

Comprehensive Annual **FINANCIAL REPORT**

for the fiscal year ended **June 30, 2017**



WAKE COUNTY
BOARD OF EDUCATION
CARY, NORTH CAROLINA

PREPARED BY THE FINANCE DEPARTMENT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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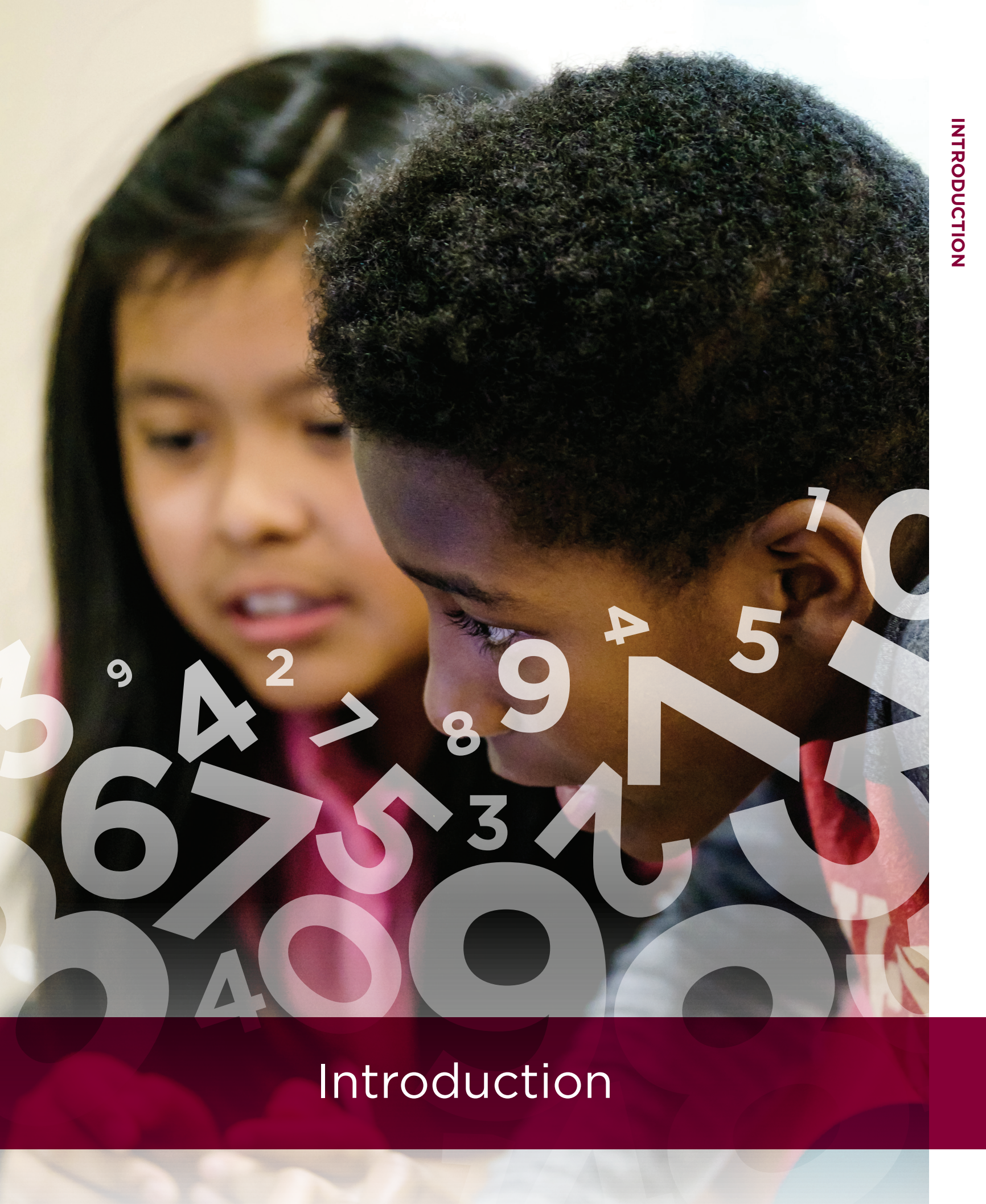
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Introduction



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October 27, 2017

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, 2017, 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 (MD&A) immediately follows the independent auditor's report and contains a narrative introduction, overview and analysis of the basic 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 2016-17 the school system was the largest in North Carolina and the 15th largest system in the nation. It served 159,213 students from kindergarten through 12th grade in 110 elementary schools, 34 middle schools, 25 high schools, and 5 optional schools, and 3 academies. The school system has over 19,000 full-time employees and is the third largest employer in Wake County. The system has over 10,000 regular classroom teachers, not including media specialists, counselors, psychologists, etc. We are projected to add nearly 23,000 additional students by the 2024-25 school 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.

Forty-five of the school system's 177 schools are magnet schools, which offer unique educational alternatives. All students are eligible to apply, and the network features distinct programs under the following areas: Leadership and Technology, Gifted and Talented, International Baccalaureate, Language Immersion/Global Studies. 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".

ACT Scores

Wake County Public School System juniors from the 2016-17 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 2016-17 school year, 88.5 percent of seniors who started school four years earlier graduated on time. This is a 1.4 percent increase over the 2015-16 rate of 87.1 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 by fund and purpose 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 (our oldest were built in 1949) 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, 2016. This was the twenty-eighth consecutive year that the Board received these prestigious awards. In order to be awarded Certificates of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

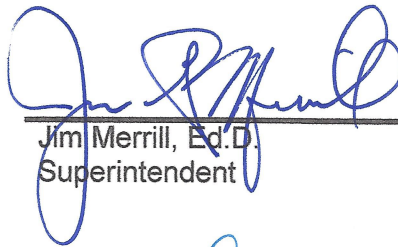
The Certificates of Achievement are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the requirements for the Certificates of Achievement, and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgments

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

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

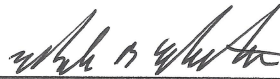
Respectfully submitted,



Jim Merrill, Ed.D.
Superintendent



David Neter
Chief Operating Officer



Mark Winters
Finance Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Wake County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

Presented to

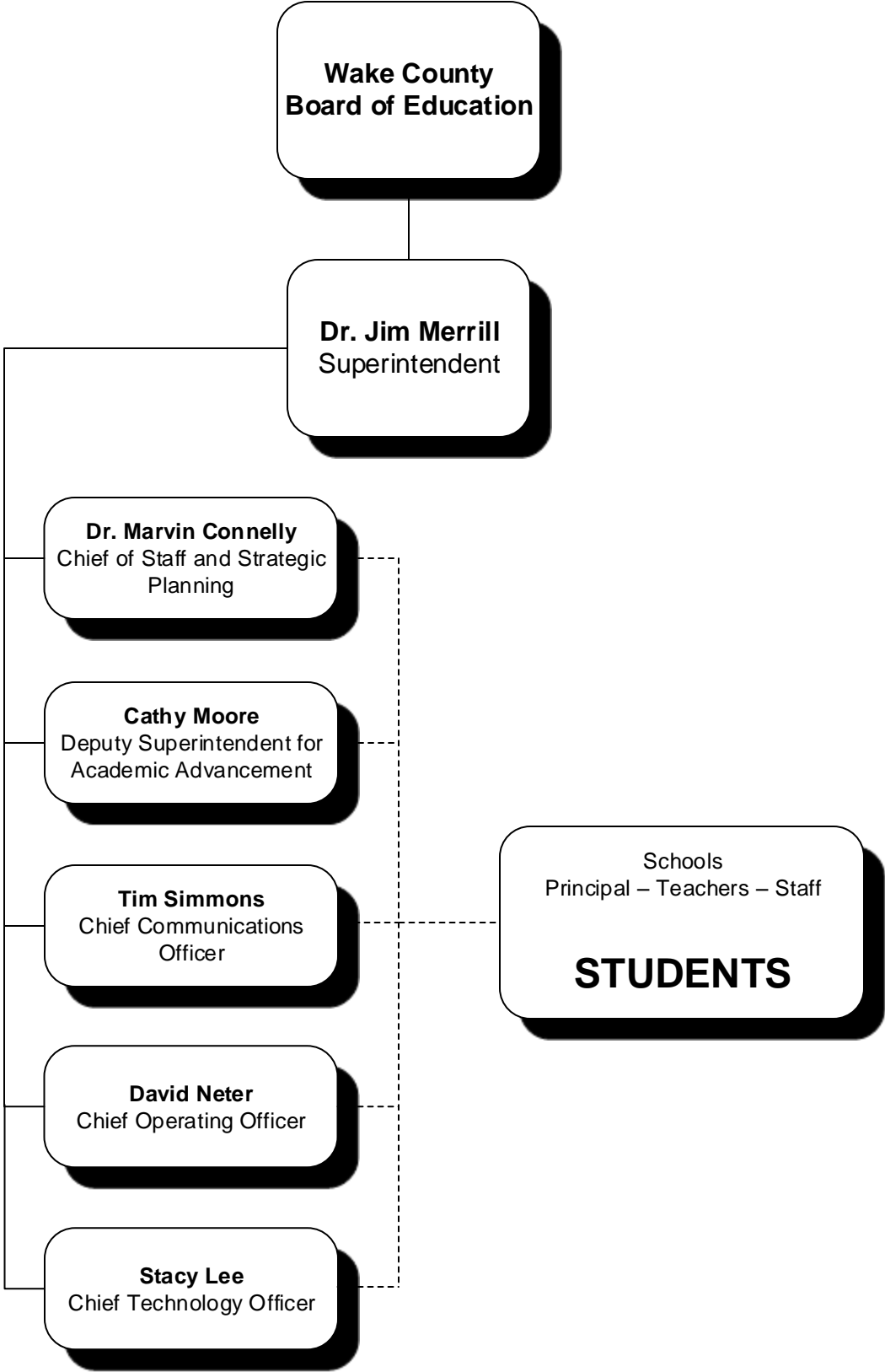
**Wake County Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Organizational Chart



Board of Education and Leadership Team



Monika Johnson-Hostler
Chair, District 2



Christine Kushner
Vice Chair, District 6



Donald Agee
District 1



Roxie Cash
District 3



Keith Sutton
District 4



Dr. Jim Martin
District 5



Kathy Hartenstine
District 7



Lindsay Mahaffey
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

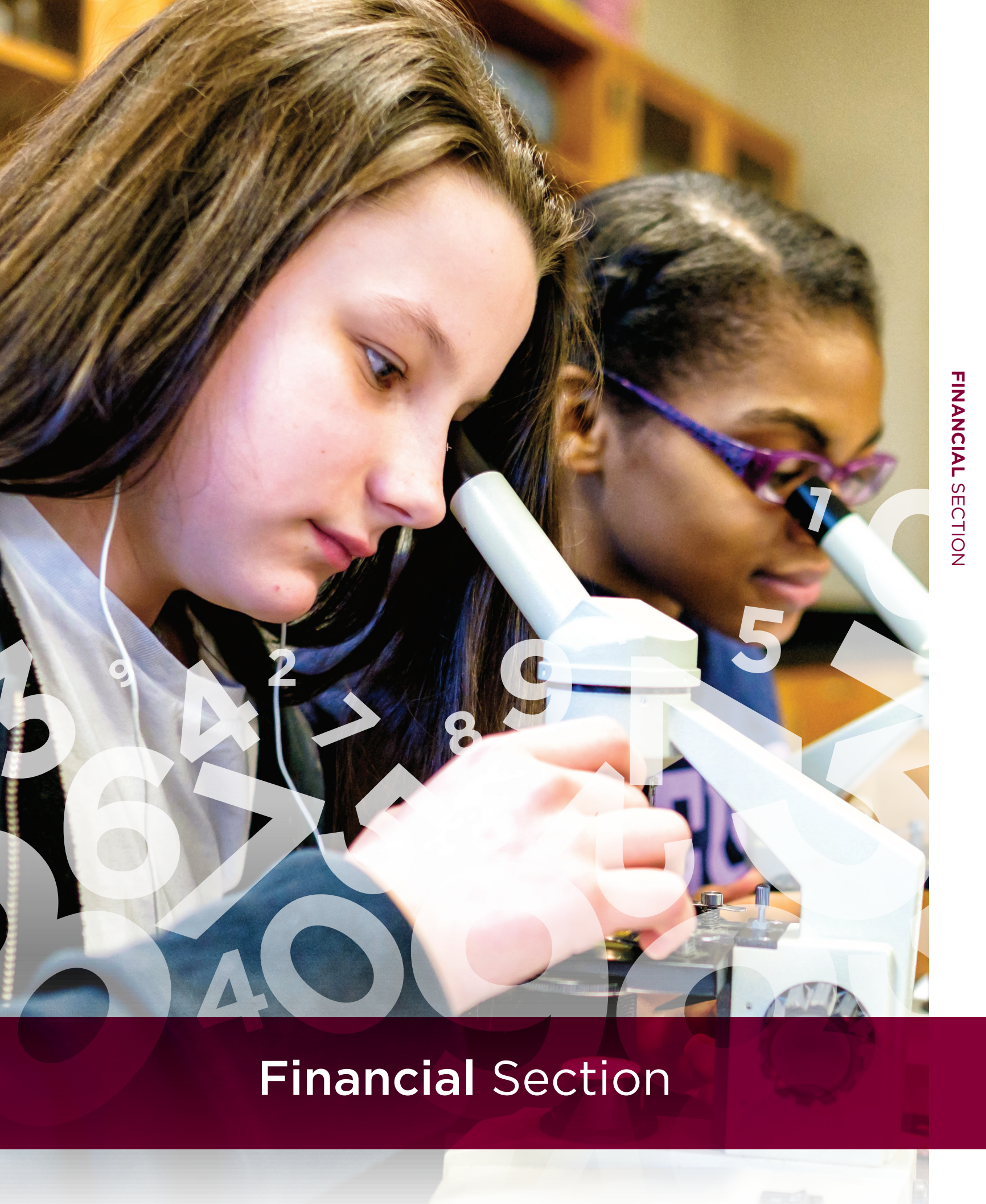
Mark Winters, Finance Officer

Area Superintendents

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

Assistant Superintendents

Brian Kingsley - Academics
Jacqueline Ellis - 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, 2017, 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, 2017, 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 27, 2017 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 27, 2017

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$2,905,275,251.
- The Board's total net position increased by \$151,859,747 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 \$58,013,455 and the Board's governmental funds reported combined ending fund balances of \$69,810,873. Approximately 14 percent of this total amount, or \$9,899,217, is available for spending at the government's discretion.
- The Board enjoyed an increased enrollment of 2,569 students (or 1.64%) 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, 2017**

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, 2017**

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 \$2,905,275,000 as of June 30, 2017. The largest component of net investment in capital assets of approximately \$3,122,239,000.

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

Condensed Statements of Net Position June 30, 2017 and 2016						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 162,298	\$ 155,245	\$ 37,469	\$ 36,425	\$ 199,767	\$ 191,670
Capital assets	3,116,214	2,932,501	6,413	6,087	3,122,627	2,938,588
Total assets	3,278,512	3,087,746	43,882	42,512	3,322,394	3,130,258
Deferred outflows of resources	386,620	79,977	7,890	1,632	394,510	81,609
Current Liabilities	86,966	79,758	5,344	4,332	92,310	84,090
Long-term liabilities:	672,897	311,273	12,948	5,530	685,845	316,803
Total liabilities	759,863	391,031	18,292	9,862	778,155	400,893
Deferred inflows of resources	32,915	56,551	559	1,008	33,474	57,559
Net investment in capital assets	3,115,826	2,931,685	6,413	6,087	3,122,239	2,937,772
Restricted net position	14,821	14,602	-	-	14,821	14,602
Unrestricted net position	(258,293)	(226,146)	26,508	27,187	(231,785)	(198,959)
TOTAL NET POSITION	\$2,872,354	\$2,720,141	\$ 32,921	\$ 33,274	\$ 2,905,275	\$ 2,753,415

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Note that net position for governmental activities increased by approximately \$152,213,000 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, 2017 and 2016**

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,345	\$ 1,304	\$ 31,456	\$30,847	\$ 32,801	\$ 32,151
Operating grants and contributions	970,584	934,463	36,408	35,165	1,006,992	969,628
General Revenues:						
Other revenues	<u>734,426</u>	<u>674,168</u>	<u>278</u>	<u>199</u>	<u>734,704</u>	<u>674,367</u>
Total revenues	<u>1,706,355</u>	<u>1,609,935</u>	<u>68,142</u>	<u>66,211</u>	<u>1,774,497</u>	<u>1,676,146</u>
Expenses:						
Governmental activities:						
Instructional services	1,148,946	1,027,037	-	-	1,148,946	1,027,037
System-wide support services	251,629	240,905	-	-	251,629	240,905
Ancillary services	91	113	-	-	91	113
Nonprogram charges	23,964	21,134	-	-	23,964	21,134
Depreciation	129,457	79,121	-	-	129,457	79,121
Business-type activities:						
Food services	-	-	55,387	53,618	55,387	53,618
Tuition programs	-	-	13,163	11,750	13,163	11,750
Total expenses	<u>1,554,087</u>	<u>1,368,310</u>	<u>68,550</u>	<u>65,368</u>	<u>1,622,637</u>	<u>1,433,678</u>
Transfers	<u>(55)</u>	<u>(45)</u>	<u>55</u>	<u>45</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	152,213	241,580	(353)	888	151,860	242,468
Net position, beginning, previously reported	2,720,141	2,515,502	33,274	33,358	2,753,415	2,548,860
Restatement	-	(36,941)	-	(972)	-	(37,913)
Net position, beginning, restated	<u>2,720,141</u>	<u>2,478,561</u>	<u>33,274</u>	<u>32,386</u>	<u>2,753,415</u>	<u>2,510,947</u>
Net position, ending	<u>\$2,872,354</u>	<u>\$2,720,141</u>	<u>\$ 32,921</u>	<u>\$33,274</u>	<u>\$2,905,275</u>	<u>\$2,753,415</u>

Total governmental activities generated revenues of \$1.7 billion while expenses in this category totaled \$1.55 billion for the year ended June 30, 2017. Comparatively, revenues were \$1.6 billion and expenses totaled \$1.37 billion for the year ended June 30, 2016. After transfers to

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

the business-type activities, the increase in net position stands at \$152.2 million at June 30, 2017, compared to \$241.6 million in 2016. Instructional services expenses comprised 74% of total governmental-type expenses while system-wide support services made up 16.2% of those expenses for 2017. County funding comprised 42.5% of total governmental revenue for 2017. In 2016, county funding was 41.3%. Much of the remaining 57.5% of the total governmental revenue for 2017 consists of restricted state and federal money. This revenue represented 58.7% of total revenue in 2016. Business-type activities generated revenue of \$68.0 million and expenses of \$68.5 million. Net position decreased in the business-type activities by \$353 thousand after transfers from the governmental activities of \$55,000.

