social work		1,037,688		131,496
Remedial and supplemental K-12		19,931,281		21,460,479
Pre-K readiness/remedial and supplemental		4,616,167		4,049,956
Extended day/year instructional		<u>3,418,904</u>		<u>1,893,175</u>
	<u>32,044,931</u>	<u>29,004,040</u>	<u>3,040,891</u>	<u>27,535,106</u>
School-based support services				
Guidance		481,643		238,461
Health		20,678		8,031
Instructional technology		33,786		-
Staff development unallocated		139,525		955,611
Parent involvement		<u>416,814</u>		<u>344,796</u>
	<u>1,303,334</u>	<u>1,092,446</u>	<u>210,888</u>	<u>1,546,899</u>

(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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ -	\$ 2,055,927	\$ -	\$ 2,372,199
CTE curricular support and development		-		769
	<u>2,222,351</u>	<u>2,055,927</u>	<u>166,424</u>	<u>2,372,968</u>
Special population support and development services	<u>758,170</u>	<u>746,164</u>	<u>12,006</u>	<u>589,285</u>
Alternative programs and services support and development services	<u>1,125,941</u>	<u>957,842</u>	<u>168,099</u>	<u>748,174</u>
Operational support services				
Transportation	<u>316,533</u>	<u>281,327</u>	<u>35,206</u>	<u>348,134</u>
Financial and human resource services				
Human resource	<u>484,380</u>	<u>483,042</u>	<u>1,338</u>	<u>292,465</u>
Accountability services				
Planning, research development and program evaluation	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,506</u>
Ancillary services				
Nutrition services	<u>4,110</u>	<u>3,480</u>	<u>630</u>	<u>6,283</u>
Nonprogram charges:				
Indirect cost	<u>1,706,663</u>	<u>1,609,139</u>	<u>97,524</u>	<u>1,701,925</u>
Unbudgeted funds	<u>9,998,978</u>	<u>-</u>	<u>9,998,978</u>	<u>-</u>
Total expenditures	<u>79,936,305</u>	<u>65,295,559</u>	<u>14,640,746</u>	<u>63,469,892</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ -	\$ -	\$ -	\$ 12,000
Federal:				
Magnet	5,915,153	3,635,029	(2,280,124)	1,493,734
Teacher incentive fund	218,508	204,012	(14,496)	331,792
Elementary and secondary school counseling	625,790	495,293	(130,497)	91,817
Other federal	598,419	314,445	(283,974)	154,914
Total	7,357,870	4,648,779	(2,709,091)	2,072,257
Other:				
NC Pre-K	470,991	185,269	(285,722)	236,788
John Rex endowment	1,285,001	922,439	(362,562)	735,536
Other	2,376,908	1,435,302	(941,606)	1,309,683
Total	4,132,900	2,543,010	(1,589,890)	2,282,007
Total Revenues	11,490,770	7,191,789	(4,298,981)	4,366,264
EXPENDITURES:				
Regular instructional services				
Regular curricular		3,030,465		1,418,770
CTE curricular		37,462		11,290
	4,750,154	3,067,927	1,682,227	1,430,060
Special populations services				
Children with disabilities curricular	60,350	26,960	33,390	-
Alternative programs and services				
Pre-K readiness/remedial and supplemental		1,432,352		1,061,868
Extended day/year instructional		114,639		163,160
	2,029,493	1,546,991	482,502	1,225,028
School leadership services	41,000	18,690	22,310	25,834
Co-Curricular services	55,856	6,770	49,086	5,646
School-based support services				
Educational media		319,921		140,578
Guidance		461,069		89,195
Safety and security		-		3,771
Instructional technology		43,019		72,025
Staff development unallocated		5,902		-
Parent involvement		29,582		54,302
	999,263	859,493	139,770	359,871