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 \$58,013,455, an increase of \$281,269 over last year. The underlying reason for this increase was the Board's strategic use of State and Federal funds in order to reduce the local expenditures. The unassigned fund balance in the general fund decreased to \$9,899,217. This level of unassigned fund balance equals 0.65 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,510,509,052). The Board assigned \$12,840,355 from fund balance to support the 2017-18 budget.

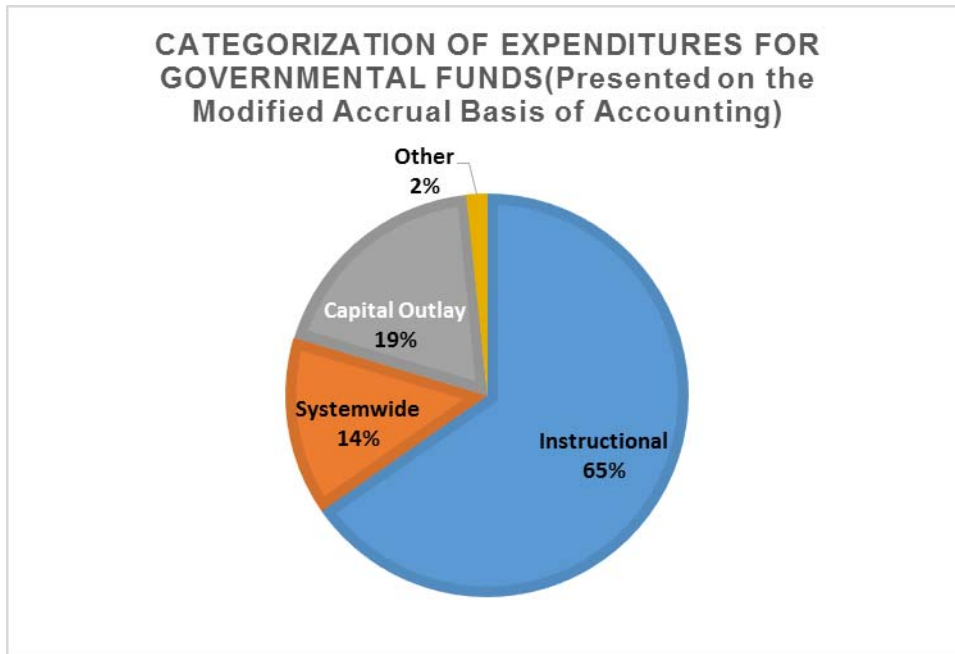
The total fund balance in the capital outlay fund increased by \$1,253,310, and the restricted fund balance for capital expenditures increased to \$779,049. This increase was due to savings in fixed asset replacement.

The fund balance restricted for individual schools in the individual schools fund decreased by \$57,581 due to schools decreasing their revenues by .5% while increasing expenditures by 3% in this area.

The Board's governmental funds reported a combined fund balance of \$69,810,873, a \$1,476,998 increase over last year. County funding increased over the prior year by \$63 million. This increase was due to the increase in the building program and increase in local appropriations. State funding increased approximately \$40 million as a result of student growth and budget increases. Federal funding decreased by approximately \$4.1 million due to expired grant awards.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

The Board's business-type funds reflected a total decrease in net position of approximately \$353 thousand. The Child Nutrition Program reflected a decrease in net position over the last year of \$666,323. This was mainly due to the increase in salaries and employee benefits. Tuition Programs reflected an increase in net position over last year of \$312,676. This was due to strategically reducing expenditures as revenues from participant fees decreased.



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 \$9.9 million. This was mainly due to the appropriation of fund balance for textbooks, floor and carpet cleaning, technology updates, and an operating transfer for capital purchases. Total expenditures for the general fund were \$23 million less than the final budget due to the inability to fully staff the transportation department, particularly in the area of bus drivers and steps to maximize state funds which create savings in local funds.

Total amendments to the state public school fund increased revenues by approximately \$18.9 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, 2017**

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$3,122,626,752 (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, 2017 and 2016

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 173,059	\$ 159,200	\$ -	\$ -	\$ 173,059	\$ 159,200
Land improvements	5,488	3,983	-	-	5,488	3,983
Buildings	2,663,184	2,574,223	-	-	2,663,184	2,574,223
Equipment	39,909	46,151	6,253	5,920	46,162	52,071
Vehicles	16,765	22,790	160	167	16,925	22,957
Construction in progress	217,809	126,154	-	-	217,809	126,154
Total	<u>\$ 3,116,214</u>	<u>\$ 2,932,501</u>	<u>\$ 6,413</u>	<u>\$ 6,087</u>	<u>\$ 3,122,627</u>	<u>\$ 2,938,588</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 \$361,624,637 and the business-type activities debt increased by \$7,417,990. The increase in the government-type and the business-type activities debt was due to the net 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 3.6% at June 30, 2017. This is down from 4.3% the previous year.
- The County has completed its revaluation cycle for real property effective July 1, 2016. They also voted, during 2017, to change the revaluation cycle from an eight year cycle to a four year cycle in order to take advantage of the tax base growth sooner.
- Sales tax collections for the fiscal year ended June 30, 2017 were \$177 million. This is an 5.6% increase from \$167.6 million in the prior fiscal year.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 107,581,175	\$ 32,771,745	\$ 140,352,920
Due from other governments	49,460,796	2,083,810	51,544,606
Internal balances	(78,700)	78,700	-
Receivables	1,365,474	105,534	1,471,008
Inventory and prepaid expenses	3,969,557	2,428,731	6,398,288
Total current assets	<u>162,298,302</u>	<u>37,468,520</u>	<u>199,766,822</u>
Noncurrent assets:			
Land and construction in progress	390,867,991	-	390,867,991
Capital assets, net of accumulated depreciation	2,725,345,847	6,412,914	2,731,758,761
	<u>3,116,213,838</u>	<u>6,412,914</u>	<u>3,122,626,752</u>
TOTAL ASSETS	<u>3,278,512,140</u>	<u>43,881,434</u>	<u>3,322,393,574</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>386,620,658</u>	<u>7,890,217</u>	<u>394,510,875</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	17,668,255	2,023,886	19,692,141
Accounts payable	69,297,860	3,319,979	72,617,839
Long-term liabilities:			
Net pension liability	579,617,715	11,828,933	591,446,648
Due within one year	58,488,108	550,000	59,038,108
Due in more than one year	34,791,444	569,113	35,360,557
TOTAL LIABILITIES	<u>759,863,382</u>	<u>18,291,911</u>	<u>778,155,293</u>
DEFERRED INFLOWS OF RESOURCES	32,914,853	559,052	33,473,905
NET POSITION			
Net investment in capital assets	3,115,825,897	6,412,914	3,122,238,811
Restricted for:			
Individual school activities	8,920,713	-	8,920,713
Stabilization by state statute	5,036,513	-	5,036,513
School capital outlay	779,049	-	779,049
Restricted contributions	85,442	-	85,442
Unrestricted	<u>(258,293,051)</u>	<u>26,507,774</u>	<u>(231,785,277)</u>
TOTAL NET POSITION	<u>\$ 2,872,354,563</u>	<u>\$ 32,920,688</u>	<u>\$ 2,905,275,251</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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Instructional programs:				
Regular	\$ 655,240,420	\$ 1,321,281	\$ 481,060,669	\$ -
Special populations	221,579,226	-	184,366,114	-
Alternative programs and services	82,345,265	-	67,082,328	-
School leadership	80,203,279	-	62,541,178	-
Co-curricular	27,654,770	-	11,021	-
School-based support services	81,922,365	-	63,170,933	-
Systemwide support services				
Support and development	13,158,583	-	4,252,312	-
Special populations support and development	5,830,879	-	1,741,904	-
Alternative programs and services support and development	3,028,276	-	1,623,497	-
Technology support	42,430,480	-	4,860,636	-
Operational support	147,592,022	-	91,569,580	-
Financial and human resource	20,400,114	-	4,808,359	-
Accountability	2,852,691	-	244,014	-
Systemwide pupil support	5,693,573	-	971,260	-
Policy, leadership and public relations	10,642,828	-	2,209,791	-
Ancillary services	91,242	24,085	15,192	-
Nonprogram charges	23,963,483	-	55,355	-
Depreciation - unallocated *	129,457,253	-	-	-
Total governmental activities	<u>1,554,086,749</u>	<u>1,345,366</u>	<u>970,584,143</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Food services	55,387,857	18,083,111	36,407,837	-
Tuition programs	13,162,916	13,372,693	-	-
Total business-type activities	<u>68,550,773</u>	<u>31,455,804</u>	<u>36,407,837</u>	<u>-</u>
Total school district	<u>\$ 1,622,637,522</u>	<u>\$ 32,801,170</u>	<u>\$ 1,006,991,980</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				
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, 2017

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:			
Instructional programs:			
Regular	\$ (172,858,470)		\$ (172,858,470)
Special populations	(37,213,112)		(37,213,112)
Alternative programs and services	(15,262,937)		(15,262,937)
School leadership	(17,662,101)		(17,662,101)
Co-curricular	(27,643,749)		(27,643,749)
School-based support services	(18,751,432)		(18,751,432)
Systemwide support services			
Support and development	(8,906,271)		(8,906,271)
Special populations support and development	(4,088,975)		(4,088,975)
Alternative programs and services support and development	(1,404,779)		(1,404,779)
Technology support	(37,569,844)		(37,569,844)
Operational support	(56,022,442)		(56,022,442)
Financial and human resource	(15,591,755)		(15,591,755)
Accountability	(2,608,677)		(2,608,677)
Systemwide pupil support	(4,722,313)		(4,722,313)
Policy, leadership and public relations	(8,433,037)		(8,433,037)
Ancillary services	(51,965)		(51,965)
Nonprogram charges	(23,908,128)		(23,908,128)
Depreciation - unallocated *	(129,457,253)		(129,457,253)
Total governmental activities	<u>(582,157,240)</u>		<u>(582,157,240)</u>
BUSINESS-TYPE ACTIVITIES:			
Food services		\$ (896,909)	(896,909)
Tuition programs		209,777	209,777
Total business-type activities		<u>(687,132)</u>	<u>(687,132)</u>
Total school district	<u>(582,157,240)</u>	<u>(687,132)</u>	<u>(582,844,372)</u>
GENERAL REVENUES			
Unrestricted county appropriations - operating	408,760,031	-	408,760,031
Unrestricted county appropriations - capital	319,326,301	-	319,326,301
Unrestricted state appropriations - capital	428,778	-	428,778
Investment earnings, unrestricted	706,920	278,130	985,050
Miscellaneous, unrestricted	5,203,959	-	5,203,959
TRANSFER	<u>(55,355)</u>	<u>55,355</u>	<u>-</u>
Subtotal, general revenues and transfers	<u>734,370,634</u>	<u>333,485</u>	<u>734,704,119</u>
Changes in net position	152,213,394	(353,647)	151,859,747
Net position - beginning	<u>2,720,141,169</u>	<u>33,274,335</u>	<u>2,753,415,504</u>
Net position - ending	<u>\$ 2,872,354,563</u>	<u>\$ 32,920,688</u>	<u>\$ 2,905,275,251</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, 2017**

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 81,479,359	\$ 6,891,612	\$ 9,490,059	\$ 2,976,396	\$ 6,743,749	\$ 107,581,175
Due from other governments	1,141,145	11,237,320	87,227	35,934,993	1,060,111	49,460,796
Accounts receivable	1,297,652	-	24,700	-	43,122	1,365,474
Due from other funds	288,305	721	565	47,208	3,631	340,430
Prepaid	49,622	-	-	-	-	49,622
Inventories	3,919,935	-	-	-	-	3,919,935
Total assets	<u>\$ 88,176,018</u>	<u>\$ 18,129,653</u>	<u>\$ 9,602,551</u>	<u>\$ 38,958,597</u>	<u>\$ 7,850,613</u>	<u>\$ 162,717,432</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries and benefits payable	\$ 5,805,232	\$ 11,237,320	\$ -	\$ -	\$ 625,703	\$ 17,668,255
Accounts payable	24,306,393	6,892,333	354,756	36,063,714	1,680,664	69,297,860
Due to other funds	50,938	-	327,082	18,178	22,932	419,130
Total liabilities	<u>30,162,563</u>	<u>18,129,653</u>	<u>681,838</u>	<u>36,081,892</u>	<u>2,329,299</u>	<u>87,385,245</u>
Deferred inflows of resources:	-	-	-	-	5,521,314	5,521,314
Fund balances:						
Nonspendable:						
Inventories	3,919,935	-	-	-	-	3,919,935
Prepaid	49,622	-	-	-	-	49,622
Restricted:						
Stabilization by state statute	4,797,511	-	-	239,002	-	5,036,513
Capital expenditures	-	-	-	779,049	-	779,049
Individual schools	-	-	8,920,713	-	-	8,920,713
Restricted contributions for capital expenditures	-	-	-	85,442	-	85,442
Assigned						
Special projects	14,420,578	-	-	1,773,212	-	16,193,790
Insurance	10,732,144	-	-	-	-	10,732,144
Flexible benefit plan	1,354,093	-	-	-	-	1,354,093
Subsequent years expenditures	12,840,355	-	-	-	-	12,840,355
Unassigned	9,899,217	-	-	-	-	9,899,217
Total fund balances	<u>58,013,455</u>	<u>-</u>	<u>8,920,713</u>	<u>2,876,705</u>	<u>-</u>	<u>69,810,873</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 88,176,018</u>	<u>\$ 18,129,653</u>	<u>\$ 9,602,551</u>	<u>\$ 38,958,597</u>	<u>\$ 7,850,613</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds	3,116,213,838
Deferred outflows of resources related to pensions	386,620,658
Net pension liability	(579,617,715)
Deferred inflows of resources related to pensions	(27,393,539)
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	(6,523,123)
Compensated absences (vacation)	(86,368,487)
Installment purchase	(387,942)
Total net position - governmental activities	<u>\$ 2,872,354,563</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 BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	State Public School Fund	Individual Schools Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
REVENUES:						
County	\$ 407,871,457	\$ -	\$ -	\$ 319,326,301	\$ 888,574	\$ 728,086,332
State	11,058	879,569,714	-	428,778	300,000	880,309,550
Federal	519,213	-	-	-	65,776,325	66,295,538
Other local	6,367,480	-	15,769,736	856,312	14,217,444	37,210,972
Total revenues	<u>414,769,208</u>	<u>879,569,714</u>	<u>15,769,736</u>	<u>320,611,391</u>	<u>81,182,343</u>	<u>1,711,902,392</u>
EXPENDITURES:						
Current operations:						
Instructional services:						
Regular instruction	156,766,405	476,741,212	-	-	3,967,796	637,475,413
Special populations	32,030,409	154,035,621	-	-	29,827,932	215,893,962
Alternative programs and services	13,964,560	35,561,325	-	-	30,981,977	80,507,862
School leadership	15,553,840	62,526,630	-	-	27,493	78,107,963
Co-curricular	11,885,896	-	15,406,691	-	58,730	27,351,317
School-based support	15,078,847	60,874,251	-	-	2,204,059	78,157,157
Systemwide support services						
Support and development	9,029,068	1,157,567	-	-	3,045,428	13,232,063
Special populations support and development	3,941,746	888,895	-	-	839,438	5,670,079
Alternative programs and services support and development						
Technology support	1,490,102	529,824	-	-	1,047,863	3,067,789
Operational support	13,839,947	4,860,636	-	-	190,145	18,890,728
Financial and human resource	83,526,452	74,955,033	-	-	7,123,845	165,605,330
Accountability	15,065,368	4,083,284	-	-	773,780	19,922,432
Systemwide pupil support	2,570,681	224,018	-	-	19,996	2,814,695
Policy, leadership, and public relations	4,604,715	924,679	-	-	46,581	5,575,975
Ancillary services	8,124,486	2,139,791	-	-	70,000	10,334,277
Non-program charges	4,928	11,593	-	-	29,038	45,559
Debt service:	25,499,820	-	-	-	1,348,868	26,848,688
Principal	-	-	-	428,778	-	428,778
Capital outlay:						
Land, buildings, and other	-	-	-	319,586,598	-	319,586,598
Equipment	-	-	-	1,337,992	-	1,337,992
Total expenditures	<u>412,977,270</u>	<u>879,514,359</u>	<u>15,406,691</u>	<u>321,353,368</u>	<u>81,602,969</u>	<u>1,710,854,657</u>
Excess (deficiency) of revenues over expenditures	<u>1,791,938</u>	<u>55,355</u>	<u>363,045</u>	<u>(741,977)</u>	<u>(420,626)</u>	<u>1,047,735</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	1,995,287	420,626	2,415,913
Transfers out	(1,995,287)	(55,355)	(420,626)	-	-	(2,471,268)
Total other financing sources (uses)	<u>(1,995,287)</u>	<u>(55,355)</u>	<u>(420,626)</u>	<u>1,995,287</u>	<u>420,626</u>	<u>(55,355)</u>
Net change in fund balance	<u>(203,349)</u>	<u>-</u>	<u>(57,581)</u>	<u>1,253,310</u>	<u>-</u>	<u>992,380</u>
Fund balances, beginning of year	57,732,186	-	8,978,294	1,623,395	-	68,333,875
Increase in reserve for inventories	484,618	-	-	-	-	484,618
Fund balances, end of year	<u>\$ 58,013,455</u>	<u>\$ -</u>	<u>\$ 8,920,713</u>	<u>\$ 2,876,705</u>	<u>\$ -</u>	<u>\$ 69,810,873</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, 2017**

Total net change in fund balances - governmental funds.	\$ 992,380
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.	184,323,577
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	85,560,848
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.	428,777
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	(114,055,611)
Compensated absences	(4,681,720)
Loss on disposal of assets	(611,045)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the district-wide statements.	(228,430)
Adjustment due to the use of the consumption method of recording inventory in the district-wide statements.	<u>484,618</u>
Change in net position of governmental activities.	<u>\$ 152,213,394</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, 2017

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 407,871,457	\$ 407,871,457	\$ 407,871,457	\$ -
State	20,000	16,136	11,058	(5,078)
Federal	450,000	450,000	519,213	69,213
Other local	6,075,000	6,098,870	6,367,480	268,610
Total revenues	<u>414,416,457</u>	<u>414,436,463</u>	<u>414,769,208</u>	<u>332,745</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	157,053,830	164,156,445	156,766,405	7,390,040
Special populations	30,941,962	32,590,497	32,030,409	560,088
Alternative programs and services	15,729,711	14,897,766	13,964,560	933,206
School leadership	18,210,177	16,174,945	15,553,840	621,105
Co-curricular	13,177,445	13,172,681	11,885,896	1,286,785
School-based support services	15,745,468	15,623,562	15,078,847	544,715
Systemwide support services				
Support and development	9,727,707	9,307,394	9,029,068	278,326
Special populations support and development	4,067,132	4,057,098	3,941,746	115,352
Alternative programs and services support and development	1,670,859	1,521,820	1,490,102	31,718
Technology support	13,608,829	14,206,253	13,839,947	366,306
Operational support	88,341,874	91,884,494	83,526,452	8,358,042
Financial and human resource	15,188,949	15,878,748	15,065,368	813,380
Accountability	2,842,159	2,704,618	2,570,681	133,937
Systemwide pupil support	4,958,767	4,718,710	4,604,715	113,995
Policy, leadership and public relations	8,006,209	8,834,769	8,124,486	710,283
Ancillary services	520	4,975	4,928	47
Non-program charges	25,416,563	25,629,663	25,499,820	129,843
Unbudgeted funds	3,500,804	726,663	-	726,663
Total expenditures	<u>428,188,965</u>	<u>436,091,101</u>	<u>412,977,270</u>	<u>23,113,831</u>
Revenues over (under) expenditures	<u>(13,772,508)</u>	<u>(21,654,638)</u>	<u>1,791,938</u>	<u>23,446,576</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	13,772,508	23,649,925	-	(23,649,925)
Transfers out	-	(1,995,287)	(1,995,287)	-
Total other financing sources(uses)	<u>13,772,508</u>	<u>21,654,638</u>	<u>(1,995,287)</u>	<u>(23,649,925)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(203,349)</u>	<u>\$ (203,349)</u>
Fund balances, beginning of year			57,732,186	
Increase in reserve for inventories			484,618	
Fund balances, end of year			<u>\$ 58,013,455</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, 2017

	State Public School Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ -	\$ -	\$ -	\$ -
State	870,399,269	889,341,481	879,569,714	(9,771,767)
Federal	-	-	-	-
Other local	-	-	-	-
Total revenues	<u>870,399,269</u>	<u>889,341,481</u>	<u>879,569,714</u>	<u>(9,771,767)</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	486,154,131	480,483,381	476,741,212	3,742,169
Special populations	152,412,263	154,205,692	154,035,621	170,071
Alternative programs and services	34,285,704	37,529,501	35,561,325	1,968,176
School leadership	61,232,868	63,067,044	62,526,630	540,414
Co-curricular	-	-	-	-
School-based support services	58,899,128	61,764,199	60,874,251	889,948
Systemwide support services				
Support and development	1,472,219	1,195,417	1,157,567	37,850
Special populations support and development	694,155	897,109	888,895	8,214
Alternative programs and services support and development	401,794	530,280	529,824	456
Technology support	6,557,901	6,926,708	4,860,636	2,066,072
Operational support	60,733,034	75,301,081	74,955,033	346,048
Financial and human resource	4,265,804	4,083,507	4,083,284	223
Accountability	211,050	224,174	224,018	156
Systemwide pupil support	830,267	926,136	924,679	1,457
Policy, leadership and public relations	2,183,223	2,140,007	2,139,791	216
Ancillary services	65,728	11,890	11,593	297
Non-program charges	-	-	-	-
Unbudgeted funds	-	-	-	-
Total expenditures	<u>870,399,269</u>	<u>889,286,126</u>	<u>879,514,359</u>	<u>9,771,767</u>
Revenues over (under) expenditures	-	55,355	55,355	-
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	-	-	-	-
Transfers out	-	(55,355)	(55,355)	-
Total other financing sources(uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Increase 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, 2017**

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,576,998	\$ 12,194,747	\$ 32,771,745
Accounts receivable	33,198	72,336	105,534
Due from other governments	1,564,996	518,814	2,083,810
Due from other funds	2,214	324,725	326,939
Inventory	2,428,731	-	2,428,731
Total current assets	<u>24,606,137</u>	<u>13,110,622</u>	<u>37,716,759</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>6,118,029</u>	<u>294,885</u>	<u>6,412,914</u>
Total assets	<u>30,724,166</u>	<u>13,405,507</u>	<u>44,129,673</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>6,075,469</u>	<u>1,814,748</u>	<u>7,890,217</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	2,001,771	22,115	2,023,886
Accounts payable	2,293,928	1,026,051	3,319,979
Due to other funds	41,250	206,989	248,239
Current portion of long-term obligations	<u>484,000</u>	<u>66,000</u>	<u>550,000</u>
Total current liabilities	4,820,949	1,321,155	6,142,104
Noncurrent liabilities:			
Net pension liability	9,108,278	2,720,655	11,828,933
Compensated absences	<u>499,986</u>	<u>69,127</u>	<u>569,113</u>
Total noncurrent liabilities	<u>9,608,264</u>	<u>2,789,782</u>	<u>12,398,046</u>
Total liabilities	<u>14,429,213</u>	<u>4,110,937</u>	<u>18,540,150</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>488,910</u>	<u>70,142</u>	<u>559,052</u>
NET POSITION			
Net investment in capital assets	6,118,029	294,885	6,412,914
Unrestricted	<u>15,763,483</u>	<u>10,744,291</u>	<u>26,507,774</u>
Total net position	<u>\$ 21,881,512</u>	<u>\$ 11,039,176</u>	<u>\$ 32,920,688</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, 2017

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 18,083,111	\$ -	\$ 18,083,111
Participant fees	-	13,372,693	13,372,693
Total operating revenues	18,083,111	13,372,693	31,455,804
OPERATING EXPENSES:			
Business supporting services:			
Salaries	17,447,625	5,533,548	22,981,173
Food	18,606,124	-	18,606,124
Supplies	1,727,490	2,816,892	4,544,382
Purchased services	1,516,168	2,143,259	3,659,427
Other supporting services:			
Employee benefits	8,716,036	1,499,750	10,215,786
Donated commodities	3,574,688	-	3,574,688
Indirect costs	2,466,703	1,116,512	3,583,215
Depreciation	1,333,023	52,955	1,385,978
TOTAL OPERATING EXPENSES	55,387,857	13,162,916	68,550,773
Operating income(loss)	(37,304,746)	209,777	(37,094,969)
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	30,459,105	-	30,459,105
USDA grants - summer feeding program	20,419	-	20,419
USDA grants - fresh fruit & vegetable program	513,588	-	513,588
USDA Grants - child and adult care food program	21,401	-	21,401
Federal commodities	3,574,688	-	3,574,688
Interest	175,231	102,899	278,130
Local donations and grants	1,825,062	-	1,825,062
Loss on sale of capital assets	(6,426)	-	(6,426)
Total non-operating revenues	36,583,068	102,899	36,685,967
Income (loss) before contributions and transfers	(721,678)	312,676	(409,002)
Transfers from other funds	55,355	-	55,355
	55,355	-	55,355
Change in net position	(666,323)	312,676	(353,647)
Total net position, beginning	22,547,835	10,726,500	33,274,335
Total net position, ending	<u>\$ 21,881,512</u>	<u>\$ 11,039,176</u>	<u>\$ 32,920,688</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, 2017

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 18,045,280	\$ 13,020,395	\$ 31,065,675
Cash paid for goods and services	(22,114,069)	(6,909,942)	(29,024,011)
Cash paid to employees for services	(24,871,764)	(4,596,806)	(29,468,570)
Other operating revenues	(2,462,792)	(975,187)	(3,437,979)
Net cash provided (used) by operating activities	<u>(31,403,345)</u>	<u>538,460</u>	<u>(30,864,885)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	30,459,105	-	30,459,105
USDA grants - summer feeding program	20,419	-	20,419
USDA grants - fresh fruit & vegetable program	513,588	-	513,588
USDA Grants - Child and adult care food program	21,401	-	21,401
Local donations and grants	1,825,062	-	1,825,062
Net cash provided by non-capital financing activities	<u>32,839,575</u>	<u>-</u>	<u>32,839,575</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(1,712,449)	(16,997)	(1,729,446)
Proceeds from sale of equipment	11,372	-	11,372
Net cash used for capital and related financing activities	<u>(1,701,077)</u>	<u>(16,997)</u>	<u>(1,718,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	175,231	102,899	278,130
Net increase (decrease) in cash and cash equivalents	(89,616)	624,362	534,746
Cash and cash equivalents, beginning of year	20,666,614	11,570,385	32,236,999
Cash and cash equivalents, end of year	<u>\$ 20,576,998</u>	<u>\$ 12,194,747</u>	<u>\$ 32,771,745</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (37,304,746)	\$ 209,777	\$ (37,094,969)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,333,023	52,955	1,385,978
Donated commodities	3,574,688	-	3,574,688
Salaries paid by special revenue fund	55,355	-	55,355
(Increase) decrease in accounts receivable	(22,077)	17,879	(4,198)
Increase in due from other governments	(14,475)	(410,996)	(425,471)
Increase in inventories	(263,797)	-	(263,797)
Increase in net pension liability	5,629,630	1,659,008	7,288,638
Increase in deferred outflows	(4,785,989)	(1,472,040)	(6,258,029)
Decrease in deferred inflows	(378,487)	(70,596)	(449,083)
Increase in accounts payable and accrued liabilities	648,422	548,229	1,196,651
Increase in long-term liabilities	125,108	4,244	129,352
Total adjustments	<u>5,901,401</u>	<u>328,683</u>	<u>6,230,084</u>
Net cash provided (used) by operating activities	<u>\$ (31,403,345)</u>	<u>\$ 538,460</u>	<u>\$ (30,864,885)</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, 2017**

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, 2017**

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fundraising activities. The primary expenditures for this fund include athletic teams, club programs, activity buses, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds) and is reported as a capital outlay fund. It is mandated by State law [G.S.115C-426]. Capital projects are funded by Wake County appropriations, proceeds of Wake County bonds issued for public school construction, and lottery proceeds, as well as certain State assistance.

The Board reports the following major enterprise funds:

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

Tuition Programs Fund. The Tuition Programs Fund accounts for before and after school and other tuition-based programs within the school system.

C. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows occur. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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
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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 \$284,026,143 approved by the Board as follows:

General fund	\$ 9,897,423
State public school fund	18,942,212
Grants and other restricted funds	8,929,728
Capital outlay fund	246,271,398
Enterprise fund	(14,618)
	<u>\$ 284,026,143</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
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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	30 to 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.

Capital assets require the review of the residual value and the useful life of an asset at least at each financial year end. The Board revised the useful life of modular buildings from 50 to 30 years. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges for the current fiscal year end have been increased by \$45,718,057.

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.

**WAKE COUNTY BOARD OF EDUCATION
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6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

7. Compensated Absences

The Board follows the State's policy for vacation and sick leave. Employees may accumulate up to 30 days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board's liability for accumulated earned vacation and the salary-related payments as of June 30, 2017, 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
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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, 2017, 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 general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

WAKE COUNTY BOARD OF EDUCATION
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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.

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 \$2,802,543,690 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)	\$ 4,060,962,630
Less accumulated depreciation	<u>(944,748,792)</u>
Net capital assets	<u>3,116,213,838</u>
Pension-related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	8,870,025
Changes in assumptions	85,479,527
Contributions made to the pension plan in current fiscal year	85,560,848
Difference between projected and actual earnings on plan Investments	206,710,258
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	(6,523,123)
Compensated absences	(86,368,487)
Installment purchase	(387,942)
Net pension liability	(579,617,715)
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	<u>(27,393,539)</u>
Total adjustments	<u>\$ 2,802,543,690</u>

WAKE COUNTY BOARD OF EDUCATION
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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 \$151,221,014 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.	\$ 319,402,930
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.	(135,079,353)
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.	428,777
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	85,560,848
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	(114,055,611)
Loss on disposal of assets	(611,045)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(4,681,720)
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.	484,618
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>(228,430)</u>
Total adjustments	<u>\$ 151,221,014</u>

**WAKE COUNTY BOARD OF EDUCATION
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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, 2017, the Board's deposits with banks had a carrying amount of \$66,914,407 and with the State Treasurer of \$7,308,998. The bank balances with financial institutions and the State Treasurer were \$73,161,835 and \$8,433,321, respectively. Of these balances, \$358,030 was covered by federal depository insurance and \$81,237,126 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
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2. Investments

At June 30, 2017, the Board had \$9,034 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. There was \$66,120,481 invested with the State Treasurer in the Short Term Investment Fund (STIF) . The STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. 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 1.6 years as of June 30, 2017.

Credit Risk. The Board's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2017. 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, 2017, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 288,305	\$ 1,141,145	\$ 1,297,652	\$ 2,727,102
Other governmental activities	52,125	48,319,651	67,822	48,439,598
Total	<u>\$ 340,430</u>	<u>\$ 49,460,796</u>	<u>\$ 1,365,474</u>	<u>\$ 51,166,700</u>
Business-type activities				
Child Nutrition Program	\$ 2,214	\$ 1,564,996	\$ 33,198	\$ 1,600,408
Tuition Programs	324,725	518,814	72,336	915,875
Total	<u>\$ 326,939</u>	<u>\$ 2,083,810</u>	<u>\$ 105,534</u>	<u>\$ 2,516,283</u>

Internal balances consist of the transfer of tuition payments receipted at the school level, the transfer of 4th quarter utilities due from tuition programs and the allocation of printing costs, catering fees, and mailroom costs.

WAKE COUNTY BOARD OF EDUCATION
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Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 844,462	Sales tax refund from state
	995	Miscellaneous revenue from state
	260,621	Miscellaneous revenue from municipalities
	<u>35,067</u>	Miscellaneous revenue from federal
	<u>1,141,145</u>	
State Public School Fund	11,237,320	Operating funds from DPI
Individual Schools Fund	87,227	Sales tax refund from state
Capital Outlay Fund	35,934,993	County funds from county appropriations
Direct Grants Fund	254,850	Federal grant funds
State Administered Federal Grants Fund	799,401	Federal grant funds
Other restricted fund	<u>5,860</u>	Sales tax refund from state
	<u>\$49,460,796</u>	

Business-type activities:

Child Nutrition Program	\$ 1,564,996	USDA Reimbursement from state
Tuition Programs	73,670	Sales tax refund from state
	<u>445,144</u>	Miscellaneous revenue from municipalities
	<u>518,814</u>	
	<u>\$ 2,083,810</u>	

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

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

Capital asset activity for the year ended June 30, 2017 was:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 159,199,801	\$ 13,858,785	\$ -	\$ -	\$ 173,058,586
Construction in progress	<u>126,153,583</u>	<u>300,240,201</u>	<u>(208,584,379)</u>	<u>-</u>	<u>217,809,405</u>
Total capital assets not being depreciated	<u>285,353,384</u>	<u>314,098,986</u>	<u>(208,584,379)</u>	<u>-</u>	<u>390,867,991</u>
Capital assets being depreciated					
Land improvements	9,127,235	1,924,621	-	(104,553)	10,947,303
Buildings	3,276,408,993	-	208,584,379	(1,487,445)	3,483,505,927
Equipment	92,785,572	2,660,648	-	(1,465,435)	93,980,785
Vehicles and motor equipment	<u>81,337,021</u>	<u>718,675</u>	<u>-</u>	<u>(395,072)</u>	<u>81,660,624</u>
Total capital assets being depreciated	<u>3,459,658,821</u>	<u>5,303,944</u>	<u>208,584,379</u>	<u>(3,452,505)</u>	<u>3,670,094,639</u>
Less accumulated depreciation for					
Land improvements	5,143,568	379,574	-	(64,055)	5,459,087
Buildings	702,185,555	119,193,940	-	(1,057,695)	820,321,800
Equipment	46,635,151	8,826,184	-	(1,389,771)	54,071,564
Vehicles and motor equipment	<u>58,546,625</u>	<u>6,679,655</u>	<u>-</u>	<u>(329,939)</u>	<u>64,896,341</u>
Total accumulated depreciation	<u>812,510,899</u>	<u>\$ 135,079,353</u>	<u>-</u>	<u>\$ (2,841,460)</u>	<u>944,748,792</u>
Total capital assets being depreciated, net	<u>2,647,147,922</u>				<u>2,725,345,847</u>
Governmental activity capital assets, net	<u>\$ 2,932,501,306</u>				<u>\$3,116,213,838</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 129,457,253
Operational support services	<u>5,622,100</u>
Total	<u>\$ 135,079,353</u>

WAKE COUNTY BOARD OF EDUCATION
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Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
Child nutrition program activities				
Capital assets being depreciated:				
Equipment	\$ 19,305,929	\$ 1,665,531	\$ (71,151)	\$ 20,900,309
Vehicles	<u>899,513</u>	<u>46,918</u>	<u>(29,532)</u>	<u>916,899</u>
Total capital assets being depreciated	20,205,442	1,712,449	(100,683)	21,817,208
Less accumulated depreciation for:				
Equipment	13,672,430	1,290,250	(53,352)	14,909,328
Vehicles	<u>776,611</u>	<u>42,773</u>	<u>(29,533)</u>	<u>789,851</u>
Total accumulated depreciation	<u>14,449,041</u>	<u>1,333,023</u>	<u>(82,885)</u>	<u>15,699,179</u>
Child nutrition program capital assets, net	<u>5,756,401</u>			<u>6,118,029</u>
Tuition program activities:				
Capital assets being depreciated:				
Equipment	582,057	16,997	-	599,054
Vehicles	<u>81,812</u>	<u>-</u>	<u>-</u>	<u>81,812</u>
Total capital assets being depreciated	663,869	16,997	-	680,866
Less accumulated depreciation for:				
Equipment	294,751	42,729		337,480
Vehicles	<u>38,275</u>	<u>10,226</u>	<u>-</u>	<u>48,501</u>
Total accumulated depreciation	<u>333,026</u>	<u>\$ 52,955</u>	<u>\$ -</u>	<u>385,981</u>
Tuition program capital assets, net	<u>330,843</u>			<u>294,885</u>
Business-type activities capital assets, net	<u>\$ 6,087,244</u>			<u>\$ 6,412,914</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2017. At year-end, the Board's commitments with contractors for school construction totaled approximately \$264,207,778. These commitments will be funded by future revenues from Wake County.