(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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 1,348,859	\$ 785,380	\$ 563,479	\$ 276,207
Special population support and development services	45,164	45,128	36	9,630
Alternative programs and services support and development services	533,076	503,847	29,229	671,550
Operational support services				
Transportation	45,771	8,820	36,951	164
Financial and human resource services				
Human resource	93,776	85,136	8,640	68,488
Accountability services				
Planning, research development and program evaluation	56,604	54,499	2,105	48,500
Systemwide pupil support services				
Guidance support	5,391	2,718	2,673	2,718
Policy, leadership and public relations services				
Leadership	35,000	-	35,000	4,000
Ancillary services				
Community	18,559	14,419	4,140	142,259
Nonprogram charges:				
Indirect cost	221,026	165,011	56,015	96,309
Unbudgeted funds	1,151,428	-	1,151,428	-
Total expenditures	11,490,770	7,191,789	4,298,981	4,366,264
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, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 1,150,969	\$ 1,150,969	\$ -	\$ 1,287,747
Capital improvements fund	<u>763,579,879</u>	<u>278,909,840</u>	<u>(484,670,039)</u>	<u>148,376,456</u>
	<u>764,730,848</u>	<u>280,060,809</u>	<u>(484,670,039)</u>	<u>149,664,203</u>
State				
LEA financed purchase of school buses	<u>816,720</u>	<u>816,720</u>	<u>-</u>	<u>4,947,219</u>
Other:				
Sale of school property	150,000	223,181	73,181	136,683
Interest	5,000	43	(4,957)	1,346
Other local	<u>228,555</u>	<u>248,721</u>	<u>20,166</u>	<u>484,784</u>
	<u>383,555</u>	<u>471,945</u>	<u>88,390</u>	<u>622,813</u>
Total revenues	<u>765,931,123</u>	<u>281,349,474</u>	<u>(484,581,649)</u>	<u>155,234,235</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	<u>28,683,149</u>	<u>7,118,687</u>	<u>21,564,462</u>	<u>5,665,744</u>
Buildings:				
General contracts		6,472,929		4,496,480
Heating contracts		7,833,805		1,798,329
Electrical contracts		43,003		-
Architect fees		14,526,372		7,903,778
Equipment contracts		20,991,328		16,749,487
Miscellaneous contracts		<u>221,528,923</u>		<u>112,611,486</u>
	<u>727,755,605</u>	<u>271,396,360</u>	<u>456,359,245</u>	<u>143,559,560</u>
Other:				
Library books	<u>8,158,234</u>	<u>1,291,512</u>	<u>6,866,722</u>	<u>428,684</u>
	<u>764,596,988</u>	<u>279,806,559</u>	<u>484,790,429</u>	<u>149,653,988</u>
Equipment:				
Instructional				15,392
Administrative		<u>213,838</u>		<u>110,757</u>
	<u>310,179</u>	<u>213,838</u>	<u>96,341</u>	<u>126,149</u>
Vehicles:				
Administration		1,391,338		930,753
Transportation		<u>2,309,124</u>		<u>1,946,523</u>
	<u>4,546,096</u>	<u>3,700,462</u>	<u>845,634</u>	<u>2,877,276</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
Debt service:				
Principal	\$ 816,720	\$ 816,720	\$ -	\$ 4,947,219
Total expenditures	<u>770,269,983</u>	<u>284,537,579</u>	<u>485,732,404</u>	<u>157,604,632</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(4,338,860)</u>	<u>(3,188,105)</u>	<u>1,150,755</u>	<u>(2,370,397)</u>
OTHER FINANCING SOURCES:				
Installment purchase obligations issued	1,551,768	1,551,768	-	163,344
Appropriated fund balance	784,420	-	(784,420)	-
Transfers In	<u>2,002,672</u>	<u>2,002,672</u>	<u>-</u>	<u>740,500</u>
Total other financing sources	<u>4,338,860</u>	<u>3,554,440</u>	<u>(784,420)</u>	<u>903,844</u>
Net change in fund balance	<u>\$ -</u>	<u>366,335</u>	<u>\$ 366,335</u>	<u>(1,466,553)</u>
Fund balance, beginning of year		<u>1,257,060</u>		<u>2,723,613</u>
Fund balance, end of year		<u>\$ 1,623,395</u>		<u>\$ 1,257,060</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
ENTERPRISE FUND - CHILD NUTRITION PROGRAM
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance-	2015
	Budget	Actual	Positive (Negative)	Actual
REVENUES:				
Federal:				
Regular USDA grants	\$ 32,139,101	\$ 31,076,595	\$ (1,062,506)	\$ 29,740,577
USDA Grants - Fresh fruit & vegetable program	515,000	536,692	21,692	611,942
USDA Grants - Summer feeding program	57,850	57,850	-	38,392
	<u>32,711,951</u>	<u>31,671,137</u>	<u>(1,040,814)</u>	<u>30,390,911</u>
Other:				
Food sales	20,272,853	17,315,970	(2,956,883)	16,913,781
Interest	100,000	131,844	31,844	97,152
Local donations or grants	109,000	110,000	1,000	286,478
	<u>20,481,853</u>	<u>17,557,814</u>	<u>(2,924,039)</u>	<u>17,297,411</u>
Total revenues	<u>53,193,804</u>	<u>49,228,951</u>	<u>(3,964,853)</u>	<u>47,688,322</u>
EXPENDITURES:				
Business supporting services:				
Salaries		16,679,855		16,794,114
Food		19,530,729		20,205,145
Supplies		1,900,414		1,388,968
Purchased services		1,493,342		1,689,107
Indirect costs paid		2,419,434		2,638,427
Equipment purchases		79,743		604,729
	<u>44,703,204</u>	<u>42,103,517</u>	<u>2,599,687</u>	<u>43,320,490</u>
Other supporting services:				
Employee benefits	<u>8,535,787</u>	<u>7,718,977</u>	<u>816,810</u>	<u>7,649,568</u>
Total expenditures	<u>53,238,991</u>	<u>49,822,494</u>	<u>3,416,497</u>	<u>50,970,058</u>
Deficiency of revenues over expenditures	<u>(45,187)</u>	<u>(593,543)</u>	<u>(548,356)</u>	<u>(3,281,736)</u>
OTHER FINANCING SOURCES:				
Operating transfer in	<u>45,187</u>	<u>45,187</u>	<u>-</u>	<u>45,031</u>
Deficiency of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(548,356)</u>	<u>\$ (548,356)</u>	<u>(3,236,705)</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		79,743		604,729
Depreciation		(1,179,164)		(1,237,860)
Contributions to the pension plan in current fiscal year		-		1,899,872
Pension expense		-		(470,942)
Net pension liability		(2,385,728)		-
Deferred outflows - pension		116,612		-
Deferred inflows - pension		3,079,933		-
Gain (Loss) on sale of capital assets		<u>(118,919)</u>		<u>33,303</u>
Change in net position		<u>\$ (955,879)</u>		<u>\$ (2,407,603)</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 (Non-GAAP)
ENTERPRISE FUND - TUITION PROGRAMS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actual
REVENUES:				
Other:				
Participant fees	\$ 21,882,673	\$ 13,531,484	\$ (8,351,189)	\$ 12,364,080
Interest	-	67,238	67,238	41,859
Total revenues	<u>21,882,673</u>	<u>13,598,722</u>	<u>(8,283,951)</u>	<u>12,405,939</u>
EXPENDITURES:				
Business supporting services:				
Salaries		5,484,554		4,641,506
Supplies		2,893,604		2,825,290
Purchased services		1,193,236		2,002,637
Indirect costs paid		1,115,178		1,049,475
Equipment purchases		12,271		34,131
	<u>20,226,086</u>	<u>10,698,843</u>	<u>9,527,243</u>	<u>10,553,039</u>
Other supporting services:				
Employee benefits	<u>1,656,587</u>	<u>1,265,641</u>	<u>390,946</u>	<u>1,048,057</u>
Total expenditures	<u>21,882,673</u>	<u>11,964,484</u>	<u>9,918,189</u>	<u>11,601,096</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	1,634,238	<u>\$ 1,634,238</u>	804,843
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		12,271		34,131
Depreciation		(54,271)		(53,955)
Contributions to the pension plan in current fiscal year		-		535,863
Pension expense		-		(132,830)
Net pension liability		(753,388)		-
Deferred outflows - pension		36,825		-
Deferred inflows - pension		972,611		-
Loss on sale of capital assets		(4,408)		-
Change in net position		<u>\$ 1,843,878</u>		<u>\$ 1,188,052</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actuals
REVENUES:				
Wake County - County Appropriation	\$ 878,055	\$ 878,055	\$ -	\$ 867,466
Other Local:				
Medicaid	10,933,493	4,711,657	(6,221,836)	4,728,448
Indirect cost	5,320,573	5,320,573	-	5,484,242
E-Rate	2,318,165	2,318,165	-	2,010,674
Interest	15,140	15,140	-	10,142
Total	<u>18,587,371</u>	<u>12,365,535</u>	<u>(6,221,836)</u>	<u>12,233,506</u>
Total revenues	<u>19,465,426</u>	<u>13,243,590</u>	<u>(6,221,836)</u>	<u>13,100,972</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		310,121		230,513
CTE curricular		-		23
	<u>310,121</u>	<u>310,121</u>	<u>-</u>	<u>230,536</u>
Special populations services				
Children with disabilities curricular		3,294,540		2,176,423
Children with disabilities CTE curricular				154,972
Pre-K children with disabilities curricular		491,205		108,622
Speech and language pathology		14,143		461,308
Audiology		38,006		-
	<u>4,862,085</u>	<u>3,837,894</u>	<u>1,024,191</u>	<u>2,901,325</u>
Alternative programs and services				
Remedial and supplemental K-12		64,103		82,581
Extended day/year instructional		10,539		15,918
	<u>88,525</u>	<u>74,642</u>	<u>13,883</u>	<u>98,499</u>
School leadership services	334	334	-	792
School-based support services				
Guidance		20,227		1,033,314
Health		215,794		88,781
Instructional technology		-		104
	<u>279,458</u>	<u>236,021</u>	<u>43,437</u>	<u>1,122,199</u>
Support and development services				
Regular curricular support and development	<u>607,000</u>	<u>516,500</u>	<u>90,500</u>	<u>607,000</u>
Special population support and development	<u>82,137</u>	<u>63,141</u>	<u>18,996</u>	<u>39,034</u>
Technology support services	<u>176,595</u>	<u>176,595</u>	<u>-</u>	<u>124,804</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, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016		Variance- Positive (Negative)	2015
	Budget	Actual		Actuals
Operational support services				
Communication	\$ -	\$ 2,141,570	\$ -	\$ 1,885,870
Public utility and energy		5,304,140		5,467,105
Transportation		-		9,776
Facilities planning		878,055		867,466
	<u>8,336,352</u>	<u>8,323,765</u>	<u>12,587</u>	<u>8,230,217</u>
Systemwide pupil support services				
Health support	<u>47,922</u>	<u>45,056</u>	<u>2,866</u>	<u>40,768</u>
Ancillary services - community	<u>27,279</u>	<u>27,279</u>	<u>-</u>	<u>27,279</u>
Nonprogram charges				
Other	<u>5,015,376</u>	<u>-</u>	<u>5,015,376</u>	<u>-</u>
Total expenditures	<u>19,833,184</u>	<u>13,611,348</u>	<u>6,221,836</u>	<u>13,422,453</u>
Deficiency of revenues over expenditures before other financing sources	<u>(367,758)</u>	<u>(367,758)</u>	<u>-</u>	<u>(321,481)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>367,758</u>	<u>367,758</u>	<u>-</u>	<u>321,481</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, 2016