**WAKE COUNTY BOARD OF EDUCATION
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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 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, 2017, was 9.98 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 \$87,306,988 for the year ended June 30, 2017.

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, 2017, the Board reported a liability of \$591,446,648 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016, 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, 2016, and at June 30, 2015, the Board's proportion was 6.1602% and 5.9756%, respectively.

WAKE COUNTY BOARD OF EDUCATION
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For the year ended June 30, 2017, the Board recognized pension expense of \$29,076,288. At June 30, 2017, 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	\$ -	\$ 27,952,591
Changes of assumptions	87,224,007	-
Net difference between projected and actual earnings on pension plan investments	210,928,834	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	9,051,046	-
Board contributions subsequent to the measurement date	87,306,988	-
Total	<u>\$ 394,510,875</u>	<u>\$ 27,952,591</u>

A total of \$87,306,988 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 47,941,445
2019	48,873,908
2020	117,166,134
2021	<u>65,269,715</u>
	<u>\$ 279,251,202</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 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, 2015, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014.

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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.00%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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 3.05 percent. All rates of return and inflation are annualized.

**WAKE COUNTY BOARD OF EDUCATION
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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:

	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
Board's proportionate share of the net pension liability(asset)	1,112,396,858	591,446,648	153,398,934

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.

WAKE COUNTY BOARD OF EDUCATION
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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, 2017, 2016, and 2015, the School Board paid all annual required contributions to the Plan for post-employment healthcare benefits of \$50,856,815, \$47,023,022, and \$43,956,344, respectively. These contributions represented 6.02 percent, 5.6 percent, and 5.49 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, 2017, 2016 and 2015, the Board paid all annual required contributions to the DIPNC for disability benefits of \$3,324,317, \$3,442,757, and \$3,282,714, respectively. These contributions represented .38 percent, .41 percent, and .41 percent of covered payroll, respectively.

2. Accounts Payable

Accounts payables as of June 30, 2017, are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 24,306,393	\$ 5,805,232
Other Governmental	44,991,467	11,863,023
Total Governmental activities	<u>\$ 69,297,860</u>	<u>\$ 17,668,255</u>
Business-type Activities		
Child Nutrition Program	\$ 2,293,928	\$ 2,001,771
Tuition Programs	1,026,051	22,115
Total Business-type activities	<u>\$ 3,319,979</u>	<u>\$ 2,023,886</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	\$ 9,051,046	\$ -
Changes in assumptions	87,224,007	
Board contributions subsequent to the measurement date	87,306,988	-
Difference between projected and actual earnings on plan investments	210,928,834	-
Difference between expected and actual experience	-	27,952,591
Grants not yet earned (Direct Grants)	-	1,020,205
Grants not yet earned (Other Restricted Funds)	-	4,501,109
Totals	<u>\$ 394,510,875</u>	<u>\$ 33,473,905</u>

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2017**

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 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Estimated claims payable, beginning of year	\$ 6,294,693	\$ 7,039,224
Current year claims and changes in estimates	2,279,651	1,161,465
Claim payments	<u>(2,051,221)</u>	<u>(1,905,996)</u>
Estimated claims payable, end of year	<u>\$ 6,523,123</u>	<u>\$ 6,294,693</u>

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

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2017**

5. Contingent Liabilities

At June 30, 2017, 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 \$6,232,724 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Year ending June 29</u>	<u>Amount</u>
2018	\$ 6,160,053
2019	4,804,300
2020	4,835,387
2021	4,943,810
2022	5,054,942
2023-2027	20,070,337
2028-2033	3,004,878
2033-2100	<u>1,309,752</u>
Total	<u>\$ 50,183,459</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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Worker's compensation	\$ 6,294,693	\$ 2,279,651	\$ 2,051,221	\$ 6,523,123	\$ 3,100,166
Installment purchase	816,719	-	428,777	387,942	387,942
Net pension liability	222,474,451	357,143,264	-	579,617,715	-
Compensated absences	<u>81,686,767</u>	<u>62,385,906</u>	<u>57,704,186</u>	<u>86,368,487</u>	<u>55,000,000</u>
Total	<u>\$ 311,272,630</u>	<u>\$ 421,808,821</u>	<u>\$ 60,184,184</u>	<u>\$ 672,897,267</u>	<u>\$ 58,488,108</u>
Business-type activities:					
Net pension liability	\$ 4,540,295	\$ 7,288,638	\$ -	\$ 11,828,933	\$ -
Compensated absences	<u>989,761</u>	<u>877,542</u>	<u>748,190</u>	<u>1,119,113</u>	<u>550,000</u>
Total	<u>\$ 5,530,056</u>	<u>\$ 8,166,180</u>	<u>\$ 748,190</u>	<u>\$ 12,948,046</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, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
State Public School Fund	General Fund	\$ 721
General Fund	Capital Outlay Fund	18,178
General Fund	Individual Schools Fund	1,879
General Fund	Direct Grants Fund	22,927
General Fund	Child Nutrition Program	40,342
General Fund	Tuition Program	204,979
Capital Outlay Fund	General Fund	47,208
Individual Schools Fund	General Fund	560
Individual Schools Fund	Direct Grants Fund	5
Direct Grants Fund	General Fund	713
Other Restricted Funds	Child Nutrition Program	908
Other Restricted Funds	Tuition Program	2,010
Child Nutrition Program	General Fund	1,296
Child Nutrition Program	Individual Schools Fund	918
Tuition Program	General Fund	440
Tuition Program	Individual Schools Fund	<u>324,285</u>
		<u>\$ 667,369</u>

**WAKE COUNTY BOARD OF EDUCATION
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Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$324,285 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 Tuition Program owes \$204,979 to the General Fund for utilities for the fourth quarter.

The following is a summary of Transfers for the year ended June 30, 2017:

<u>Transfers From:</u>	<u>Transfers To:</u>		
	Capital Outlay Fund	Other Restricted Funds	Child Nutrition Fund
State Public School Fund	\$ -	\$ -	\$ 55,355
General Fund	1,995,287	-	-
Individual Schools Fund	-	420,626	-
	<u>\$ 1,995,287</u>	<u>\$ 420,626</u>	<u>\$ 55,355</u>

During the year, the State Public School Fund transferred \$55,355 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$402,626 to the Other Restricted Funds to fund the costs of additional positions in the schools. The General Fund transferred \$1,995,287 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	\$ 58,013,455
Less:	
Inventories	3,919,935
Prepays	49,622
Stabilization by State Statute	4,797,511
Special projects	14,420,578
Insurance	10,732,144
Flexible benefit plan	1,354,093
Appropriated fund balance in 2018 budget	<u>12,840,355</u>
Remaining fund balance	<u>\$ 9,899,217</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	\$ 2,070,409
Capital Outlay Fund	239,002

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 27, 2017, in connection with the preparation of these financial statements. This is the date the financial statements were available to be issued.

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 FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Board's portion of the net pension liability (asset)	6.4350%	6.1602%	5.9756%	5.8869%
Board's proportionate share of the net pension liability (asset)	\$ 591,446,648	\$ 227,014,746	\$ 70,058,926	\$ 357,394,818
Board's covered-employee payroll	\$ 839,696,815	\$ 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	70%	28%	9%	48%
Plan fiduciary net position as a percentage of the total pension liability	87.32%	94.64%	98.24%	90.60%

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

This schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF BOARD CONTRIBUTIONS
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 87,306,988	\$ 76,832,259	\$ 73,180,297	\$ 65,221,914
Contributions in relation to the contractually required contribution	<u>87,306,988</u>	<u>76,832,259</u>	<u>73,180,297</u>	<u>65,221,914</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 874,819,518	\$ 839,696,815	\$ 800,662,003	\$ 750,539,861
Contributions as a percentage of covered-employee payroll	9.98%	9.15%	9.14%	8.69%

This schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

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, 2017**

	State Administered Federal Grants	Direct Grants	Other Restricted Funds	Total
ASSETS				
Cash	\$ 417,385	\$ 1,061,206	\$ 5,265,158	\$ 6,743,749
Due from other governments	799,401	254,850	5,860	1,060,111
Accounts receivable	-	43,122	-	43,122
Due from other funds	-	713	2,918	3,631
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,216,786</u>	<u>\$ 1,359,891</u>	<u>\$ 5,273,936</u>	<u>\$ 7,850,613</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries and benefits payable	\$ 582,470	\$ 23,040	\$ 20,193	\$ 625,703
Accounts payable	634,316	293,714	752,634	1,680,664
Due to other funds	-	22,932	-	22,932
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,216,786</u>	<u>339,686</u>	<u>772,827</u>	<u>2,329,299</u>
Deferred inflows of resources:	<u>-</u>	<u>1,020,205</u>	<u>4,501,109</u>	<u>5,521,314</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,216,786</u>	<u>\$ 1,359,891</u>	<u>\$ 5,273,936</u>	<u>\$ 7,850,613</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	State Administered Federal Grants	Direct Grants	Other Restricted Funds	Total
REVENUES:				
County	\$ -	\$ -	\$ 888,574	\$ 888,574
Federal	62,132,270	3,644,055	-	65,776,325
State	-	300,000	-	300,000
Other	-	2,221,766	11,995,678	14,217,444
Total revenues	<u>62,132,270</u>	<u>6,165,821</u>	<u>12,884,252</u>	<u>81,182,343</u>
EXPENDITURES:				
Instructional services:				
Regular instructional	1,548,616	2,110,668	308,512	3,967,796
Special populations	25,245,427	33,712	4,548,793	29,827,932
Alternative programs	29,684,155	1,073,485	224,337	30,981,977
School leadership	-	14,548	12,945	27,493
Co-curricular	-	58,730	-	58,730
School-based support	1,032,037	878,589	293,433	2,204,059
Systemwide support services				
Support and development	1,573,883	904,045	567,500	3,045,428
Special populations support and development	668,435	46,158	124,845	839,438
Alternative programs and services support and development	606,438	441,425	-	1,047,863
Technology support	-	-	190,145	190,145
Operational support	142,773	16,053	6,965,019	7,123,845
Financial and human resource	380,550	393,230	-	773,780
Accountability services	-	19,996	-	19,996
Systemwide pupil support	-	2,671	43,910	46,581
Policy, leadership and public relations	-	70,000	-	70,000
Ancillary services	-	3,599	25,439	29,038
Non-program charges	1,249,956	98,912	-	1,348,868
Total expenditures	<u>62,132,270</u>	<u>6,165,821</u>	<u>13,304,878</u>	<u>81,602,969</u>
Deficiency of revenues over expenditures before other financing sources	<u>-</u>	<u>-</u>	<u>(420,626)</u>	<u>(420,626)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>420,626</u>	<u>420,626</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
State: other	\$ 16,136	\$ 11,058	\$ (5,078)	\$ 11,863
Wake County:				
County appropriation	407,871,457	407,871,457	-	383,970,976
Federal:				
ROTC	450,000	519,213	69,213	509,063
Other:				
Fines and forfeitures	4,300,000	3,427,124	(872,876)	5,176,776
Interest	450,000	685,906	235,906	460,467
Tuition and fees	1,160,000	1,345,366	185,366	1,303,609
Other local	188,870	909,084	720,214	473,123
Total	6,098,870	6,367,480	268,610	7,413,975
Total revenues	414,436,463	414,769,208	332,745	391,905,877
EXPENDITURES:				
Regular instructional services				
Regular curricular		149,944,362		140,568,264
CTE curricular		6,822,043		6,132,555
	164,156,445	156,766,405	7,390,040	146,700,819
Special populations services				
Children with disabilities curricular		21,411,579		17,744,493
Children with disabilities CTE curricular		324,493		303,497
Pre-K children with disabilities curricular		2,608,011		1,715,096
Speech and language pathology		2,585,769		2,100,980
Audiology		308,985		299,166
Academically/intellectually gifted curricular		1,943,571		1,790,548
Limited english proficiency		2,848,001		2,760,589
	32,590,497	32,030,409	560,088	26,714,369
Alternative programs and services				
Alternative instructional K-12		1,758,989		1,395,984
Attendance and social work		1,422,527		2,055,414
Remedial and supplemental K-12		7,075,595		7,665,188
Pre-K readiness/remedial and supplemental		1,921,552		1,815,206
Extended day/year instructional		1,785,897		1,331,929
	14,897,766	13,964,560	933,206	14,263,721

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
School leadership services	\$ 16,174,945	\$ 15,553,840	\$ 621,105	\$ 19,091,153
Co-Curricular services	13,172,681	11,885,896	1,286,785	10,163,094
School-based support services				
Educational media		4,905,294		5,319,217
Student accounting		35,621		1,051,034
Guidance		7,844,099		11,006,823
Health		436,278		224,245
Safety and security		145,051		166,666
Instructional technology		882,151		1,076,137
Staff development unallocated		727,294		472,279
Parent involvement		103,059		108,342
	15,623,562	15,078,847	544,715	19,424,743
Support and development services				
Regular curricular support and development		8,572,956		7,744,588
CTE curricular support and development		456,112		317,928
	9,307,394	9,029,068	278,326	8,062,516
Special population support and development services	4,057,098	3,941,746	115,352	3,342,616
Alternative programs and services support and development services	1,521,820	1,490,102	31,718	1,518,858
Technology support services	14,206,253	13,839,947	366,306	16,901,415
Operational support services				
Communication		776,933		298,880
Printing and copying		188,793		51,139
Public utility and energy		22,966,578		24,494,055
Custodial/housekeeping		11,556,859		12,039,014
Transportation		17,470,435		17,141,717
Warehouse and delivery		53,787		303,219
Facilities planning		4,132,108		3,793,535
Maintenance		26,380,959		25,943,527
	91,884,494	83,526,452	8,358,042	84,065,086
Financial and human resource services				
Financial		8,482,769		8,750,278
Human resource		6,582,599		5,466,022
	15,878,748	15,065,368	813,380	14,216,300

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,796,839	\$ -	\$ 1,336,529
Planning, research development and program evaluation		<u>773,842</u>		<u>935,324</u>
	<u>2,704,618</u>	<u>2,570,681</u>	<u>133,937</u>	<u>2,271,853</u>
Systemwide pupil support services				
Educational media support		207,901		188,903
Student accounting support		1,590,805		1,975,116
Guidance support		459,824		603,211
Health support		78,276		70,487
Safety and security support		<u>2,267,909</u>		<u>2,410,051</u>
	<u>4,718,710</u>	<u>4,604,715</u>	<u>113,995</u>	<u>5,247,768</u>
Policy, leadership and public relations services				
Board of education		324,255		307,231
Legal		1,643,954		1,254,927
Audit		526,792		451,511
Leadership		3,729,825		3,224,983
Public relations and marketing		<u>1,899,660</u>		<u>1,644,366</u>
	<u>8,834,769</u>	<u>8,124,486</u>	<u>710,283</u>	<u>6,883,018</u>
Ancillary services				
Community		4,052		
Nutrition		526		1,114
Adult		350		-
	<u>4,975</u>	<u>4,928</u>	<u>47</u>	<u>1,114</u>
Nonprogram charges:				
Payments to charter schools	<u>25,629,663</u>	<u>25,499,820</u>	<u>129,843</u>	<u>22,632,919</u>
Unbudgeted funds	<u>726,663</u>	<u>-</u>	<u>726,663</u>	<u>-</u>
Total expenditures	<u>436,091,101</u>	<u>412,977,270</u>	<u>23,113,831</u>	<u>401,501,362</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(21,654,638)</u>	<u>1,791,938</u>	<u>23,446,576</u>	<u>(9,595,485)</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	23,649,925	-	(23,649,925)	-
Transfers out	<u>(1,995,287)</u>	<u>(1,995,287)</u>	<u>-</u>	<u>(2,002,672)</u>
Total other financing sources	<u>21,654,638</u>	<u>(1,995,287)</u>	<u>(23,649,925)</u>	<u>(2,002,672)</u>
Net change in fund balance	<u>\$ -</u>	<u>(203,349)</u>	<u>\$ (203,349)</u>	<u>(11,598,157)</u>
Fund balance, beginning of year		57,732,186		68,337,612
Increase in reserve for inventories		<u>484,618</u>		<u>992,731</u>
Fund balance, end of year		<u>\$ 58,013,455</u>		<u>\$ 57,732,186</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 889,341,481	\$ 879,569,714	\$ (9,771,767)	\$ 839,066,186
Total revenues	<u>889,341,481</u>	<u>879,569,714</u>	<u>(9,771,767)</u>	<u>839,066,186</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		437,779,188		422,566,757
CTE curricular		38,962,024		37,570,108
	<u>480,483,381</u>	<u>476,741,212</u>	<u>3,742,169</u>	<u>460,136,865</u>
Special populations services				
Children with disabilities curricular		108,724,682		104,306,221
Children with disabilities CTE curricular		1,659,653		1,590,192
Pre-K children with disabilities curricular		11,184,569		10,315,636
Speech and language pathology		11,491,814		11,124,432
Audiology		899,458		864,530
Academically/intellectually gifted curricular		9,218,245		8,389,075
Limited english proficiency		10,857,200		10,485,187
	<u>154,205,692</u>	<u>154,035,621</u>	<u>170,071</u>	<u>147,075,273</u>
Alternative programs and services				
Alternative instructional K-12		6,903,053		6,358,891
Attendance and social work		6,227,280		5,305,679
Remedial and supplemental K-12		19,121,670		22,448,934
Pre-K readiness/remedial and supplemental		-		9,225
Extended day/year instructional		3,309,322		1,840,521
	<u>37,529,501</u>	<u>35,561,325</u>	<u>1,968,176</u>	<u>35,963,250</u>
School leadership services	<u>63,067,044</u>	<u>62,526,630</u>	<u>540,414</u>	<u>56,080,547</u>
School-based support services				
Educational media		12,935,766		11,330,904
Student accounting		8,958,678		7,569,280
Guidance		30,030,141		24,858,697
Health		6,202,182		5,951,328
Safety and security		959,164		1,001,697
Instructional technology		1,777,055		1,662,412
Staff development unallocated		11,265		141,178
	<u>61,764,199</u>	<u>60,874,251</u>	<u>889,948</u>	<u>52,515,496</u>
Support and development services				
Regular curricular support and development		938,459		879,062
CTE curricular support and development		219,108		383,475
	<u>1,195,417</u>	<u>1,157,567</u>	<u>37,850</u>	<u>1,262,537</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Special population support and development services	\$ 897,109	\$ 888,895	\$ 8,214	\$ 1,032,999
Alternative programs and services support and development services	530,280	529,824	456	489,601
Technology support services	6,926,708	4,860,636	2,066,072	3,616,242
Operational support services				
Custodial/housekeeping		19,050,811		18,960,232
Transportation		55,372,429		53,333,972
Maintenance		531,793		636,896
	75,301,081	74,955,033	346,048	72,931,100
Financial and human resource services				
Financial		2,750,177		2,192,193
Human resource		1,333,107		1,946,364
	4,083,507	4,083,284	223	4,138,557
Accountability services				
Student testing		67,646		1,257,370
Planning, research development and program evaluation		156,372		-
	224,174	224,018	156	1,257,370
Systemwide pupil support services				
Student accounting		640,446		414,836
Guidance		143,956		
Safety and security		140,277		-
	926,136	924,679	1,457	414,836
Policy, leadership and public relations services				
Audit		130,736		84,949
Leadership		1,894,205		1,895,155
Public relations and marketing		114,850		111,316
	2,140,007	2,139,791	216	2,091,420
Ancillary services				
Nutrition	11,890	11,593	297	14,906
Total expenditures	889,286,126	879,514,359	9,771,767	839,020,999
Excess of revenues over expenditures before other financing uses	55,355	55,355	-	45,187
OTHER FINANCING USES:				
Transfers out	(55,355)	(55,355)	-	(45,187)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2017