	Fund Balance			Fund Balance
	6/30/2015	Revenues	Expenditures	6/30/2016
HIGH SCHOOLS:				
Apex	\$ 361,877	\$ 310,779	\$ 309,125	\$ 363,531
Apex Friendship	-	115,063	89,628	25,435
Athens	137,342	206,881	200,957	143,266
Broughton	218,139	272,638	291,761	199,016
Cary	103,797	327,169	361,538	69,428
East Wake	53,233	180,299	165,945	67,587
Enloe	292,391	336,048	346,958	281,481
Fuquay-Varina	171,796	275,897	254,120	193,573
Garner	117,837	327,515	299,054	146,298
Green Hope	245,234	336,379	391,820	189,793
Heritage	158,972	282,489	288,242	153,219
Holly Springs	217,572	298,078	276,140	239,510
Knightdale	86,355	161,455	183,054	64,756
Leesville Road	164,218	376,055	353,841	186,432
Middle Creek	320,758	343,980	281,827	382,911
Millbrook	189,850	379,866	367,980	201,736
Panther Creek	126,145	465,173	426,040	165,278
Rolesville	25,802	157,777	129,916	53,663
Sanderson	163,095	285,226	276,167	172,154
Southeast Raleigh	46,392	141,884	127,194	61,082
Vernon Malone	4,195	12,804	9,377	7,622
Wake NCSU STEM Early College	1,457	12,543	6,831	7,169
Wake Early College	28,596	16,933	12,107	33,422
Wake Forest	142,607	287,372	317,113	112,866
Wakefield	115,949	311,472	293,898	133,523
	<u>3,493,609</u>	<u>6,221,775</u>	<u>6,060,633</u>	<u>3,654,751</u>
MIDDLE SCHOOLS:				
Apex	173,390	119,712	131,109	161,993
Carnage	52,558	71,793	71,539	52,812
Carroll	20,230	52,384	39,720	32,894
Centennial	45,961	26,002	38,604	33,359
Daniels	31,923	154,450	137,578	48,795
Davis Drive	38,706	93,301	88,492	43,515
Dillard Drive	4,408	131,384	128,078	7,714
Durant Road	17,941	79,116	74,511	22,546
East Cary	36,939	109,585	98,155	48,369
East Garner	117,230	155,812	163,770	109,272
East Millbrook	30,436	82,444	82,438	30,442
East Wake	30,980	40,890	42,449	29,421
Fuquay-Varina	55,614	29,366	41,525	43,455
Heritage	70,145	301,968	301,283	70,830
Holly Grove	67,125	184,191	171,389	79,927
Holly Ridge	117,448	68,275	70,866	114,857
Leesville Road	100,821	203,495	207,749	96,567
Ligon	73,021	128,982	112,017	89,986

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2016

	Fund Balance 6/30/2015	Revenues	Expenditures	Fund Balance 6/30/2016
Lufkin Road	\$ 35,283	\$ 83,407	\$ 92,367	\$ 26,323
Martin	54,509	130,969	131,422	54,056
Mills Park	82,911	284,768	259,799	107,880
Moore Square	33,888	48,993	57,105	25,776
North Garner	41,626	52,157	52,448	41,335
Reedy Creek	31,902	29,382	24,042	37,242
Rolesville	39,141	178,174	160,989	56,326
Salem	61,077	199,698	184,896	75,879
Wake Forest	52,628	69,186	70,488	51,326
Wakefield	54,846	70,632	78,130	47,348
Wendell	29,862	38,750	30,337	38,275
West Cary	17,858	111,964	107,111	22,711
West Lake	83,780	174,740	179,785	78,735
West Millbrook	51,969	84,362	79,121	57,210
Zebulon	24,670	57,687	48,982	33,375
	<u>1,780,826</u>	<u>3,648,019</u>	<u>3,558,294</u>	<u>1,870,551</u>
ELEMENTARY SCHOOLS:				
Abbotts Creek	-	25,158	21,404	3,754
Adams	18,230	33,645	35,326	16,549
Alston Ridge	30,705	83,211	71,977	41,939
Apex	36,493	43,163	43,367	36,289
Aversboro	14,230	26,749	19,771	21,208
Baileywick	24,899	32,226	29,337	27,788
Ballentine	40,246	10,647	17,811	33,082
Banks Road	34,977	46,287	52,567	28,697
Barwell Road	15,542	18,375	22,416	11,501
Baucom	43,329	78,847	86,750	35,426
Brassfield	22,188	52,574	41,931	32,831
Brentwood	20,084	19,558	22,126	17,516
Briarcliff	35,552	37,530	42,929	30,153
Brier Creek	50,749	130,994	151,989	29,754
Brooks	65,908	61,843	68,816	58,935
Bugg	17,268	59,008	53,504	22,772
Carpenter	18,530	43,368	47,109	14,789
Carver	7,483	52,136	40,125	19,494
Cary	10,699	44,295	42,788	12,206
Cedar Fork	17,892	59,505	61,435	15,962
Combs	45,083	134,164	121,466	57,781
Conn	18,762	61,166	55,589	24,339
Creech Road	22,537	23,163	18,878	26,822
Davis Drive	37,894	122,056	126,847	33,103
Dillard Drive	30,267	15,326	18,889	26,704
Douglas	36,795	115,417	111,341	40,871
Douglas Discretionary Funds	2,648	-	-	2,648
Durant Road	38,041	120,196	112,331	45,906
East Garner	4,361	14,503	12,280	6,584

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2016

	Fund Balance			Fund Balance
	6/30/2015	Revenues	Expenditures	6/30/2016
Farmington Woods	\$ 28,853	\$ 34,145	\$ 45,023	\$ 17,975
Forest Pines	20,728	51,962	50,799	21,891
Forestville	11,635	34,454	27,290	18,799
Fox Road	27,860	20,151	22,827	25,184
Fuller	28,339	31,871	26,345	33,865
Fuquay-Varina	28,982	61,074	57,607	32,449
Green	12,439	18,594	13,338	17,695
Green Hope	48,806	68,793	65,945	51,654
Harris Creek	29,013	76,327	95,742	9,598
Herbert Akins	41,714	55,999	62,835	34,878
Heritage	39,528	63,548	64,363	38,713
Highcroft	17,409	165,082	157,714	24,777
Hodge Road	12,621	17,919	15,800	14,740
Holly Grove	52,753	97,406	84,434	65,725
Holly Ridge	10,032	76,179	73,969	12,242
Holly Springs	24,734	60,366	48,085	37,015
Hunter	32,001	44,031	39,303	36,729
Jeffreys Grove	32,191	33,431	24,436	41,186
Jones Dairy	21,723	67,760	56,538	32,945
Joyner	23,192	90,785	85,364	28,613
Kingswood	20,948	39,810	38,676	22,082
Knightdale	25,268	17,300	27,900	14,668
Lacy	39,876	239,454	219,220	60,110
Lake Myra	8,203	12,866	11,366	9,703
Laurel Park	31,160	84,525	78,733	36,952
Lead Mine	33,581	76,185	45,788	63,978
Leesville Road	26,012	120,830	116,082	30,760
Lincoln Heights	8,961	29,779	24,059	14,681
Lockhart	18,634	25,075	30,350	13,359
Lynn Road	16,533	16,054	14,473	18,114
Middle Creek	10,916	48,862	47,583	12,195
Millbrook	11,080	20,276	22,847	8,509
Mills Park	28,094	87,135	90,784	24,445
Morrisville	32,988	58,040	51,148	39,880
North Forest Pines	32,965	63,411	63,648	32,728
North Ridge	38,211	80,741	70,702	48,250
Northwoods	34,127	19,511	15,141	38,497
Oak Grove	42,842	49,247	58,093	33,996
Olds	25,605	46,141	49,045	22,701
Olive Chapel	131,220	87,770	77,860	141,130
Partnership Primary	29,238	39,416	42,035	26,619
Penny Road	33,270	46,358	40,457	39,171
Pleasant Union	45,012	71,522	85,031	31,503
Poe	4,073	12,501	9,069	7,505
Powell	10,924	9,521	8,349	12,096
Rand Road	47,216	58,272	68,321	37,167