	Fund Balance 6/30/2016	Revenues	Expenditures	Fund Balance 6/30/2017
HIGH SCHOOLS:				
Apex	\$ 363,531	\$ 281,569	\$ 255,094	\$ 390,006
Apex Friendship	25,435	192,299	178,764	38,970
Athens	143,266	211,384	177,449	177,201
Broughton	199,016	244,003	245,319	197,700
Cary	69,428	278,387	280,687	67,128
East Wake	67,587	167,262	178,529	56,320
Enloe	281,481	324,972	333,102	273,351
Fuquay-Varina	193,573	214,070	225,298	182,345
Garner	146,298	306,421	316,116	136,603
Green Hope	189,793	385,490	430,289	144,994
Heritage	153,219	363,725	356,840	160,104
Holly Springs	239,510	294,381	280,773	253,118
Knightdale	64,756	185,586	222,795	27,547
Leesville Road	186,432	389,271	378,364	197,339
Middle Creek	382,911	343,373	315,410	410,874
Millbrook	201,736	350,620	338,585	213,771
Panther Creek	165,278	410,788	460,034	116,032
Rolesville	53,663	180,123	170,102	63,684
Sanderson	172,154	258,277	242,021	188,410
Southeast Raleigh	61,082	151,753	124,018	88,817
Vernon Malone	7,622	9,346	10,170	6,798
Wake NCSU STEM Early College	7,169	16,471	12,835	10,805
Wake Early College	33,422	11,853	17,786	27,489
Wake Forest	112,866	343,893	332,804	123,955
Wakefield	133,523	300,047	259,757	173,813
	<u>3,654,751</u>	<u>6,215,364</u>	<u>6,142,941</u>	<u>3,727,174</u>
MIDDLE SCHOOLS:				
Apex	161,993	134,964	137,718	159,239
Carnage	52,812	49,558	57,832	44,538
Carroll	32,894	89,144	93,638	28,400
Centennial	33,359	19,683	24,761	28,281
Daniels	48,795	179,309	171,607	56,497
Davis Drive	43,515	212,661	207,965	48,211
Dillard Drive	7,714	129,340	128,102	8,952
Durant Road	22,546	82,169	79,529	25,186
East Cary	48,369	107,455	109,741	46,083
East Garner	109,272	143,020	142,341	109,951
East Millbrook	30,442	88,567	98,017	20,992
East Wake	29,421	37,451	42,971	23,901
Fuquay-Varina	43,455	72,685	51,819	64,321
Heritage	70,830	223,906	190,907	103,829
Holly Grove	79,927	249,227	222,191	106,963
Holly Ridge	114,857	67,210	78,608	103,459
Leesville Road	96,567	137,918	141,626	92,859
Ligon	89,986	140,795	127,578	103,203

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2017

	Fund Balance 6/30/2016	Revenues	Expenditures	Fund Balance 6/30/2017
Lufkin Road	\$ 26,323	\$ 56,738	\$ 56,166	\$ 26,895
Martin	54,056	61,840	67,958	47,938
Mills Park	107,880	285,590	282,668	110,802
Moore Square	25,776	61,954	70,502	17,228
North Garner	41,335	41,576	38,852	44,059
Pine Hollow	-	69,077	50,203	18,874
Reedy Creek	37,242	27,335	21,836	42,741
Rolesville	56,326	179,530	159,447	76,409
Salem	75,879	163,195	177,142	61,932
Wake Forest	51,326	83,697	77,630	57,393
Wakefield	47,348	82,565	78,933	50,980
Wendell	38,275	31,939	34,567	35,647
West Cary	22,711	84,256	85,219	21,748
West Lake	78,735	103,402	110,866	71,271
West Millbrook	57,210	83,161	78,973	61,398
Zebulon	33,375	66,558	70,638	29,295
	<u>1,870,551</u>	<u>3,647,475</u>	<u>3,568,551</u>	<u>1,949,475</u>
ELEMENTARY SCHOOLS:				
Abbotts Creek	3,754	38,687	33,525	8,916
Adams	16,549	37,857	41,546	12,860
Alston Ridge	41,939	73,256	85,687	29,508
Apex	36,289	72,213	72,656	35,846
Aversboro	21,208	28,523	22,982	26,749
Baileywick	27,788	11,244	15,821	23,211
Ballentine	33,082	14,634	16,623	31,093
Banks Road	28,697	58,478	70,846	16,329
Barwell Road	11,501	32,230	32,410	11,321
Baucom	35,426	36,642	35,607	36,461
Beaverdam	-	10,471	8,513	1,958
Brassfield	32,831	49,247	46,273	35,805
Brentwood	17,516	21,941	28,130	11,327
Briarcliff	30,153	44,043	39,557	34,639
Brier Creek	29,754	148,353	153,484	24,623
Brooks	58,935	100,070	88,564	70,441
Bugg	22,772	25,126	30,563	17,335
Carpenter	14,789	37,620	35,531	16,878
Carver	19,494	42,468	38,282	23,680
Cary	12,206	46,050	46,836	11,420
Cedar Fork	15,962	57,421	60,662	12,721
Combs	57,781	135,562	130,021	63,322
Conn	24,339	50,893	64,273	10,959
Creech Road	26,822	13,419	28,534	11,707
Davis Drive	33,103	210,806	162,356	81,553
Dillard Drive	26,704	18,654	24,907	20,451
Douglas	40,871	128,943	111,746	58,068
Douglas Discretionary Funds	2,648	-	-	2,648

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2017

	Fund Balance			Fund Balance
	6/30/2016	Revenues	Expenditures	6/30/2017
Durant Road	\$ 45,906	\$ 89,701	\$ 87,003	\$ 48,604
East Garner	6,584	4,397	5,969	5,012
Farmington Woods	17,975	32,939	42,202	8,712
Forest Pines	21,891	39,059	43,390	17,560
Forestville	18,799	29,236	33,317	14,718
Fox Road	25,184	10,331	15,542	19,973
Fuller	33,865	31,601	39,026	26,440
Fuquay-Varina	32,449	55,130	54,824	32,755
Green	17,695	22,246	22,863	17,078
Green Hope	51,654	42,948	56,736	37,866
Harris Creek	9,598	71,837	75,132	6,303
Herbert Akins	34,878	67,821	74,620	28,079
Heritage	38,713	38,002	32,695	44,020
Highcroft	24,777	118,792	113,753	29,816
Hodge Road	14,740	14,840	15,790	13,790
Holly Grove	65,725	96,702	89,637	72,790
Holly Ridge	12,242	55,379	48,581	19,040
Holly Springs	37,015	77,174	64,034	50,155
Hunter	36,729	48,355	34,668	50,416
Jeffreys Grove	41,186	28,486	39,359	30,313
Jones Dairy	32,945	50,167	69,006	14,106
Joyner	28,613	188,576	116,299	100,890
Kingswood	22,082	27,576	27,089	22,569
Knightdale	14,668	24,218	19,036	19,850
Lacy	60,110	247,531	253,699	53,942
Lake Myra	9,703	14,780	12,323	12,160
Laurel Park	36,952	71,815	74,501	34,266
Lead Mine	63,978	57,625	99,481	22,122
Leesville Road	30,760	79,090	80,385	29,465
Lincoln Heights	14,681	24,218	19,530	19,369
Lockhart	13,359	27,406	23,471	17,294
Lynn Road	18,114	16,453	20,181	14,386
Middle Creek	12,195	94,289	95,577	10,907
Millbrook	8,509	21,425	18,625	11,309
Mills Park	24,445	84,205	102,156	6,494
Morrisville	39,880	73,798	61,496	52,182
North Forest Pines	32,728	91,754	87,342	37,140
North Ridge	48,250	75,633	64,248	59,635
Northwoods	38,497	18,244	13,723	43,018
Oak Grove	33,996	59,684	68,998	24,682
Oakview	-	27,660	21,627	6,033
Olds	22,701	27,418	23,989	26,130
Olive Chapel	141,130	88,637	162,330	67,437
Partnership Primary	26,619	40,601	53,332	13,888
Penny Road	39,171	46,213	49,239	36,145
Pleasant Grove	-	23,084	21,583	1,501

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2017

	Fund Balance 6/30/2016	Revenues	Expenditures	Fund Balance 6/30/2017
Pleasant Union	\$ 31,503	\$ 73,532	\$ 83,186	\$ 21,849
Poe	7,505	15,369	11,439	11,435
Powell	12,096	8,554	8,601	12,049
Rand Road	37,167	51,204	62,936	25,435
Reedy Creek	21,195	46,321	49,897	17,619
Richland Creek	10,224	13,117	8,910	14,431
River Bend	41,164	11,989	16,089	37,064
Rolesville	22,130	67,192	64,896	24,426
Root	152,457	175,162	168,459	159,160
Salem	135,120	22,293	105,466	51,947
Sanford Creek	75,515	47,128	38,617	84,026
Scotts Ridge	10,917	53,156	39,444	24,629
Smith	20,584	17,088	14,388	23,284
Stough	9,678	38,328	36,672	11,334
Swift Creek	17,748	15,442	19,226	13,964
Sycamore Creek	50,914	143,038	134,159	59,793
Timber Drive	23,195	34,171	26,241	31,125
Turner Creek	54,983	57,646	86,943	25,686
Underwood	18,326	96,393	93,254	21,465
Vance	30,253	17,545	27,587	20,211
Vandora Springs	45,904	29,393	45,369	29,928
Wake Forest	43,525	21,161	26,602	38,084
Wakefield	35,575	37,105	56,017	16,663
Wakelon	9,852	35,398	38,018	7,232
Walnut Creek	13,144	26,108	26,952	12,300
Washington	33,016	52,871	65,148	20,739
Weatherstone	67,220	90,347	108,547	49,020
Wendell	27,797	45,960	43,089	30,668
West Lake	30,942	47,204	50,987	27,159
White Oak	-	26,295	16,891	9,404
Wilburn	29,105	18,944	24,734	23,315
Wildwood Forest	14,976	21,905	19,787	17,094
Wiley	25,676	29,223	35,076	19,823
Willow Springs	35,852	50,060	58,376	27,536
Yates Mill	26,000	38,016	35,451	28,565
York	15,744	16,336	21,693	10,387
Zebulon	5,660	17,794	13,958	9,496
	<u>3,367,266</u>	<u>5,730,715</u>	<u>5,957,447</u>	<u>3,140,534</u>
ACADEMIES:				
Hilburn	33,161	76,779	75,477	34,463
Wake Young Men's	2,795	14,040	11,017	5,818
Wake Young Women's	10,818	58,549	54,598	14,769
	<u>46,774</u>	<u>149,368</u>	<u>141,092</u>	<u>55,050</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
YEAR ENDED JUNE 30, 2017

	Fund Balance 6/30/2016	Revenues	Expenditures	Fund Balance 6/30/2017
OTHER:				
Crossroads Flex	\$ -	\$ 5,792	\$ 15	\$ 5,777
Longview School	14,835	4,563	3,465	15,933
Mt. Vernon	20,141	8,517	7,272	21,386
Phillips High School	1,837	7,217	5,480	3,574
River Oaks	2,139	725	1,054	1,810
	<u>38,952</u>	<u>26,814</u>	<u>17,286</u>	<u>48,480</u>
TOTAL	<u>\$ 8,978,294</u>	<u>\$ 15,769,736</u>	<u>\$ 15,827,317</u>	<u>\$ 8,920,713</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 1,150,969	\$ 1,150,969	\$ -	\$ 1,150,969
Capital improvements fund	<u>796,514,596</u>	<u>318,175,332</u>	<u>(478,339,264)</u>	<u>278,909,840</u>
	<u>797,665,565</u>	<u>319,326,301</u>	<u>(478,339,264)</u>	<u>280,060,809</u>
State				
LEA financed purchase of school buses	<u>428,778</u>	<u>428,778</u>	<u>-</u>	<u>816,720</u>
Other:				
Sale of school property	150,000	82,677	(67,323)	223,181
Interest	5,000	9	(4,991)	43
Other local	<u>582,392</u>	<u>773,626</u>	<u>191,234</u>	<u>248,721</u>
	<u>737,392</u>	<u>856,312</u>	<u>118,920</u>	<u>471,945</u>
Total revenues	<u>798,831,735</u>	<u>320,611,391</u>	<u>(478,220,344)</u>	<u>281,349,474</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	<u>21,569,845</u>	<u>13,646,221</u>	<u>7,923,624</u>	<u>7,118,687</u>
Buildings:				
General contracts		21,184,873		6,472,929
Heating contracts		3,545,588		7,833,805
Electrical contracts		139,670		43,003
Architect fees		12,184,136		14,526,372
Equipment contracts		39,756,764		20,991,328
Miscellaneous contracts		<u>227,817,997</u>		<u>221,528,923</u>
	<u>768,200,566</u>	<u>304,629,028</u>	<u>463,571,538</u>	<u>271,396,360</u>
Other:				
Library books	<u>8,240,175</u>	<u>1,311,349</u>	<u>6,928,826</u>	<u>1,291,512</u>
	<u>798,010,586</u>	<u>319,586,598</u>	<u>478,423,988</u>	<u>279,806,559</u>
Equipment:				
Instructional		56,214		
Administrative		<u>513,345</u>		<u>213,838</u>
	<u>833,024</u>	<u>569,559</u>	<u>263,465</u>	<u>213,838</u>
Vehicles:				
Administration		752,745		1,391,338
Transportation		<u>15,688</u>		<u>2,309,124</u>
	<u>2,427,445</u>	<u>768,433</u>	<u>1,659,012</u>	<u>3,700,462</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Debt service:				
Principal	\$ 428,778	\$ 428,778	\$ -	\$ 816,720
Total expenditures	<u>801,699,833</u>	<u>321,353,368</u>	<u>480,346,465</u>	<u>284,537,579</u>
Deficiency of revenues over expenditures before other financing sources	<u>(2,868,098)</u>	<u>(741,977)</u>	<u>2,126,121</u>	<u>(3,188,105)</u>
OTHER FINANCING SOURCES:				
Installment purchase obligations issued	-	-	-	1,551,768
Appropriated fund balance	872,811	-	(872,811)	-
Transfers In	<u>1,995,287</u>	<u>1,995,287</u>	-	<u>2,002,672</u>
Total other financing sources	<u>2,868,098</u>	<u>1,995,287</u>	<u>(872,811)</u>	<u>3,554,440</u>
Net change in fund balance	<u>\$ -</u>	<u>1,253,310</u>	<u>\$ 1,253,310</u>	<u>366,335</u>
Fund balance, beginning of year		<u>1,623,395</u>		<u>1,257,060</u>
Fund balance, end of year		<u>\$ 2,876,705</u>		<u>\$ 1,623,395</u>

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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Federal:				
IDEA	\$ 35,503,236	\$ 29,935,114	\$ (5,568,122)	\$ 32,104,981
ESEA	33,886,346	26,458,491	(7,427,855)	26,945,279
Career technical education	1,525,316	1,525,200	(116)	1,422,146
Improving teacher quality	2,602,944	2,099,943	(503,001)	2,752,578
English language acquisition	2,907,310	2,016,420	(890,890)	1,956,347
Other federal	439,869	97,102	(342,767)	114,228
Total revenues	<u>76,865,021</u>	<u>62,132,270</u>	<u>(14,732,751)</u>	<u>65,295,559</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		54,763		81,799
CTE curricular		<u>1,493,853</u>		<u>1,386,603</u>
	<u>1,556,679</u>	<u>1,548,616</u>	<u>8,063</u>	<u>1,468,402</u>
Special populations services				
Children with disabilities curricular		23,131,276		25,371,247
Pre-K children with disabilities curricular		730,604		791,895
Speech and language pathology		177,458		208,984
Audiology		20,308		50,000
Limited english proficiency		<u>1,185,781</u>		<u>1,171,624</u>
	<u>30,053,778</u>	<u>25,245,427</u>	<u>4,808,351</u>	<u>27,593,750</u>
Alternative programs and services				
Attendance and social work		1,270,350		1,037,688
Remedial and supplemental K-12		20,700,418		19,931,281
Pre-K readiness/remedial and supplemental		4,835,793		4,616,167
Extended day/year instructional		<u>2,877,594</u>		<u>3,418,904</u>
	<u>32,942,322</u>	<u>29,684,155</u>	<u>3,258,167</u>	<u>29,004,040</u>
School-based support services				
Guidance		559,635		481,643
Health		2,369		20,678
Instructional technology		37,166		33,786
Staff development unallocated		37,352		139,525
Parent involvement		<u>395,515</u>		<u>416,814</u>
	<u>1,195,222</u>	<u>1,032,037</u>	<u>163,185</u>	<u>1,092,446</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 1,815,335	\$ 1,573,883	\$ 241,452	\$ 2,055,927
Special population support and development services	691,517	668,435	23,082	746,164
Alternative programs and services support and development services	1,181,382	606,438	574,944	957,842
Operational support services				
Transportation	172,939	142,773	30,166	281,327
Financial and human resource services				
Human resource	396,136	380,550	15,586	483,042
Ancillary services				
Nutrition services	-	-	-	3,480
Nonprogram charges:				
Indirect cost	1,419,233	1,249,956	169,277	1,609,139
Unbudgeted funds	5,440,478	-	5,440,478	-
Total expenditures	76,865,021	62,132,270	14,732,751	65,295,559
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
DIRECT GRANTS FUND
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ 300,000	\$ 300,000	\$ -	\$ -
Federal:				
Magnet	5,392,622	2,871,840	(2,520,782)	3,635,029
Teacher incentive fund	12,181	6,839	(5,342)	204,012
Elementary and secondary school counseling	526,785	503,296	(23,489)	495,293
Other federal	443,899	262,080	(181,819)	314,445
Total	6,375,487	3,644,055	(2,731,432)	4,648,779
Other:				
NC Pre-K	372,620	179,638	(192,982)	185,269
Parents as teachers	497,169	493,358	(3,811)	460,868
John Rex endowment	525,996	283,352	(242,644)	922,439
Other	2,501,567	1,265,418	(1,236,149)	974,434
Total	3,897,352	2,221,766	(1,675,586)	2,543,010
Total Revenues	10,572,839	6,165,821	(4,407,018)	7,191,789
EXPENDITURES:				
Regular instructional services				
Regular curricular		2,058,318		3,030,465
CTE curricular		52,350		37,462
	3,877,263	2,110,668	1,766,595	3,067,927
Special populations services				
Children with disabilities curricular	68,390	33,712	34,678	26,960
Alternative programs and services				
Pre-K readiness/remedial and supplemental		870,708		1,432,352
Extended day/year instructional		202,777		114,639
	1,331,936	1,073,485	258,451	1,546,991
School leadership services	14,777	14,548	229	18,690
Co-Curricular services	63,470	58,730	4,740	6,770
School-based support services				
Educational media		352,905		319,921
Guidance		483,127		461,069
Instructional technology		38,267		43,019
Staff development unallocated		-		5,902
Parent involvement		4,290		29,582
	1,065,873	878,589	187,284	859,493

(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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ 1,307,227	\$ 904,045	\$ 403,182	\$ 785,380
Special population support and development services	46,197	46,158	39	45,128
Alternative programs and services support and development services	510,919	441,425	69,494	503,847
Operational support services				
Transportation	31,285	16,053	15,232	8,820
Financial and human resource services				
Human resource	842,237	393,230	449,007	85,136
Accountability services				
Student testing		5,000		-
Planning, research development and program evaluation		14,996		54,499
	35,961	19,996	15,965	54,499
Systemwide pupil support services				
Guidance support	5,273	2,671	2,602	2,718
Policy, leadership and public relations services				
Leadership	70,000	70,000	-	-
Ancillary services				
Community	3,599	3,599	-	14,419
Nonprogram charges:				
Indirect cost	153,925	98,912	55,013	165,011
Unbudgeted funds	1,144,507	-	1,144,507	-
Total expenditures	10,572,839	6,165,821	4,407,018	7,191,789
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
OTHER RESTRICTED FUNDS
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Wake County - County Appropriation	\$ 888,574	\$ 888,574	\$ -	\$ 878,055
Other Local:				
Medicaid	10,927,950	5,703,648	(5,224,302)	4,711,657
Indirect cost	5,300,000	4,935,847	(364,153)	5,320,573
E-Rate	1,335,178	1,335,178	-	2,318,165
Interest	15,000	21,005	6,005	15,140
Total	<u>17,578,128</u>	<u>11,995,678</u>	<u>(5,582,450)</u>	<u>12,365,535</u>
Total revenues	<u>18,466,702</u>	<u>12,884,252</u>	<u>(5,582,450)</u>	<u>13,243,590</u>
EXPENDITURES:				
Regular curricular	<u>308,512</u>	<u>308,512</u>	-	<u>310,121</u>
Special populations services				
Children with disabilities curricular		4,062,651		3,294,540
Pre-K children with disabilities curricular		394,350		491,205
Speech and language pathology		21,305		14,143
Audiology		70,487		38,006
	<u>6,369,075</u>	<u>4,548,793</u>	<u>1,820,282</u>	<u>3,837,894</u>
Alternative programs and services				
Remedial and supplemental K-12		162,370		64,103
Extended day/year instructional		61,967		10,539
	<u>235,865</u>	<u>224,337</u>	<u>11,528</u>	<u>74,642</u>
School leadership services	<u>12,945</u>	<u>12,945</u>	-	<u>334</u>
School-based support services				
Guidance		47,684		20,227
Health		245,749		215,794
	<u>317,376</u>	<u>293,433</u>	<u>23,943</u>	<u>236,021</u>
Support and development services				
Regular curricular support and development	<u>567,500</u>	<u>567,500</u>	-	<u>516,500</u>
Special population support and development	<u>150,689</u>	<u>124,845</u>	<u>25,844</u>	<u>63,141</u>
Alternative programs and services support and development	<u>32,550</u>	<u>-</u>	<u>32,550</u>	<u>-</u>
Technology support services	<u>190,145</u>	<u>190,145</u>	-	<u>176,595</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
Operational support services				
Communication	\$ -	\$ 1,145,032	\$ -	\$ 2,141,570
Public utility and energy		4,931,413		5,304,140
Facilities planning		888,574		878,055
	<u>7,317,297</u>	<u>6,965,019</u>	<u>352,278</u>	<u>8,323,765</u>
Systemwide pupil support services				
Health support	<u>43,918</u>	<u>43,910</u>	<u>8</u>	<u>45,056</u>
Ancillary services - community	<u>31,310</u>	<u>25,439</u>	<u>5,871</u>	<u>27,279</u>
Nonprogram charges				
Other	<u>3,310,146</u>	<u>-</u>	<u>3,310,146</u>	<u>-</u>
Total expenditures	<u>18,887,328</u>	<u>13,304,878</u>	<u>5,582,450</u>	<u>13,611,348</u>
Deficiency of revenues over expenditures before other financing sources	<u>(420,626)</u>	<u>(420,626)</u>	<u>-</u>	<u>(367,758)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>420,626</u>	<u>420,626</u>	<u>-</u>	<u>367,758</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

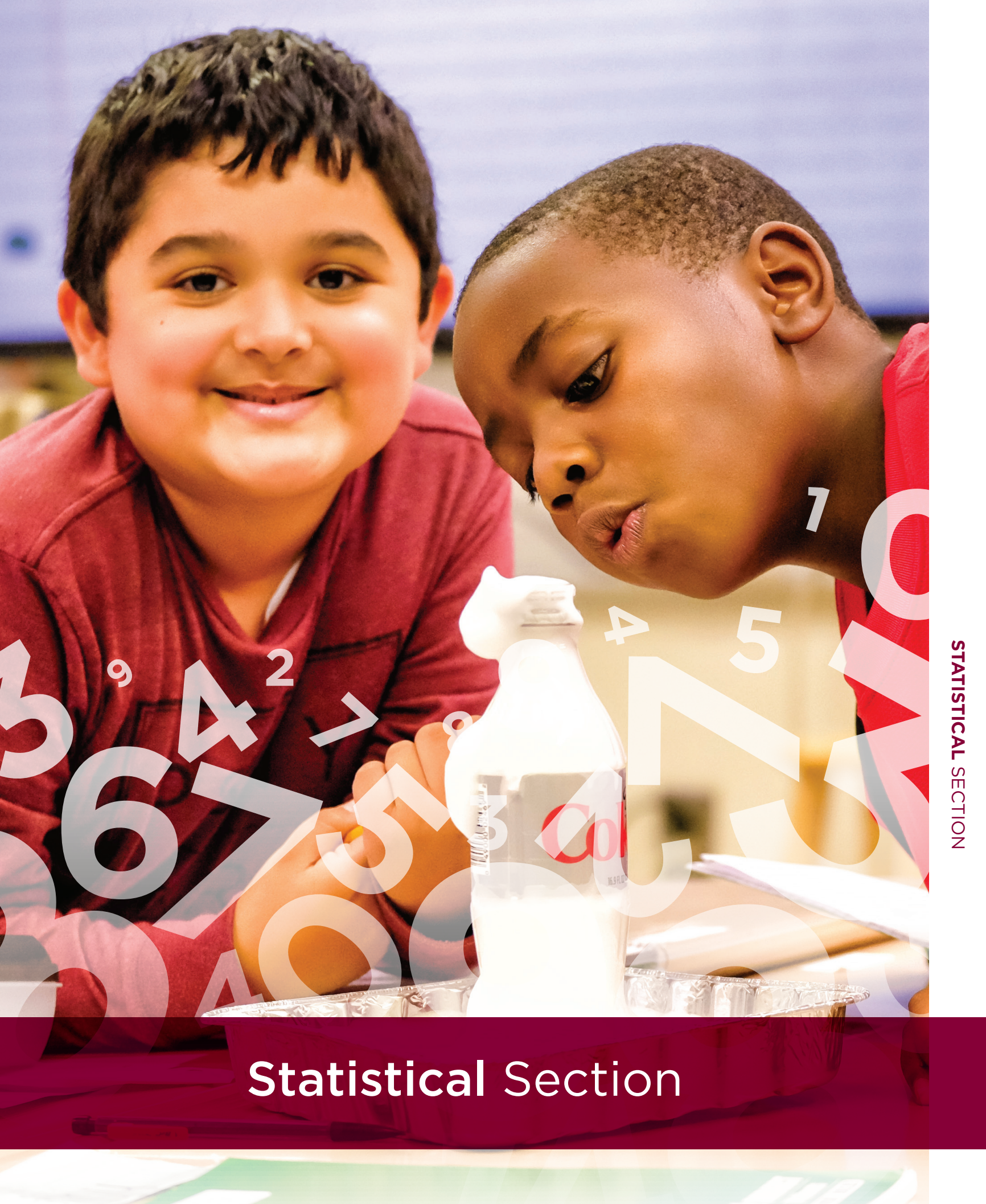
WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
ENTERPRISE FUND - CHILD NUTRITION PROGRAM
YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Federal:				
Regular USDA grants	\$ 34,725,000	\$ 30,459,105	\$ (4,265,895)	\$ 31,076,595
USDA Grants - Fresh fruit & vegetable program	630,000	513,588	(116,412)	536,692
USDA Grants - Summer feeding program	20,631	20,419	(212)	57,850
USDA Grants - Child and Adult Care Food Program	-	21,401	21,401	-
	<u>35,375,631</u>	<u>31,014,513</u>	<u>(4,361,118)</u>	<u>31,671,137</u>
Other:				
Food sales	17,727,800	18,083,111	355,311	17,315,970
Interest	95,000	175,231	80,231	131,844
Local donations or grants	150,000	1,825,062	1,675,062	110,000
	<u>17,972,800</u>	<u>20,083,404</u>	<u>2,110,604</u>	<u>17,557,814</u>
Total revenues	<u>53,348,431</u>	<u>51,097,917</u>	<u>(2,250,514)</u>	<u>49,228,951</u>
EXPENDITURES:				
Business supporting services:				
Salaries		17,447,625		16,679,855
Food		18,606,124		19,530,729
Supplies		1,727,490		1,900,414
Purchased services		1,516,168		1,493,342
Indirect costs paid		2,466,703		2,419,434
Equipment purchases		1,712,449		79,743
	<u>44,548,006</u>	<u>43,476,559</u>	<u>1,071,447</u>	<u>42,103,517</u>
Other supporting services:				
Employee benefits	<u>8,855,780</u>	<u>8,716,036</u>	<u>139,744</u>	<u>7,718,977</u>
Total expenditures	<u>53,403,786</u>	<u>52,192,595</u>	<u>1,211,191</u>	<u>49,822,494</u>
Deficiency of revenues over expenditures	<u>(55,355)</u>	<u>(1,094,678)</u>	<u>(1,039,323)</u>	<u>(593,543)</u>
OTHER FINANCING SOURCES:				
Operating transfer in	<u>55,355</u>	<u>55,355</u>	<u>-</u>	<u>45,187</u>
Deficiency of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(1,039,323)</u>	<u>\$ (1,039,323)</u>	<u>(548,356)</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		1,712,449		79,743
Depreciation		(1,333,023)		(1,179,164)
Net pension liability		-		(2,385,728)
Deferred outflows - pension		-		116,612
Deferred inflows - pension		-		3,079,933
Loss on sale of capital assets		(6,426)		(118,919)
Change in net position		<u>\$ (666,323)</u>		<u>\$ (955,879)</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, 2017
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016)

	2017		Variance- Positive (Negative)	2016
	Budget	Actual		Actual
REVENUES:				
Other:				
Participant fees	\$ 23,352,209	\$ 13,372,693	\$ (9,979,516)	\$ 13,531,484
Interest	-	102,899	102,899	67,238
Total revenues	<u>23,352,209</u>	<u>13,475,592</u>	<u>(9,876,617)</u>	<u>13,598,722</u>
EXPENDITURES:				
Business supporting services:				
Salaries		5,533,548		5,484,554
Supplies		2,816,892		2,893,604
Purchased services		2,143,259		1,193,236
Indirect costs paid		1,116,512		1,115,178
Equipment purchases		16,997		12,271
	<u>21,522,063</u>	<u>11,627,208</u>	<u>9,894,855</u>	<u>10,698,843</u>
Other supporting services:				
Employee benefits	<u>1,830,146</u>	<u>1,499,750</u>	<u>330,396</u>	<u>1,265,641</u>
Total expenditures	<u>23,352,209</u>	<u>13,126,958</u>	<u>10,225,251</u>	<u>11,964,484</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	348,634	<u>\$ 348,634</u>	1,634,238
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		16,997		12,271
Depreciation		(52,955)		(54,271)
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>\$ 312,676</u>		<u>\$ 1,843,878</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				
	2017	2016	2015	2014	2013
Governmental activities:					
Net investment in capital assets	\$3,115,825,897	\$2,931,684,587	\$2,723,207,488	\$2,648,922,011	\$2,631,483,747
Restricted	14,821,717	14,602,314	17,025,811	16,599,934	12,011,212
Unrestricted	<u>(258,293,051)</u>	<u>(226,145,732)</u>	<u>(224,731,658)</u>	<u>(1,250,869)</u>	<u>5,464,347</u>
Total net position	<u>2,872,354,563</u>	<u>2,720,141,169</u>	<u>2,515,501,641</u>	<u>2,664,271,076</u>	<u>2,648,959,306</u>
Business-type activities					
Net investment in capital assets	6,412,914	6,087,244	7,356,663	7,727,478	8,010,544
Unrestricted	<u>26,507,774</u>	<u>27,187,091</u>	<u>26,001,803</u>	<u>32,693,479</u>	<u>33,965,521</u>
Total net position	<u>32,920,688</u>	<u>33,274,335</u>	<u>33,358,466</u>	<u>40,420,957</u>	<u>41,976,065</u>
Government-wide					
Net investment in capital assets	3,122,238,811	2,937,771,831	2,730,564,151	2,656,649,489	2,639,494,291
Restricted	14,821,717	14,602,314	17,025,811	16,599,934	12,011,212
Unrestricted	<u>(231,785,277)</u>	<u>(198,958,641)</u>	<u>(198,729,855)</u>	<u>31,442,610</u>	<u>39,429,868</u>
Total net position	<u>\$2,905,275,251</u>	<u>\$2,753,415,504</u>	<u>\$2,548,860,107</u>	<u>\$2,704,692,033</u>	<u>\$2,690,935,371</u>

(Continued)