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2016

	Fund Balance 6/30/2015	Revenues	Expenditures	Fund Balance 6/30/2016
Reedy Creek	\$ 26,835	\$ 42,341	\$ 47,981	\$ 21,195
Richland Creek	6,292	10,080	6,148	10,224
River Bend	33,963	21,048	13,847	41,164
Rolesville	23,208	60,797	61,875	22,130
Root	76,852	221,746	146,141	152,457
Salem	102,904	73,179	40,963	135,120
Sanford Creek	56,385	60,425	41,295	75,515
Scotts Ridge	-	38,516	27,599	10,917
Smith	21,498	18,517	19,431	20,584
Stough	8,198	34,441	32,961	9,678
Swift Creek	21,373	26,011	29,636	17,748
Sycamore Creek	34,128	129,685	112,899	50,914
Timber Drive	35,215	19,702	31,722	23,195
Turner Creek	60,615	69,828	75,460	54,983
Underwood	31,758	117,913	131,345	18,326
Vance	23,743	23,887	17,377	30,253
Vandora Springs	58,248	35,758	48,102	45,904
Wake Forest	38,141	25,139	19,755	43,525
Wakefield	21,511	58,942	44,878	35,575
Wakelon	7,622	37,280	35,050	9,852
Walnut Creek	16,099	18,382	21,337	13,144
Washington	54,482	44,560	66,026	33,016
Weatherstone	48,519	113,861	95,160	67,220
Wendell	27,910	32,277	32,390	27,797
West Lake	55,072	68,114	92,244	30,942
Wilburn	25,620	22,991	19,506	29,105
Wildwood Forest	10,225	38,461	33,710	14,976
Wiley	35,571	38,343	48,238	25,676
Willow Springs	36,400	53,973	54,521	35,852
Yates Mill	21,079	46,883	41,962	26,000
York	14,506	31,042	29,804	15,744
Zebulon	4,146	12,894	11,380	5,660
	<u>3,131,020</u>	<u>5,842,605</u>	<u>5,606,359</u>	<u>3,367,266</u>
ACADEMIES:				
Hilburn	19,511	76,384	62,734	33,161
Wake Young Men's	6,664	10,925	14,794	2,795
Wake Young Women's	10,165	49,222	48,569	10,818
	<u>36,340</u>	<u>136,531</u>	<u>126,097</u>	<u>46,774</u>
OTHER:				
Longview School	11,964	6,341	3,470	14,835
Mt. Vernon	12,319	10,296	2,474	20,141
Phillips High School	3,765	9,275	11,203	1,837
River Oaks	1,977	460	298	2,139
	<u>30,025</u>	<u>26,372</u>	<u>17,445</u>	<u>38,952</u>
TOTAL	<u>\$ 8,471,820</u>	<u>\$ 15,875,302</u>	<u>\$ 15,368,828</u>	<u>\$ 8,978,294</u>

Statistical Section



Statistical Section

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

Contents:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
Net investment in capital assets	\$2,932,419,635	\$2,723,207,488	\$2,648,922,011	\$2,631,483,747	\$2,638,196,366
Restricted	14,602,314	17,025,811	16,599,934	12,011,212	14,427,305
Unrestricted	<u>(226,880,780)</u>	<u>(224,731,658)</u>	<u>(1,250,869)</u>	<u>5,464,347</u>	<u>16,786,497</u>
Total net position	<u>2,720,141,169</u>	<u>2,515,501,641</u>	<u>2,664,271,076</u>	<u>2,648,959,306</u>	<u>2,669,410,168</u>
Business-type activities					
Net investment in capital assets	6,087,244	7,356,663	7,727,478	8,010,544	8,243,904
Unrestricted	<u>27,187,091</u>	<u>26,001,803</u>	<u>32,693,479</u>	<u>33,965,521</u>	<u>30,806,811</u>
Total net position	<u>33,274,335</u>	<u>33,358,466</u>	<u>40,420,957</u>	<u>41,976,065</u>	<u>39,050,715</u>
Government-wide					
Net investment in capital assets	2,938,506,879	2,730,564,151	2,656,649,489	2,639,494,291	2,646,440,270
Restricted	14,602,314	17,025,811	16,599,934	12,011,212	14,427,305
Unrestricted	<u>(199,693,689)</u>	<u>(198,729,855)</u>	<u>31,442,610</u>	<u>39,429,868</u>	<u>47,593,308</u>
Total net position	<u>\$2,753,415,504</u>	<u>\$2,548,860,107</u>	<u>\$2,704,692,033</u>	<u>\$2,690,935,371</u>	<u>\$2,708,460,883</u>

(Continued)

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental activities:					
Net investment in capital assets	\$2,581,406,320	\$2,516,805,009	\$2,432,805,178	\$2,163,062,885	\$1,906,571,596
Restricted	13,198,738	8,406,773	8,295,329	8,523,252	8,203,443
Unrestricted	<u>(3,058,002)</u>	<u>(13,718,304)</u>	<u>(27,277,985)</u>	<u>(14,537,635)</u>	<u>(8,636,100)</u>
Total net position	<u>2,591,547,056</u>	<u>2,511,493,478</u>	<u>2,413,822,522</u>	<u>2,157,048,502</u>	<u>1,906,138,939</u>
Business-type activities					
Net investment in capital assets	9,263,646	10,080,094	7,570,688	6,895,575	6,601,516
Unrestricted	<u>26,115,857</u>	<u>21,286,773</u>	<u>18,203,349</u>	<u>17,461,850</u>	<u>18,075,710</u>
Total net position	<u>35,379,503</u>	<u>31,366,867</u>	<u>25,774,037</u>	<u>24,357,425</u>	<u>24,677,226</u>
Government-wide					
Net investment in capital assets	2,590,669,966	2,526,885,103	2,440,375,866	2,169,958,460	1,913,173,112
Restricted	13,198,738	8,406,773	8,295,329	8,523,252	8,203,443
Unrestricted	<u>23,057,855</u>	<u>7,568,469</u>	<u>(9,074,636)</u>	<u>2,924,215</u>	<u>9,439,610</u>
Total net position	<u>\$2,626,926,559</u>	<u>\$2,542,860,345</u>	<u>\$2,439,596,559</u>	<u>\$2,181,405,927</u>	<u>\$1,930,816,165</u>

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 583,890,706	\$ 538,699,660	\$ 548,740,312	\$ 541,574,616	\$ 519,493,395
Special populations	196,300,020	181,153,903	181,570,641	177,338,087	169,258,921
Alternative programs and services	78,254,955	63,987,611	67,406,274	64,409,245	64,474,589
School leadership	71,562,962	67,145,678	69,258,721	68,170,100	66,186,552
Co-curricular	24,699,448	21,546,339	23,226,828	21,733,809	20,697,012
School-based support services	72,328,355	61,577,799	61,233,044	60,149,751	61,734,726
Systemwide support services					
Support and development	11,835,596	10,932,679	10,115,956	9,919,952	9,914,905
Special populations support and development	4,918,030	4,373,936	4,651,561	4,299,423	4,115,631
Alternative programs and services support and development	3,373,273	3,086,128	2,739,756	2,469,867	3,138,741
Technology support	28,037,064	23,361,372	18,109,553	17,505,099	22,221,921
Operational support	156,926,276	161,949,750	167,828,385	183,977,661	144,351,091
Financial and human resource	18,222,357	16,308,934	16,209,892	16,587,230	16,134,413
Accountability	3,433,611	3,804,913	4,012,919	3,221,131	3,305,901
Systemwide pupil support	5,515,556	5,062,216	4,925,370	4,915,910	4,733,648
Policy, leadership and public relations	8,642,718	8,209,071	7,667,733	7,248,610	7,026,646
Ancillary Services	112,906	166,997	176,331	516,479	245,029
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Nonprogram charges	21,134,354	14,957,067	10,589,182	9,879,925	9,081,210
Interest on long-term debt	-	-	-	-	-
Depreciation-unallocated	79,120,543	75,594,568	63,861,810	85,310,073	43,016,402
Total governmental activities expenses	<u>1,368,308,730</u>	<u>1,261,918,621</u>	<u>1,262,324,268</u>	<u>1,279,226,968</u>	<u>1,169,130,733</u>
Business-type activities:					
Food service	53,618,487	53,254,152	52,823,064	49,839,848	47,476,596
Tuition programs	11,750,436	11,217,887	12,931,220	10,222,509	10,595,711
Total business-type activities	<u>65,368,923</u>	<u>64,472,039</u>	<u>65,754,284</u>	<u>60,062,357</u>	<u>58,072,307</u>
Total school district expenses	<u>1,433,677,653</u>	<u>1,326,390,660</u>	<u>1,328,078,552</u>	<u>1,339,289,325</u>	<u>1,227,203,040</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	\$ 1,269,473	1,182,907	1,157,302	1,136,084	1,135,858
Charges for services-operational support	-	-	-	-	-
Charges for services-ancillary services	34,136	52,628	34,070	30,271	34,001
Charges for services-central	-	-	-	-	-
Charges for services-community	-	-	-	-	-
Operating grants and contributions	934,462,654	896,644,270	855,019,388	830,318,727	823,164,394
Capital grants and contributions	-	-	53,432	371,846	621,850
Total governmental activities program revenues	<u>935,766,263</u>	<u>897,879,805</u>	<u>856,264,192</u>	<u>831,856,928</u>	<u>824,956,103</u>
Business-type activities:					
Charges for services-food services	17,315,970	16,913,781	18,540,817	20,004,234	20,920,103
Charges for services-tuition programs	13,531,484	12,364,080	12,050,049	10,736,600	10,676,628
Operating grants and contributions	35,165,199	33,504,107	33,048,188	31,578,527	29,914,761
Total business-type activities program revenues	<u>66,012,653</u>	<u>62,781,968</u>	<u>63,639,054</u>	<u>62,319,361</u>	<u>61,511,492</u>
Total school district program revenues	<u>1,001,778,916</u>	<u>960,661,773</u>	<u>919,903,246</u>	<u>894,176,289</u>	<u>886,467,595</u>
Net (expense)/revenue					
Governmental activities	(432,542,467)	(364,038,816)	(406,060,076)	(447,370,040)	(344,174,630)
Business-type activities	643,730	(1,690,071)	(2,115,230)	2,257,004	3,439,185
Total school district net expense	<u>\$ (431,898,737)</u>	<u>\$ (365,728,887)</u>	<u>\$ (408,175,306)</u>	<u>\$ (445,113,036)</u>	<u>\$ (340,735,445)</u>

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

(Continued)

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 504,048,718	\$ 488,546,948	\$ 520,736,969	\$ 499,787,125	\$ -
Special populations	172,013,848	165,788,455	162,672,147	154,036,707	-
Alternative programs and services	66,020,928	58,426,846	56,432,546	51,795,462	-
School leadership	65,743,983	62,680,216	64,582,811	60,295,993	-
Co-curricular	20,795,975	18,982,397	19,741,681	19,897,732	-
School-based support services	62,943,658	64,506,361	66,411,122	66,510,312	-
Systemwide support services					
Support and development	9,936,030	10,612,453	11,519,131	10,788,721	-
Special populations support and development	3,938,268	5,287,193	5,497,400	6,095,269	-
Alternative programs and services support and development	2,487,540	1,533,361	1,921,084	2,001,281	-
Technology support	16,729,489	16,624,585	28,033,386	26,328,759	-
Operational support	152,934,837	151,786,145	148,788,642	148,183,392	-
Financial and human resource	15,495,361	15,472,245	16,726,131	16,757,435	-
Accountability	2,326,694	2,255,479	2,508,241	2,147,180	-
Systemwide pupil support	4,760,279	4,205,184	4,517,008	3,844,828	-
Policy, leadership and public relations	6,909,359	7,915,174	8,287,942	8,550,793	-
Ancillary Services	171,092	418,998	344,305	253,544	-
Instruction	-	-	-	-	709,746,607
Support services	-	-	-	-	269,002,952
Nonprogram charges	8,432,140	10,169,808	11,185,748	9,742,580	9,497,563
Interest on long-term debt	-	-	-	-	780
Depreciation-unallocated	36,919,821	32,449,321	31,830,062	30,404,042	26,695,661
Total governmental activities expenses	<u>1,152,608,020</u>	<u>1,117,661,169</u>	<u>1,161,736,356</u>	<u>1,117,421,155</u>	<u>1,014,943,563</u>
Business-type activities:					
Food service	45,662,100	45,061,386	46,467,797	45,846,155	40,130,227
Tuition programs	9,621,336	8,212,561	8,534,329	7,897,470	7,776,611
Total business-type activities	<u>55,283,436</u>	<u>53,273,947</u>	<u>55,002,126</u>	<u>53,743,625</u>	<u>47,906,838</u>
Total school district expenses	<u>1,207,891,456</u>	<u>1,170,935,116</u>	<u>1,216,738,482</u>	<u>1,171,164,780</u>	<u>1,062,850,401</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	1,133,966	1,107,459	1,106,269	805,693	109,324
Charges for services-operational support	-	-	-	47,410	-
Charges for services-ancillary services	27,719	34,609	35,352	-	-
Charges for services-central	-	-	-	-	-
Charges for services-community	-	-	-	-	801,148
Operating grants and contributions	803,822,002	772,481,123	793,580,424	756,603,642	688,176,379
Capital grants and contributions	786,581	2,146,595	2,616,770	7,387,758	3,440,673
Total governmental activities program revenues	<u>805,770,268</u>	<u>775,769,786</u>	<u>797,338,815</u>	<u>764,844,503</u>	<u>692,527,524</u>
Business-type activities:					
Charges for services-food services	21,206,179	21,716,235	23,417,878	22,800,190	22,738,873
Charges for services-tuition programs	10,014,453	8,881,458	9,001,762	9,063,099	8,087,758
Operating grants and contributions	27,741,442	24,726,305	22,099,991	19,628,148	17,396,233
Total business-type activities program revenues	<u>58,962,074</u>	<u>55,323,998</u>	<u>54,519,631</u>	<u>51,491,437</u>	<u>48,222,864</u>
Total school district program revenues	<u>864,732,342</u>	<u>831,093,784</u>	<u>851,858,446</u>	<u>816,335,940</u>	<u>740,750,388</u>
Net (expense)/revenue					
Governmental activities	(346,837,752)	(341,891,383)	(364,397,541)	(352,576,652)	(322,416,039)
Business-type activities	3,678,638	2,050,051	(482,495)	(2,252,188)	316,026
Total school district net expense	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</u>	<u>\$ (354,828,840)</u>	<u>\$ (322,100,013)</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				
	2016	2015	2014	2013	2012
Net (expense)/revenue					
Governmental activities	\$ (432,542,467)	\$ (364,038,816)	\$ (406,060,076)	\$ (447,370,040)	\$ (344,174,630)
Business-type activities	643,730	(1,690,071)	(2,115,230)	2,257,004	3,439,185
Total school district net expense	<u>(431,898,737)</u>	<u>(365,728,887)</u>	<u>(408,175,306)</u>	<u>(445,113,036)</u>	<u>(340,735,445)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations-operating	384,849,031	340,138,653	323,966,127	317,181,372	311,759,998
Unrestricted county appropriations - capital	280,060,809	149,664,203	90,259,437	72,689,611	99,168,170
Unrestricted state appropriation - capital	816,720	4,947,219	5,154,525	32,522,268	-
Investment earnings, unrestricted	475,650	389,767	458,800	443,039	628,155
Miscellaneous, unrestricted	7,966,262	6,765,132	1,959,815	4,615,860	10,532,393
Transfer	(45,187)	(331,509)	(426,858)	(532,972)	(50,974)
Total governmental activities	<u>674,123,285</u>	<u>501,573,465</u>	<u>421,371,846</u>	<u>426,919,178</u>	<u>422,037,742</u>
Business-type activities:					
Investment earnings, unrestricted	199,082	139,011	133,264	135,374	181,053
Loss on sale of capital assets	-	-	-	-	-
Transfer	45,187	331,509	426,858	532,972	50,974
Total business-type activities	<u>244,269</u>	<u>470,520</u>	<u>560,122</u>	<u>668,346</u>	<u>232,027</u>
Total school district	<u>674,367,554</u>	<u>502,043,985</u>	<u>421,931,968</u>	<u>427,587,524</u>	<u>422,269,769</u>
Change in net position					
Governmental activities	241,580,818	137,534,649	15,311,770	(20,450,862)	77,863,112
Business-type activities	887,999	(1,219,551)	(1,555,108)	2,925,350	3,671,212
Total school district	<u>\$ 242,468,817</u>	<u>\$ 136,315,098</u>	<u>\$ 13,756,662</u>	<u>\$ (17,525,512)</u>	<u>\$ 81,534,324</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				
	2011	2010	2009	2008	2007
Net (expense)/revenue					
Governmental activities	\$ (346,837,752)	\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)	\$ (322,416,039)
Business-type activities	3,678,638	2,050,051	(482,495)	(2,252,188)	316,026
Total school district net expense	<u>(343,159,114)</u>	<u>(339,841,332)</u>	<u>(364,880,036)</u>	<u>(354,828,840)</u>	<u>(322,100,013)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	312,059,879	311,373,607	308,550,944	296,964,799	274,229,013
Unrestricted county appropriations - capital	97,823,234	119,613,110	291,438,862	280,960,672	227,836,179
Unrestricted state appropriation - capital	-	-	8,828,382	14,853,397	-
Investment earnings, unrestricted	733,422	838,609	2,224,118	3,686,700	3,724,919
Miscellaneous, unrestricted	16,391,839	10,996,171	11,475,315	8,034,792	6,161,693
Transfer	<u>(117,044)</u>	<u>(3,259,191)</u>	<u>(1,346,027)</u>	<u>(1,014,145)</u>	<u>(4,566,460)</u>
Total governmental activities	<u>426,891,330</u>	<u>439,562,306</u>	<u>621,171,594</u>	<u>603,486,215</u>	<u>507,385,344</u>
Business-type activities:					
Investment earnings, unrestricted	216,954	283,588	553,080	918,242	951,692
Loss on sale of capital assets	-	-	-	-	(69,289)
Transfer	<u>117,044</u>	<u>3,259,191</u>	<u>1,346,027</u>	<u>1,014,145</u>	<u>4,566,460</u>
Total business-type activities	<u>333,998</u>	<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>	<u>5,448,863</u>
Total school district	<u>427,225,328</u>	<u>443,105,085</u>	<u>623,070,701</u>	<u>605,418,602</u>	<u>512,834,207</u>
Change in net position					
Governmental activities	80,053,578	97,670,923	256,774,053	250,909,563	184,969,305
Business-type activities	<u>4,012,636</u>	<u>5,592,830</u>	<u>1,416,612</u>	<u>(319,801)</u>	<u>5,764,889</u>
Total school district	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>	<u>\$ 250,589,762</u>	<u>\$ 190,734,194</u>