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental activities:					
Net investment in capital assets	\$2,638,196,366	\$2,581,406,320	\$2,516,805,009	\$2,432,805,178	\$2,163,062,885
Restricted	14,427,305	13,198,738	8,406,773	8,295,329	8,523,252
Unrestricted	<u>16,786,497</u>	<u>(3,058,002)</u>	<u>(13,718,304)</u>	<u>(27,277,985)</u>	<u>(14,537,635)</u>
Total net position	<u>2,669,410,168</u>	<u>2,591,547,056</u>	<u>2,511,493,478</u>	<u>2,413,822,522</u>	<u>2,157,048,502</u>
Business-type activities					
Net investment in capital assets	8,243,904	9,263,646	10,080,094	7,570,688	6,895,575
Unrestricted	<u>30,806,811</u>	<u>26,115,857</u>	<u>21,286,773</u>	<u>18,203,349</u>	<u>17,461,850</u>
Total net position	<u>39,050,715</u>	<u>35,379,503</u>	<u>31,366,867</u>	<u>25,774,037</u>	<u>24,357,425</u>
Government-wide					
Net investment in capital assets	2,646,440,270	2,590,669,966	2,526,885,103	2,440,375,866	2,169,958,460
Restricted	14,427,305	13,198,738	8,406,773	8,295,329	8,523,252
Unrestricted	<u>47,593,308</u>	<u>23,057,855</u>	<u>7,568,469</u>	<u>(9,074,636)</u>	<u>2,924,215</u>
Total net position	<u>\$2,708,460,883</u>	<u>\$2,626,926,559</u>	<u>\$2,542,860,345</u>	<u>\$2,439,596,559</u>	<u>\$2,181,405,927</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 655,240,420	\$ 583,890,706	\$ 538,699,660	\$ 548,740,312	\$ 541,574,616
Special populations	221,579,226	196,300,020	181,153,903	181,570,641	177,338,087
Alternative programs and services	82,345,265	78,254,955	63,987,611	67,406,274	64,409,245
School leadership	80,203,279	71,562,962	67,145,678	69,258,721	68,170,100
Co-curricular	27,654,770	24,699,448	21,546,339	23,226,828	21,733,809
School-based support services	81,922,365	72,328,355	61,577,799	61,233,044	60,149,751
Systemwide support services					
Support and development	13,158,583	11,835,596	10,932,679	10,115,956	9,919,952
Special populations support and development	5,830,879	4,918,030	4,373,936	4,651,561	4,299,423
Alternative programs and services support and development	3,028,276	3,373,273	3,086,128	2,739,756	2,469,867
Technology support	42,430,480	28,037,064	23,361,372	18,109,553	17,505,099
Operational support	147,592,022	156,926,276	161,949,750	167,828,385	183,977,661
Financial and human resource	20,400,114	18,222,357	16,308,934	16,209,892	16,587,230
Accountability	2,852,691	3,433,611	3,804,913	4,012,919	3,221,131
Systemwide pupil support	5,693,573	5,515,556	5,062,216	4,925,370	4,915,910
Policy, leadership and public relations	10,642,828	8,642,718	8,209,071	7,667,733	7,248,610
Ancillary Services	91,242	112,906	166,997	176,331	516,479
Nonprogram charges	23,963,483	21,134,354	14,957,067	10,589,182	9,879,925
Depreciation - unallocated	129,457,253	79,120,543	75,594,568	63,861,810	85,310,073
Total governmental activities expenses	<u>1,554,086,749</u>	<u>1,368,308,730</u>	<u>1,261,918,621</u>	<u>1,262,324,268</u>	<u>1,279,226,968</u>
Business-type activities:					
Food service	55,387,857	53,618,487	53,254,152	52,823,064	49,839,848
Tuition programs	13,162,916	11,750,436	11,217,887	12,931,220	10,222,509
Total business-type activities	<u>68,550,773</u>	<u>65,368,923</u>	<u>64,472,039</u>	<u>65,754,284</u>	<u>60,062,357</u>
Total school district expenses	<u>1,622,637,522</u>	<u>1,433,677,653</u>	<u>1,326,390,660</u>	<u>1,328,078,552</u>	<u>1,339,289,325</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	\$ 1,321,281	\$ 1,269,473	1,182,907	1,157,302	1,136,084
Charges for services-operational support	-	-	-	-	-
Charges for services-ancillary services	24,085	34,136	52,628	34,070	30,271
Operating grants and contributions	970,584,143	934,462,654	896,644,270	855,019,388	830,318,727
Capital grants and contributions	-	-	-	53,432	371,846
Total governmental activities program revenues	<u>971,929,509</u>	<u>935,766,263</u>	<u>897,879,805</u>	<u>856,264,192</u>	<u>831,856,928</u>
Business-type activities:					
Charges for services-food services	18,083,111	17,315,970	16,913,781	18,540,817	20,004,234
Charges for services-tuition programs	13,372,693	13,531,484	12,364,080	12,050,049	10,736,600
Operating grants and contributions	36,407,837	35,165,199	33,504,107	33,048,188	31,578,527
Total business-type activities program revenues	<u>67,863,641</u>	<u>66,012,653</u>	<u>62,781,968</u>	<u>63,639,054</u>	<u>62,319,361</u>
Total school district program revenues	<u>1,039,793,150</u>	<u>1,001,778,916</u>	<u>960,661,773</u>	<u>919,903,246</u>	<u>894,176,289</u>
Net (expense)/revenue					
Governmental activities	(582,157,240)	(432,542,467)	(364,038,816)	(406,060,076)	(447,370,040)
Business-type activities	(687,132)	643,730	(1,690,071)	(2,115,230)	2,257,004
Total school district net expense	<u>\$ (582,844,372)</u>	<u>\$ (431,898,737)</u>	<u>\$ (365,728,887)</u>	<u>\$ (408,175,306)</u>	<u>\$ (445,113,036)</u>

(Continued)

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 519,493,395	\$ 504,048,718	\$ 488,546,948	\$ 520,736,969	\$ 499,787,125
Special populations	169,258,921	172,013,848	165,788,455	162,672,147	154,036,707
Alternative programs and services	64,474,589	66,020,928	58,426,846	56,432,546	51,795,462
School leadership	66,186,552	65,743,983	62,680,216	64,582,811	60,295,993
Co-curricular	20,697,012	20,795,975	18,982,397	19,741,681	19,897,732
School-based support services	61,734,726	62,943,658	64,506,361	66,411,122	66,510,312
Systemwide support services					
Support and development	9,914,905	9,936,030	10,612,453	11,519,131	10,788,721
Special populations support and development	4,115,631	3,938,268	5,287,193	5,497,400	6,095,269
Alternative programs and services support and development	3,138,741	2,487,540	1,533,361	1,921,084	2,001,281
Technology support	22,221,921	16,729,489	16,624,585	28,033,386	26,328,759
Operational support	144,351,091	152,934,837	151,786,145	148,788,642	148,183,392
Financial and human resource	16,134,413	15,495,361	15,472,245	16,726,131	16,757,435
Accountability	3,305,901	2,326,694	2,255,479	2,508,241	2,147,180
Systemwide pupil support	4,733,648	4,760,279	4,205,184	4,517,008	3,844,828
Policy, leadership and public relations	7,026,646	6,909,359	7,915,174	8,287,942	8,550,793
Ancillary Services	245,029	171,092	418,998	344,305	253,544
Nonprogram charges	9,081,210	8,432,140	10,169,808	11,185,748	9,742,580
Depreciation - unallocated	43,016,402	36,919,821	32,449,321	31,830,062	30,404,042
Total governmental activities expenses	<u>1,169,130,733</u>	<u>1,152,608,020</u>	<u>1,117,661,169</u>	<u>1,161,736,356</u>	<u>1,117,421,155</u>
Business-type activities:					
Food service	47,476,596	45,662,100	45,061,386	46,467,797	45,846,155
Tuition programs	10,595,711	9,621,336	8,212,561	8,534,329	7,897,470
Total business-type activities	<u>58,072,307</u>	<u>55,283,436</u>	<u>53,273,947</u>	<u>55,002,126</u>	<u>53,743,625</u>
Total school district expenses	<u>1,227,203,040</u>	<u>1,207,891,456</u>	<u>1,170,935,116</u>	<u>1,216,738,482</u>	<u>1,171,164,780</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	1,135,858	1,133,966	1,107,459	1,106,269	805,693
Charges for services-operational support	-	-	-	-	47,410
Charges for services-ancillary services	34,001	27,719	34,609	35,352	-
Operating grants and contributions	823,164,394	803,822,002	772,481,123	793,580,424	756,603,642
Capital grants and contributions	621,850	786,581	2,146,595	2,616,770	7,387,758
Total governmental activities program revenues	<u>824,956,103</u>	<u>805,770,268</u>	<u>775,769,786</u>	<u>797,338,815</u>	<u>764,844,503</u>
Business-type activities:					
Charges for services-food services	20,920,103	21,206,179	21,716,235	23,417,878	22,800,190
Charges for services-tuition programs	10,676,628	10,014,453	8,881,458	9,001,762	9,063,099
Operating grants and contributions	29,914,761	27,741,442	24,726,305	22,099,991	19,628,148
Total business-type activities program revenues	<u>61,511,492</u>	<u>58,962,074</u>	<u>55,323,998</u>	<u>54,519,631</u>	<u>51,491,437</u>
Total school district program revenues	<u>886,467,595</u>	<u>864,732,342</u>	<u>831,093,784</u>	<u>851,858,446</u>	<u>816,335,940</u>
Net (expense)/revenue					
Governmental activities	(344,174,630)	(346,837,752)	(341,891,383)	(364,397,541)	(352,576,652)
Business-type activities	3,439,185	3,678,638	2,050,051	(482,495)	(2,252,188)
Total school district net expense	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</u>	<u>\$ (354,828,840)</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Net (expense)/revenue					
Governmental activities	\$ (582,157,240)	\$ (432,542,467)	\$ (364,038,816)	\$ (406,060,076)	\$ (447,370,040)
Business-type activities	(687,132)	643,730	(1,690,071)	(2,115,230)	2,257,004
Total school district net expense	<u>(582,844,372)</u>	<u>(431,898,737)</u>	<u>(365,728,887)</u>	<u>(408,175,306)</u>	<u>(445,113,036)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations- operating	408,760,031	384,849,031	340,138,653	323,966,127	317,181,372
Unrestricted county appropriations - capital	319,326,301	280,060,809	149,664,203	90,259,437	72,689,611
Unrestricted state appropriation - capital	428,778	816,720	4,947,219	5,154,525	32,522,268
Investment earnings, unrestricted	706,920	475,650	389,767	458,800	443,039
Miscellaneous, unrestricted	5,203,959	7,966,262	6,765,132	1,959,815	4,615,860
Transfer	<u>(55,355)</u>	<u>(45,187)</u>	<u>(331,509)</u>	<u>(426,858)</u>	<u>(532,972)</u>
Total governmental activities	<u>734,370,634</u>	<u>674,123,285</u>	<u>501,573,465</u>	<u>421,371,846</u>	<u>426,919,178</u>
Business-type activities:					
Investment earnings, unrestricted	278,130	199,082	139,011	133,264	135,374
Transfer	<u>55,355</u>	<u>45,187</u>	<u>331,509</u>	<u>426,858</u>	<u>532,972</u>
Total business-type activities	<u>333,485</u>	<u>244,269</u>	<u>470,520</u>	<u>560,122</u>	<u>668,346</u>
Total school district	<u>734,704,119</u>	<u>674,367,554</u>	<u>502,043,985</u>	<u>421,931,968</u>	<u>427,587,524</u>
Change in net position					
Governmental activities	152,213,394	241,580,818	137,534,649	15,311,770	(20,450,862)
Business-type activities	<u>(353,647)</u>	<u>887,999</u>	<u>(1,219,551)</u>	<u>(1,555,108)</u>	<u>2,925,350</u>
Total school district	<u>\$ 151,859,747</u>	<u>\$ 242,468,817</u>	<u>\$ 136,315,098</u>	<u>\$ 13,756,662</u>	<u>\$ (17,525,512)</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				
	2012	2011	2010	2009	2008
Net (expense)/revenue					
Governmental activities	\$ (344,174,630)	\$ (346,837,752)	\$ (341,891,383)	\$ (364,397,541)	\$ (352,576,652)
Business-type activities	3,439,185	3,678,638	2,050,051	(482,495)	(2,252,188)
Total school district net expense	<u>(340,735,445)</u>	<u>(343,159,114)</u>	<u>(339,841,332)</u>	<u>(364,880,036)</u>	<u>(354,828,840)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations- operating	311,759,998	312,059,879	311,373,607	308,550,944	296,964,799
Unrestricted county appropriations - capital	99,168,170	97,823,234	119,613,110	291,438,862	280,960,672
Unrestricted state appropriation - capital	-	-	-	8,828,382	14,853,397
Investment earnings, unrestricted	628,155	733,422	838,609	2,224,118	3,686,700
Miscellaneous, unrestricted	10,532,393	16,391,839	10,996,171	11,475,315	8,034,792
Transfer	<u>(50,974)</u>	<u>(117,044)</u>	<u>(3,259,191)</u>	<u>(1,346,027)</u>	<u>(1,014,145)</u>
Total governmental activities	<u>422,037,742</u>	<u>426,891,330</u>	<u>439,562,306</u>	<u>621,171,594</u>	<u>603,486,215</u>
Business-type activities:					
Investment earnings, unrestricted	181,053	216,954	283,588	553,080	918,242
Transfer	<u>50,974</u>	<u>117,044</u>	<u>3,259,191</u>	<u>1,346,027</u>	<u>1,014,145</u>
Total business-type activities	<u>232,027</u>	<u>333,998</u>	<u>3,542,779</u>	<u>1,899,107</u>	<u>1,932,387</u>
Total school district	<u>422,269,769</u>	<u>427,225,328</u>	<u>443,105,085</u>	<u>623,070,701</u>	<u>605,418,602</u>
Change in net position					
Governmental activities	77,863,112	80,053,578	97,670,923	256,774,053	250,909,563
Business-type activities	<u>3,671,212</u>	<u>4,012,636</u>	<u>5,592,830</u>	<u>1,416,612</u>	<u>(319,801)</u>
Total school district	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>	<u>\$ 250,589,762</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General fund					
Nonspendable					
Inventories	\$ 3,919,935	\$ 3,435,317	\$ 2,442,586	\$ 2,966,259	\$ 3,122,198
Prepaid	49,622	88,607	1,639,972	4,543,602	1,537,187
Restricted					
Stabilization by state statute	4,797,511	4,116,427	7,404,038	5,542,274	3,163,132
Assigned					
Special projects	14,420,578	14,270,811	10,604,339	19,427,037	6,008,131
Insurance	10,732,144	10,310,534	10,212,545	9,909,912	8,388,026
Flexible benefit plan	1,354,093	1,229,780	1,139,379	1,225,223	1,244,575
Subsequent year expenditures	12,840,355	10,400,000	20,000,000	26,075,734	28,400,000
Unassigned	<u>9,899,217</u>	<u>13,880,710</u>	<u>14,894,753</u>	<u>20,215,744</u>	<u>36,320,179</u>
Total general fund	<u>\$ 58,013,455</u>	<u>\$ 57,732,186</u>	<u>\$ 68,337,612</u>	<u>\$ 89,905,785</u>	<u>\$ 88,183,428</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 239,002	\$ 738,296	\$ 725,074	\$ 2,311,510	\$ 177,432
Capital expenditures	779,049	741,489	397,078	368,912	253,610
Individual schools	8,920,713	8,978,294	8,471,820	8,377,238	8,417,038
Restricted contributions for capital expenditures	85,442	27,808	27,801	43,191	388,189
Subsequent years expenditures	-	-	-	-	273,248
Assigned					
Special projects	<u>1,773,212</u>	<u>115,802</u>	<u>107,107</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 11,797,418</u>	<u>\$ 10,601,689</u>	<u>\$ 9,728,880</u>	<u>\$ 11,100,851</u>	<u>\$ 9,509,517</u>

(Continued)

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

	Fiscal Year				
	2012	2011	2010	2009	2008
General fund					
Nonspendable					
Inventories	\$ 3,000,164	\$ 3,503,879	\$ 3,470,497	\$ 3,119,442	\$ 3,744,657
Prepaid	11,591,489	-	-	-	-
Restricted					
Stabilization by state statute	4,399,049	3,661,166	2,876,748	2,058,865	2,144,620
Assigned					
Special projects	3,819,829	366,342	990,699	701,625	1,082,014
Insurance	7,569,663	6,739,799	5,693,602	5,147,789	4,424,855
Flexible benefit plan	1,174,388	1,094,173	1,104,260	966,779	789,294
Subsequent year expenditures	28,385,581	16,203,025	6,062,845	8,665,600	7,500,000
Unassigned	<u>32,089,863</u>	<u>33,875,157</u>	<u>25,909,770</u>	<u>12,125,691</u>	<u>17,331,201</u>
Total general fund	<u>\$ 92,030,026</u>	<u>\$ 65,443,541</u>	<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>	<u>\$ 37,016,641</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 439,360	\$ 503,603	\$ 222,184	\$ 21,024	\$ 111,964
Capital expenditures	1,273,248	685,615	1,004,297	182,271	2,688,666
Individual schools	8,059,392	8,110,769	8,406,773	8,295,329	8,523,252
Restricted contributions for capital expenditures	60,642	35,513	281,398	808,053	2,188,100
Subsequent years expenditures	195,614	202,072	91,135	367,719	-
Assigned					
Special projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>	<u>\$ 10,005,787</u>	<u>\$ 9,674,396</u>	<u>\$ 13,511,982</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
2017	\$ 880,309,550	\$ 409,911,000	\$ 318,175,332	\$ 3,427,124	\$ 66,295,538	\$ 706,920	\$ 33,076,928	\$ 1,711,902,392
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

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	Debt Service Principal
2017	159,213	\$ 1,117,493,674	\$ 245,113,368	\$ 45,559	\$ 26,848,688	\$ 428,778
		7,019	1,540	-	169	3
2016	156,644	1,072,274,881	244,878,979	61,198	24,407,069	816,720
		6,845	1,563	-	156	5
2015	155,000	1,008,882,076	241,445,418	212,275	19,655,778	4,947,219
		6,509	1,558	1	127	32
2014	153,039	945,690,541	229,297,218	233,721	15,153,538	5,154,525
		6,179	1,498	2	99	34
2013	149,508	923,736,970	223,162,370	565,028	13,496,176	13,060,081
		6,179	1,493	4	90	87
2012	146,687	895,801,620	210,554,870	299,770	12,919,217	3,617,971
		6,107	1,435	2	88	25
2011	143,289	886,626,928	211,607,971	280,991	14,783,394	7,866,703
		6,188	1,477	2	103	55
2010	139,599	856,329,738	214,130,476	401,826	15,643,117	2,537,987
		6,134	1,534	3	112	18
2009	137,706	885,457,869	229,840,575	350,864	12,428,951	3,916,152
		6,430	1,669	3	90	28
2008	134,002	846,087,326	220,789,998	253,509	11,519,845	1,410,428
		6,314	1,648	2	86	11

(Continued)

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,	Debt Service Interest	Total Operating	Capital Outlay	Total
2017	\$ -	8,730 \$ 1,389,930,067	2,016 \$ 320,924,590	10,746 \$ 1,710,854,657
2016	-	8,570 1,342,438,847	1,811 283,720,859	10,381 1,626,159,706
2015	-	8,227 1,275,142,766	985 152,657,413	9,212 1,427,800,179
2014	-	7,812 1,195,529,543	581 88,990,466	8,393 1,284,520,009
2013	-	7,853 1,174,020,625	627 93,747,356	8,480 1,267,767,981
2012	-	7,657 1,123,193,448	683 100,396,136	8,341 1,223,589,584
2011	-	7,825 1,121,165,987	693 99,288,717	8,517 1,220,454,704
2010	- 1,206	7,801 1,089,044,350	872 121,769,895	8,673 1,210,814,245
2009	- 3,228	8,220 1,131,997,639	2,183 300,679,772	10,404 1,432,677,411
2008	- 4,985	8,060 1,080,066,091	2,209 296,001,716	10,270 1,376,067,807

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
2017	\$ 1,047,735	\$ 2,415,913	\$ (2,471,268)	\$ -	\$ (55,355)	\$ 992,380	0.0308%
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%

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
2017	\$ 22,981,173	\$ 10,215,786	\$ 18,606,124	\$ 3,574,688	\$ 3,583,215	\$ 9,589,787	\$ 68,550,773
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

**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
2017	\$ 18,083,111	26.52%	\$ 13,372,693	19.61%	\$ 31,014,513	45.48%	\$ 3,574,688	5.24%
2016	17,315,970	26.14	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

(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
2017	\$ 55,355	0.08%	\$ 2,096,766	3.07%	\$ 68,197,126	100%
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

**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>Total</u>	<u>Per Student</u>
2017	\$ -	\$ 387,942	\$ 387,942	2.44
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

**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)
2017	\$ 120,471,086,726	\$ 17,470,741,388	\$ 3,469,182,180	\$141,411,010,294	\$ 0.6005	\$ 0.096	\$ 0.6965
2016	112,361,475,069	16,275,947,271	3,313,577,575	131,950,999,915	0.6145	0.080	0.6945
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

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 2017.