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

	Fiscal Year				
	2016	2015	2014	2013	2012
General fund					
Nonspendable					
Inventories	\$ 3,435,317	\$ 2,442,586	\$ 2,966,259	\$ 3,122,198	\$ 3,000,164
Prepaid	88,607	1,639,972	4,543,602	1,537,187	11,591,489
Restricted					
Stabilization by state statute	4,116,427	7,404,038	5,542,274	3,163,132	4,399,049
Assigned					
Special projects	14,270,811	10,604,339	19,427,037	6,008,131	3,819,829
Insurance	10,310,534	10,212,545	9,909,912	8,388,026	7,569,663
Flexible benefit plan	1,229,780	1,139,379	1,225,223	1,244,575	1,174,388
Subsequent year expenditures	10,400,000	20,000,000	26,075,734	28,400,000	28,385,581
Unassigned	<u>13,880,710</u>	<u>14,894,753</u>	<u>20,215,744</u>	<u>36,320,179</u>	<u>32,089,863</u>
Total general fund	<u>\$ 57,732,186</u>	<u>\$ 68,337,612</u>	<u>\$ 89,905,785</u>	<u>\$ 88,183,428</u>	<u>\$ 92,030,026</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 738,296	\$ 725,074	\$ 2,311,510	\$ 177,432	\$ 439,360
Capital expenditures	741,489	397,078	368,912	253,610	1,273,248
Individual schools	8,978,294	8,471,820	8,377,238	8,417,038	8,059,392
Restricted contributions for capital expenditures	27,808	27,801	43,191	388,189	60,642
Subsequent years expenditures	-	-	-	273,248	195,614
Assigned					
Special projects	<u>115,802</u>	<u>107,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 10,601,689</u>	<u>\$ 9,728,880</u>	<u>\$ 11,100,851</u>	<u>\$ 9,509,517</u>	<u>\$ 10,028,256</u>

(Continued)

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

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

**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
2016	\$ 839,894,769	\$ 386,000,000	\$ 278,909,840	\$ 5,176,776	\$ 70,453,401	\$ 475,650	\$ 33,017,341	\$ 1,613,927,777
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

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
2016	156,644	\$ 1,072,274,881	\$ 244,878,979	\$ 61,198	\$ 24,407,069	\$ -	\$ -
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	-	-	-	-	705,787,033	12,374,956

(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
2016	\$ -	5 \$ 816,720	- \$ -	- \$ -	8,570 \$ 1,342,438,847	1,811 \$ 283,720,859	10,381 \$ 1,626,159,706
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

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
2016	\$ (12,231,929)	\$ 2,370,430	\$ (2,415,617)	\$ 1,551,768	\$ 1,506,581	\$ (10,725,348)	0.0608%
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%

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
2016	\$ 22,164,409	\$ 7,917,753	\$ 19,530,729	\$ 3,507,389	\$ 3,534,612	\$ 8,714,031	\$ 65,368,923
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

**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
2016	\$ 17,315,970	26.13%	\$ 13,531,484	20.42%	\$ 31,671,137	47.80%	\$ 3,507,389	5.29%
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

(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
2016	\$ 45,187	0.07%	\$ 185,755	0.28%	\$ 66,256,922	100%
2015	331,509	0.52	172,314	0.16	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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Capital Leases</u>	<u>Installment</u> <u>Purchase</u>	<u>Mortgage</u> <u>Payable</u>	<u>Total</u>	<u>Per Student</u>
2016	\$ -	\$ 816,719	\$ -	\$ 816,719	5.21
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

**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)
2016	\$ 112,361,475,069	\$ 16,275,947,271	\$ 3,313,577,575	\$ 131,950,999,915	\$ 0.615	\$ 0.080	\$ 0.695
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

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, 2016.

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
2016	.6145	.080	.6945	.53	.39	.37	.550	.385	.518	.435
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

(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, 2016.

WAKE COUNTY BOARD OF EDUCATION
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS FOR WAKE COUNTY
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Direct and Overlapping Taxes Levied by Municipalities							
Fiscal Year Ended June 30,	Town of Knightdale	Town of Morrisville	City of Raleigh	Town of Rolesville	Town of Wake Forest	Town of Wendell	Town of Zebulon
2016	.43	.410	.421	.440	.52	.49	.525
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

- 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, 2016.

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

Taxpayer	Fiscal Year 2016			Fiscal Year 2007		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$1,685,700,978	1	1.28%	\$2,014,387,872	1	2.55%
SAS Institute, Inc	601,994,888	2	0.46%	399,677,358	2	0.51%
Highwoods Realty LP	561,299,659	3	0.43%	201,716,451	7	0.26%
Cisco Systems, Inc.	480,112,016	4	3.60%	349,764,095	3	0.44%
NC Eastern Municipal Power Agency	342,038,002	5	0.26%	279,413,639	5	0.35%
CVM Holdings LLC	334,549,760	6	0.25%	176,085,657	8	0.22%
Network Appliance, Inc.	316,669,282	7	0.24%	-	-	-
Duke Realty LP	299,962,858	8	0.23%	-	-	-
Public Service Co of NC, Inc	244,936,518	9	0.19%	145,706,455	10	0.18%
WMCi Raleigh I LLC	237,030,069	10	0.18%	-	-	-
Bellsouth Tel Co	-	-	-	316,154,869	4	0.40%
Weeks Realty LLP	-	-	-	215,319,471	6	0.27%
Summit Properties Partnership LP	-	-	-	166,577,676	9	0.21%
	<u>\$5,104,294,030</u>		<u>3.87%</u>	<u>\$4,264,803,543</u>		<u>5.39%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

**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
2016	\$ 833,221,749	\$ (835,817)	\$832,385,932	\$ 831,114,362	99.85%	\$ -	\$ 831,114,362	99.85%
2015	760,907,032	(664,952)	760,242,080	758,063,799	99.71%	1,617,020	759,680,819	99.93%
2014	702,953,904	(1,690,243)	701,263,661	697,580,105	99.47%	2,787,885	700,367,990	99.87%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	5,038,622	672,882,033	99.86%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	5,005,113	662,547,091	99.85%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,753,137	655,503,195	99.86%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,696,907	648,690,240	99.87%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,320,129	638,968,340	99.86%
2008	582,905,166	(4,123,930)	578,781,236	569,645,015	98.42%	8,091,165	577,736,180	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%

Notes:

Taxes for the fiscal year ended June 30, 2016 at the collection rate of 99.85% are a composite of the following collections by category:

Vehicle taxes	99.48%
Real and personal property taxes	99.88%

Amounts included above represent taxes in the General Fund and Special Tax District Fund and the NCVTS Vehicle taxes.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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 Bond Anticipation Notes	Limited Obligation Bonds	Installment Purchases	Quality Zoning Academy Bonds	Clean Water Revolving Loans
2016	\$ 1,969,481,706	\$ 1,301,000	\$ 279,088,791	\$ 4,007,860	\$ 163,467	\$ -
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	-

(Continued)

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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				
2016	\$ 390,611	\$ -	\$ 2,254,433,435	\$ -		\$ 2,254,433,435	4.54%	\$ 2,201.17
2015	763,502	-	2,426,493,311	3,777		2,426,497,088	4.89%	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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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 Bond Anticipation Notes	Total General Bonded Debt		
2016	\$ 1,969,481,706	1,301,000	\$ 1,970,782,706	1.49%	\$ 1,924.22
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

WAKE COUNTY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipality:			
Apex	\$ 48,460,000	100%	\$ 48,460,000
Cary	101,008,003	100%	101,008,003
Fuquay-Varina	12,040,000	100%	12,040,000
Garner	29,335,000	100%	29,335,000
Holly Springs	23,775,000	100%	23,775,000
Knightdale	3,833,001	100%	3,833,001
Morrisville	8,935,000	100%	8,935,000
Raleigh	304,260,000	100%	304,260,000
Rolesville	-	100%	-
Wake Forest	14,935,000	100%	14,935,000
Wendell	-	100%	-
Zebulon	280,000	100%	280,000
Wake County	<u>2,254,433,435</u>	100%	<u>2,254,433,435</u>
Overlapping debt	2,801,294,439		2,801,294,439
Direct debt	<u>816,719</u>		<u>816,719</u>
Total direct and overlapping debt	<u>\$ 2,802,111,158</u>		<u>\$ 2,802,111,158</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Assessed value of property	\$ 131,950,999,915	\$ 127,947,523,008	\$ 127,426,491,226	\$ 122,450,151,129	\$ 120,555,400,651
Debt limit, 8% of assessed value (Statutory Limitation)	10,556,079,993	10,235,801,841	10,194,119,298	9,796,012,090	9,644,432,052
Amount of debt applicable to limit					
General obligation bonds	1,812,535,000	1,967,590,000	1,664,875,000	1,801,325,000	1,754,870,000
GO bond anticipation notes	1,301,000	-	-	-	-
Other Long Term Debt	238,761,938	266,887,940	278,885,802	291,217,436	303,938,059
Bonds Authorized not Issued	509,909,000	511,210,000	950,450,000	145,450,000	65,700,000
Total net debt applicable to limit	2,562,506,938	2,745,687,940	2,894,210,802	2,237,992,436	2,124,508,059
Legal debt margin	\$ 7,993,573,055	\$ 7,490,113,901	\$ 7,299,908,496	\$ 7,558,019,654	\$ 7,519,923,993
Total net debt applicable to limit as a percentage of debt limit	24.28%	26.82%	28.39%	22.85%	22.03%

(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, 2016.

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Assessed value of property	\$ 119,535,621,641	\$ 119,158,250,199	\$ 116,610,525,500	\$83,122,951,280	\$78,844,604,531
Debt limit, 8% of assessed value (Statutory Limitation)	9,562,849,731	9,532,660,016	9,328,842,040	6,649,836,102	6,307,568,362
Amount of debt applicable to limit					
General obligation bonds	1,831,620,000	1,794,370,000	1,772,370,000	1,434,595,000	1,505,200,000
GO bond anticipation notes	-	-	-	-	-
Other Long Term Debt	311,595,642	313,263,004	10,664,659	9,943,655	9,413,588
Bonds Authorized not Issued	239,070,000	391,870,000	514,500,000	911,000,000	1,058,390,000
Total net debt applicable to limit	2,382,285,642	2,499,503,004	2,297,534,659	2,355,538,655	2,573,003,588
Legal debt margin	\$ 7,180,564,089	\$ 7,033,157,012	\$ 7,031,307,381	\$ 4,294,297,447	\$ 3,734,564,774
Total net debt applicable to limit as a percentage of debt limit	24.91%	26.22%	24.63%	35.42%	40.79%

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, 2016.

**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
2016	1,024,198	*	\$ 66,579	156,644	4.3%
2015	1,005,385	*	65,160	155,000	5.0%
2014	998,691	\$ 49,629,485	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	128,070	3.5%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of North Carolina	24,083	1	5.01%	39,103	1	9.24%
Wake County Public Schools	18,554	2	3.86%	15,000	2	3.55%
International Business Machines (IBM)	10,000	3	2.08%	10,800	3	2.55%
WakeMed Health and Hospitals	8,422	4	1.64%	7,100	5	1.68%
North Carolina State University	7,876	5	1.75%	7,219	4	1.71%
Cisco Systems	5,500	6	1.15%	-	-	-
Rex Healthcare	5,300	7	1.10%	4,300	8	1.02%
SAS Institute, Inc.	5,232	8	1.09%	3,500	10	0.83%
GlaxoSmithKline, Inc.	4,950	9	1.03%	5,000	6	1.18%
NC DHHS	3,800	10	1.03%	-	-	-
Wake County Government	-	-	-	3,697	9	0.87%
Securitas Security	-	-	-	4,500	7	1.06%
	<u>93,717</u>		<u>19.74%</u>	<u>100,219</u>		<u>23.69%</u>

* As of the date of publication this information was not available for 2015 or 2016. Data from 2014 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016

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

	<u>2016</u>	<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>
School and school based support										
Principals	173	166	170	169	164	163	159	157	152	147
Assistant principals, nonteaching	324	328	323	309	290	285	277	289	286	262
Elementary teachers	4,517	4,538	4,547	4,394	4,283	4,069	4,059	4,123	4,036	3,274
Secondary teachers	4,103	4,121	4,145	3,888	3,774	3,635	3,580	3,769	3,517	2,861
Other teachers	1,737	1,709	1,871	1,760	1,753	1,675	1,638	1,654	1,651	2,467
Guidance	457	436	436	409	397	420	411	436	311	296
Psychological	100	98	96	96	90	90	86	88	61	74
Librarian, audiovisual	208	204	208	209	205	323	359	338	201	195
Consultant, supervisor	97	88	89	82	73	87	92	89	86	99
Teacher assistants	<u>2,419</u>	<u>2,351</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>
Total school and school based support	<u>14,135</u>	<u>14,039</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>
Central services										
Administrators, managers	20	21	20	17	19	16	19	19	19	16
Technicians	354	338	317	303	294	319	311	322	98	94
Clerical, secretarial	986	973	955	910	910	905	943	943	1,071	945
Service workers	1,633	1,713	1,752	1,697	1,671	1,737	1,808	1,788	2,132	2,023
Skilled crafts	306	291	295	264	265	269	292	289	164	148
Other professionals	<u>852</u>	<u>747</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>
Total central services	<u>4,151</u>	<u>4,083</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>
Total full time employees	<u>18,286</u>	<u>18,122</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>