(3) Per \$1000 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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
2017	0.6005	.096	.6965	.53	.38	.35	.550	.433	.518	.433
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

(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 2017.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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
2017	.43	.390	.418	.480	.52	.49	.575
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

- 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 2017.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Progress, Inc.	\$2,083,505,853	1	1.47%	\$1,693,608,662	1	2.04%
SAS Institute, Inc	621,947,173	2	0.44%	318,149,338	3	0.38%
Highwoods Realty LP	576,484,338	3	0.41%	175,116,146	8	0.21%
Cisco Systems, Inc.	509,473,354	4	0.36%	523,663,992	2	0.63%
CVM Holdings LLC	378,399,078	5	0.27%	172,726,420	9	0.21%
Biogen Realty LLC	368,880,462	6	0.26%	-	-	-
Network Appliance, Inc.	345,806,799	7	0.24%	-	-	-
WMCi Raleigh I LLC	330,897,101	8	0.23%	-	-	-
Lenovo US Inc	320,367,729	9	0.23%	-	-	-
GlaxoSmithKline	263,279,486	10	0.19%	220,149,701	7	0.26%
Bellsouth Tel Co	-	-	-	254,470,658	4	0.31%
Weeks Realty LLP	-	-	-	223,226,136	6	0.27%
NC Eastern Municipal Power Agency	-	-	-	238,719,791	5	0.29%
Summit Properties Partnership LP	-	-	-	<u>166,887,397</u>	10	<u>0.20%</u>
	<u>\$5,799,041,373</u>		<u>4.11%</u>	<u>\$3,986,718,241</u>		<u>4.80%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

**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
2017	\$ 877,544,091	\$ (7,317,373)	\$870,226,718	\$ 869,108,487	99.87%	\$ -	\$ 869,108,487	99.87%
2016	833,221,749	(835,817)	832,385,932	831,114,362	99.85%	732,461	831,846,823	99.94%
2015	760,907,032	(664,952)	760,242,080	758,063,799	99.71%	1,836,677	759,900,476	99.96%
2014	702,953,904	(1,690,243)	701,263,661	697,580,105	99.47%	2,948,518	700,528,623	99.90%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	5,151,805	672,995,216	99.87%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	5,077,785	662,619,763	99.86%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,783,903	655,533,961	99.86%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,717,694	648,711,027	99.87%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,335,012	638,983,223	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%

Notes:

Taxes for the fiscal year ended June 30, 2017 at the collection rate of 99.87% are a composite of the following collections by category:

Vehicle taxes	99.52%
Real and personal property taxes	99.90%

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, 2017.

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	Drawdown Installment Purchase Notes	Limited Obligation Bonds	Installment Purchases	Quality Zoning Academy Bonds
2017	\$ 1,901,610,244	\$ 100,229,537	\$ 3,928,079	\$ 264,041,694	\$ 5,115,000	\$ -
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

(Continued)

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017

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				
2017	\$ 37,553	\$ -	\$ 2,274,962,107	\$ -		\$ 2,274,962,107	4.29%	\$ 2,173
2016	390,611	-	2,254,433,435	-		2,254,433,435	4.25%	\$ 2,201
2015	763,502	-	2,426,493,311	3,777		2,426,497,088	4.58%	\$ 2,414
2014	51,293	-	2,103,253,852	5,877		2,103,259,729	4.93%	\$ 2,106
2013	81,238	-	2,270,177,765	-		2,270,177,765	5.32%	\$ 2,328
2012	132,027	-	2,258,222,693	-		2,258,222,693	5.29%	\$ 2,371
2011	173,449	-	2,323,295,560	-		2,323,295,560	5.78%	\$ 2,500
2010	157,095	299,767	2,290,527,229	-		2,290,527,229	6.10%	\$ 2,526
2009	328,068	-	1,878,462,023	-		1,878,462,023	5.26%	\$ 2,094
2008	419,418	-	1,490,214,348	-		1,490,214,348	4.12%	\$ 1,720

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017

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		
2017	\$ 1,901,610,244	\$ 100,229,537	\$ 2,001,839,781	1.42%	\$ 1,912.36
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

WAKE COUNTY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Municipality:			
Apex	\$ 46,300,000	100%	\$ 46,300,000
Cary	92,534,305	100%	92,534,305
Fuquay-Varina	10,805,000	100%	10,805,000
Garner	28,345,000	100%	28,345,000
Holly Springs	20,320,000	100%	20,320,000
Knightdale	3,413,000	100%	3,413,000
Morrisville	17,705,000	100%	17,705,000
Raleigh	349,375,000	100%	349,375,000
Rolesville	-	100%	-
Wake Forest	13,682,000	100%	13,682,000
Wendell	-	100%	-
Zebulon	2,800,000	100%	2,800,000
Wake County	<u>2,274,962,107</u>	100%	<u>2,274,962,107</u>
Overlapping debt	2,860,241,412		2,860,241,412
Direct debt	<u>387,942</u>		<u>387,942</u>
Total direct and overlapping debt	<u>\$ 2,860,629,354</u>		<u>\$ 2,860,629,354</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed value of property	\$ 141,411,010,294	\$ 131,950,999,915	\$ 127,947,523,008	\$ 127,426,491,226	\$ 122,450,151,129
Debt limit, 8% of assessed value (Statutory Limitation)	11,312,880,824	10,556,079,993	10,235,801,841	10,194,119,298	9,796,012,090
Amount of debt applicable to limit					
General obligation bonds	1,727,865,000	1,812,535,000	1,967,590,000	1,664,875,000	1,801,325,000
GO bond anticipation notes	100,229,537	1,301,000	-	-	-
Other Long Term Debt	231,140,632	238,761,938	266,887,940	278,885,802	291,217,436
Bonds Authorized not Issued	294,865,463	509,909,000	511,210,000	950,450,000	145,450,000
Total net debt applicable to limit	2,354,100,632	2,562,506,938	2,745,687,940	2,894,210,802	2,237,992,436
Legal debt margin	\$ 8,958,780,192	\$ 7,993,573,055	\$ 7,490,113,901	\$ 7,299,908,496	\$ 7,558,019,654
Total net debt applicable to limit as a percentage of debt limit	20.81%	24.28%	26.82%	28.39%	22.85%

(Continued)

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of the County may have outstanding to 8 percent of the appraised value of property subject to taxation. The le the difference between the debt limit and the county's net debt outstanding applicable to the limit, and repres legal borrowing authority.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

	Fiscal Year				
	2012	2011	2010	2009	2008
Assessed value of property	\$ 120,555,400,651	\$ 119,535,621,641	\$ 119,158,250,199	\$ 116,610,525,500	\$83,122,951,280
Debt limit, 8% of assessed value (Statutory Limitation)	9,644,432,052	9,562,849,731	9,532,660,016	9,328,842,040	6,649,836,102
Amount of debt applicable to limit					
General obligation bonds	1,754,870,000	1,831,620,000	1,794,370,000	1,772,370,000	1,434,595,000
GO bond anticipation notes	-	-	-	-	-
Other Long Term Debt	303,938,059	311,595,642	313,263,004	10,664,659	9,943,655
Bonds Authorized not Issued	65,700,000	239,070,000	391,870,000	514,500,000	911,000,000
Total net debt applicable to limit	2,124,508,059	2,382,285,642	2,499,503,004	2,297,534,659	2,355,538,655
Legal debt margin	\$ 7,519,923,993	\$ 7,180,564,089	\$ 7,033,157,012	\$ 7,031,307,381	\$ 4,294,297,447
Total net debt applicable to limit as a percentage of debt limit	22.03%	24.91%	26.22%	24.63%	35.42%

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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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

**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
2017	1,046,791	*	*	159,213	3.9%
2016	1,024,198	*	*	156,644	4.2%
2015	998,691	\$ 53,028,913	\$ 51,776	155,000	4.7%
2014	974,289	50,257,552	50,294	153,039	4.9%
2013	952,143	47,064,181	48,285	149,508	6.0%
2012	929,070	46,320,314	48,626	146,687	7.1%
2011	900,933	43,320,456	46,615	143,289	7.9%
2010	883,624	41,432,611	45,683	139,599	8.3%
2009	856,492	39,424,220	44,617	137,706	8.3%
2008	821,607	41,075,182	47,957	134,002	4.6%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017.

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	36,004	1	2.83%	-	-	-
State of North Carolina	24,083	2	1.89%	25,458	1	5.98%
Wake County Public Schools	18,554	3	1.46%	16,566	2	3.89%
International Business Machines (IBM)	10,000	4	0.79%	10,800	3	2.54%
North Carolina State University	9,069	5	0.71%	8,000	4	1.88%
WakeMed Health and Hospitals	8,943	6	7.00%	6,893	5	1.62%
Rex Healthcare	5,700	7	4.50%	4,400	8	1.03%
SAS Institute, Inc.	5,616	8	4.40%	4,149	9	0.98%
GlaxoSmithKline, Inc.	4,950	9	3.90%	6,400	6	1.50%
Lenovo	4,200	10	3.30%	-	-	-
Progress Energy	-	-	-	3,246	7	0.76%
University of North Carolina	-	-	-	3,058	10	0.72%
	<u>127,119</u>		<u>9.99%</u>	<u>88,970</u>		<u>20.90%</u>

* As of the date of publication this information was not available for 2015, 2016 or 2017. data from 2014 has been used.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2017

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

	<u>2017</u>	<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>
School and school based support										
Principals	178	173	166	170	169	164	163	159	157	152
Assistant principals, nonteaching	352	324	328	323	309	290	285	277	289	286
Elementary teachers	4,560	4,517	4,538	4,547	4,394	4,283	4,069	4,059	4,123	4,036
Secondary teachers	4,329	4,103	4,121	4,145	3,888	3,774	3,635	3,580	3,769	3,517
Other teachers	1,844	1,737	1,709	1,871	1,760	1,753	1,675	1,638	1,654	1,651
Guidance	490	457	436	436	409	397	420	411	436	311
Psychological	106	100	98	96	96	90	90	86	88	61
Librarian, audiovisual	218	208	204	208	209	205	323	359	338	201
Consultant, supervisor	97	97	88	89	82	73	87	92	89	86
Teacher assistants	<u>2,560</u>	<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>
Total school and school based support	<u>14,734</u>	<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>
Central services										
Administrators, managers	23	20	21	20	17	19	16	19	19	19
Technicians	357	354	338	317	303	294	319	311	322	98
Clerical, secretarial	1,048	986	973	955	910	910	905	943	943	1,071
Service workers	1,670	1,633	1,713	1,752	1,697	1,671	1,737	1,808	1,788	2,132
Skilled crafts	292	306	291	295	264	265	269	292	289	164
Other professionals	<u>892</u>	<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>
Total central services	<u>4,282</u>	<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>
Total full time employees	<u>19,016</u>	<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>

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
2017	159,213	1.64%	\$ 1,389,930,067	\$ 8,730	1.87%	177	10,819
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

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>
2017	\$ 41,037.50	\$ 93,128.88	\$ 54,459.90
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

Source: Wake County Public Schools Human Resources Department

WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS

	2017	2016	2015	2014	2013
Schools					
Elementary					
Buildings	210	206	204	203	215
Square feet	9,284,509	8,769,259	8,642,082	8,592,579	8,685,116
Capacity	76,596	74,521	73,745	73,177	73,728
Enrollment	73,717	72,811	71,918	72,075	70,612
Mobile classrooms	560	581	597	572	571
Middle					
Buildings	120	115	114	114	111
Square feet	5,374,984	5,327,777	5,328,621	5,329,020	5,266,057
Capacity	38,737	38,109	38,187	37,929	38,202
Enrollment	35,234	34,925	35,532	34,983	34,365
Mobile classrooms	167	176	175	181	183
High					
Buildings	229	226	226	211	211
Square feet	6,978,461	6,956,509	6,640,769	6,390,006	6,009,897
Capacity	48,921	48,476	47,243	45,381	44,021
Enrollment	47,969	46,990	45,182	44,448	43,285
Mobile classrooms	310	336	361	353	349
Other (includes academies)					
Buildings	9	9	9	9	9
Square feet	271,580	276,564	276,564	276,564	276,564
Capacity	2,681	2,095	1,993	1,656	1,235
Enrollment	2,293	1,918	2,368	1,533	1,246
Mobile classrooms	19	19	19	13	33
Administrative					
Buildings	17	17	17	18	24
Square Feet	340,160	340,160	340,160	383,811	625,877
Transportation					
Buses	760	814	908	928	920

(Continued)

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

WAKE COUNTY BOARD OF EDUCATION
CAPITAL ASSETS INFORMATION
LAST TEN YEARS

	2012	2011	2010	2009	2008
Schools					
Elementary					
Buildings	220	220	217	214	209
Square feet	8,925,284	8,896,687	8,532,044	8,173,730	7,410,687
Capacity	76,351	76,851	75,438	72,872	70,674
Enrollment	70,526	69,277	67,748	67,468	65,641
Mobile classrooms	607	602	504	499	696
Middle					
Buildings	107	105	105	104	102
Square feet	5,570,506	5,176,364	5,156,547	4,652,335	4,482,347
Capacity	37,233	37,780	33,317	32,449	32,316
Enrollment	33,604	32,596	31,482	30,813	29,895
Mobile classrooms	189	190	127	127	193
High					
Buildings	210	210	210	209	209
Square feet	5,894,216	5,894,216	5,897,099	5,966,408	5,620,679
Capacity	43,619	43,780	43,056	41,019	41,862
Enrollment	42,143	41,014	39,994	39,075	38,127
Mobile classrooms	309	368	130	130	302
Other (includes academies)					
Buildings	7	7	7	7	7
Square feet	195,471	195,471	195,471	195,471	195,877
Capacity	384	384	366	366	422
Enrollment	414	412	375	350	339
Mobile classrooms	1	1	1	1	1
Administrative					
Buildings	23	23	23	23	22
Square Feet	523,725	523,725	523,725	523,725	491,868
Transportation					
Buses	928	920	905	895	874

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, 2017, 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 27, 2017.

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 27, 2017



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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, 2017. 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, 2017.

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 27, 2017



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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, 2017. 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, 2017.

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 27, 2017

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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

	<u>Title I Cluster</u>
84.010	Title I Grants to Local Education Agencies (Title I, Part A of ESEA)
84.010A	Title I Grants to Local Education Agencies (Title I, Part A of ESEA) - School Improvements

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$	3,000,000		
Auditee qualified as low-risk auditee?	<u> X </u>	yes	<u> </u>	no
 <u>State Awards</u>				
Internal control over major State programs:				
Material weaknesses identified?	<u> </u>	yes	<u> X </u>	no
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	yes	<u> X </u>	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?	<u> </u>	yes	<u> X </u>	no

Identification of major State programs:

Program Name
State Public School Fund
Driver Training - SPSF

WAKE COUNTY BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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, 2017

No findings disclosed in the prior year

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

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	\$ 3,574,688
Cash Assistance:			
Passed through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	35	23,372,171
School Breakfast Program	10.553	35	7,076,158
After School Snack Program	10.555	35	10,776
Summer School Food Program for Children	10.559	35	513,588
Total Cash Assistance			<u>30,972,693</u>
Total Nutrition Cluster			<u>34,547,381</u>
Passed through the N.C. Department of Health and Human Services:			
Child and Adult Care Food Program	10.558	35	21,401
Fresh Fruit and Vegetable Program	10.582	35	20,419
Total U.S. Department of Agriculture			<u>34,589,201</u>
<u>U.S. Department of Education</u>			
Cash Assistance:			
Direct Programs			
Magnet Schools	84.165A	317	2,871,840
Fund for the Improvement of Education	84.215E	371	503,296
Teacher Incentive Fund	84.374A	395	6,839
Indian Education Formula Grants to Local Education Agencies	84.060A	310	59,693
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	26,408,974
Title I Grants to Local Education Agencies (Title I, Part A of ESEA)- School Improvements	84.010A	105	49,517
Total Title I Grants to Local Education Agencies (Title I)			<u>26,458,491</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	60	24,369,178
Coordinated Early Intervening Services	84.027	70	4,862,222
Special Needs Targeted Assistance	84.027	118	11,707
Risk Pool	84.027	114	238,599
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	49	407,631
Preschool Targeted Assistance	84.173	119	45,777
Total Special Education Cluster			<u>29,935,114</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

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	\$ 1,525,200
Education for Homeless Children and Youth	84.196	26	90,580
English Language Acquisition Grants	84.365	104, 111	2,016,420
Improving Teacher Quality State Grants	84.367	103	2,099,943
State Personnel Development Grant - NC State Improvement	84.323A	82	6,522
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	67,394
Passed through NC New Schools Transition to Teaching - NC Step	84.350	344	<u>620</u>
Total U. S. Department of Education			65,641,952
<u>U.S. Department of Defense</u>			
Direct Program ROTC	None	301	519,213
<u>National Endowment for the Arts</u>			
Passed through the North Carolina Arts Council Arts in Education - AIE Artist Residencies	45.025	343	1,526
<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>132,847</u>
Total Federal Assistance			<u>100,884,739</u>
<u>STATE GRANTS:</u>			
Cash Assistance			
<u>N. C. Department of Public Instruction</u>			
State Public School Fund		xxxx	828,590,693
Drivers Training - SPSF		12	2,936,142
Technology Fund - SPSF		15	3,570,410
Vocational Education:			
State Months of Employment		13	41,862,985
Program Support Funds		14	2,609,484
Professional Leave Funding		509	11,058
Local Alternative Teacher Preparation Program		462	300,000
Non-Cash Assistance			
<u>N. C. Department of Public Instruction</u>			
Financed Purchase of School Buses		120	<u>428,778</u>
Total State Assistance			<u>880,309,550</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 981,194,289</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

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, 2017. 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