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
2016	156,644	1.06%	\$ 1,342,438,847	\$ 8,570	4.17%	171	10,502
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

Source: Wake County Public Schools Growth Management Department

**WAKE COUNTY BOARD OF EDUCATION
TEACHER BASE SALARIES
LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>System Average Salary</u>
2016	\$ 41,037.50	\$ 94,170.00	\$ 50,802.93
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

Source: Wake County Public Schools Human Resources Department

**WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS**

	2016	2015	2014	2013	2012
Schools					
Elementary					
Buildings	206	204	203	215	220
Square feet	8,769,259	8,642,082	8,592,579	8,685,116	8,925,284
Capacity	74,521	73,745	73,177	73,728	76,351
Enrollment	72,811	71,918	72,075	70,612	70,526
Mobile classrooms	581	597	572	571	607
Middle					
Buildings	115	114	114	111	107
Square feet	5,327,777	5,328,621	5,329,020	5,266,057	5,570,506
Capacity	38,109	38,187	37,929	38,202	37,233
Enrollment	34,925	35,532	34,983	34,365	33,604
Mobile classrooms	176	175	181	183	189
High					
Buildings	226	226	211	211	210
Square feet	6,956,509	6,640,769	6,390,006	6,009,897	5,894,216
Capacity	48,476	47,243	45,381	44,021	43,619
Enrollment	46,990	45,182	44,448	43,285	42,143
Mobile classrooms	336	361	353	349	309
Other (includes academies)					
Buildings	9	9	9	9	7
Square feet	276,564	276,564	276,564	276,564	195,471
Capacity	2,095	1,993	1,656	1,235	384
Enrollment	1,918	2,368	1,533	1,246	414
Mobile classrooms	19	19	13	33	1
Administrative					
Buildings	17	17	18	24	23
Square Feet	340,160	340,160	383,811	625,877	523,725
Transportation					
Buses	814	908	928	920	928

(Continued)

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

WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS

	2011	2010	2009	2008	2007
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	76,851	75,438	72,872	70,674	68,484
Enrollment	69,277	67,748	67,468	65,641	62,395
Mobile classrooms	602	504	499	696	636
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	37,780	33,317	32,449	32,316	30,818
Enrollment	32,596	31,482	30,813	29,895	29,031
Mobile classrooms	190	127	127	193	217
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	43,780	43,056	41,019	41,862	39,607
Enrollment	41,014	39,994	39,075	38,127	36,295
Mobile classrooms	368	130	130	302	243
Other (includes academies)					
Buildings	7	7	7	7	7
Square feet	195,471	195,471	195,471	195,877	195,877
Capacity	384	366	366	422	422
Enrollment	412	375	350	339	351
Mobile classrooms	1	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	920	905	895	874	838

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

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wake County Board of Education ("the Board"), as of and for the year ended June 30, 2016, 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, 2016.

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 charge with governance.

Our consideration of the internal control was for 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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, 2016



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Independent Auditors' Report On Compliance For Each Major Federal Program and on Internal Control Over Compliance; With OMB Uniform Guidance 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 *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, 2016. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Implementation Act. Those standards, the Uniform Guidance, 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 that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

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, we considered the Board's internal control over compliance with the types of requirements that are appropriate in the circumstances that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiencies, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rives & Associates LLP

Raleigh, North Carolina
October 25, 2016



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Independent Auditors' Report On Compliance For Each Major State Program and on Internal Control Over Compliance; In Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

To the Wake County Board of Education
Cary, North Carolina

Report on Compliance for Each Major State Program

We have audited Wake County Board of Education's ("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, 2016. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Implementation Act. Those standards, the Uniform Guidance, 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 that could have a direct and material effect on its major state program for the year ended June 30, 2016.

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, we considered the Board's internal control over compliance with the types of requirements that are appropriate in the circumstances that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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 deficiencies, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rives & Associates LLP

Raleigh, North Carolina
October 25, 2016

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:
 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 2 CFR 200.516 (a)?	_____	yes	_____ <u>X</u> _____	no
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Identification of major federal programs:

CFDA Numbers Names of Federal Program or Cluster

	Special Education Cluster:
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.048	Career and Technical Education - Capacity Building Grant

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

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

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,168,958

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
Vocational Education

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WAKE COUNTY BOARD OF EDUCATION
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2016

No findings disclosed in the prior year

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>FEDERAL GRANTS:</u>			
<u>U.S. Department of Agriculture</u>			
School Nutrition Program (Note 3)			
<u>Child Nutrition Cluster:</u>			
Non-Cash Assistance (Commodities)			
Passed through the N.C. Department of Agriculture:			
National School Lunch Program	10.555	35	\$ 3,507,389
Cash Assistance:			
Passed through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	35	23,823,639
School Breakfast Program	10.553	35	7,252,956
Summer Food Service Program	10.559	35	536,692
Total Cash Assistance			<u>31,613,287</u>
Total Child Nutrition Cluster			<u>35,120,676</u>
Fresh Fruit and Vegetable Program	10.582		<u>57,850</u>
Total U.S. Department of Agriculture			<u>35,178,526</u>
<u>U.S. Department of Education</u>			
Cash Assistance:			
Direct Programs			
Magnet Schools	84.165A	317	3,635,029
Fund for the Improvement of Education	84.215E	371	495,293
Teacher Incentive Fund	84.374A	395	204,012
Indian Education Formula Grants to Local Education Agencies	84.060A	310	65,393
Passed through the N. C. Department of Public Instruction:			
<u>Title I Cluster</u>			
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	50	26,878,098
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)- School Improvements	84.010A	105	67,181
Total Title I Grants to Local Education Agencies (Title I)			<u>26,945,279</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	60	27,033,412
Coordinated Early Intervening Services	84.027	70	4,412,507
Special Needs Targeted Assistance	84.027	118	18,608
Risk Pool	84.027	114	161,004
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	49	442,425
Preschool Targeted Assistance	84.173	119	37,025
Total Special Education Cluster			<u>32,104,981</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Career and Technical Education - Capacity Building Grant	84.048	17	\$ 1,422,146
Education for Homeless Children and Youth	84.196	26	104,891
English Language Acquisition Grants	84.365	104, 111	1,956,347
Improving Teacher Quality State Grants	84.367	103	2,752,578
Race to the Top	84.395	156	(840)
State Personnel Development Grant - NC State Improvement	84.323A	82	10,176
Passed through North Carolina State University Mathematics and Pedagogy: Training for Implementation of High School Common Core Standards for Mathematics - NC Quest	84.367B	341	125,802
Passed through The President and Fellows of Harvard College Investing in Innovation - READS for Summer Learning	84.411	342	2,070
Passed through NC New Schools Transition to Teaching - NC Step	84.350	344	<u>4,471</u>
Total U. S. Department of Education			69,827,628
<u>U.S. Department of Defense</u>			
Direct Program ROTC	None	301	509,063
<u>National Endowment for the Arts</u>			
Passed through the North Carolina Arts Council Arts in Education - AIE Artist Residencies	45.025	343	11,975
<u>National Science Foundation</u>			
Passed through North Carolina State University Students Discover: Improving Middle School STEM Outcomes through Scaling Citizen Science Projects	47.076	372	<u>104,735</u>
Total Federal Assistance			<u>105,631,927</u>
<u>STATE GRANTS:</u>			
Cash Assistance			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund		xxxx	791,514,195
Drivers Training - SPSF		12	2,705,082
Technology Fund - SPSF		15	2,846,856
Vocational Education:			
State Months of Employment		13	38,547,516
Program Support Funds		14	3,452,537
Professional Leave Funding		509	11,863
Non-Cash Assistance			
<u>N. C. Department of Public Instruction</u>			
Financed Purchase of School Buses		120	<u>816,720</u>
Total State Assistance			<u>839,894,769</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 945,526,696</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2016

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of Wake County Board of Education under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this (SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Wake County Board of Education, it is not intended to and does not present the financial positions, changes in net position, or cash flows of Wake County Board of Education.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited.

Wake County Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Public Instruction and are treated separately for state audit requirement purposes: School Nutrition Program