

Comprehensive Annual **FINANCIAL REPORT**

for the fiscal year ended June 30, 2018



WAKE COUNTY
BOARD OF EDUCATION
CARY, NORTH CAROLINA

*Photo © Sanderson High School
Raleigh, North Carolina*

PREPARED BY THE FINANCE DEPARTMENT

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

Page No.

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

Statement of Cash Flows - Enterprise Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Required Supplemental Financial Data	56
Schedule of the Board's Proportionate Share of the Net Pension Liability – Teachers' and State Employees' Retirement System.....	57
Schedule of Board Contributions – Teachers' and State Employees' Retirement System.....	58
Schedule of the Board's Proportionate Share of the Net OPEB Liability – Retiree Health Benefit Fund	59
Schedule of Board Contributions – Retiree Health Benefit Fund.....	60
Schedule of the Board's Proportionate Share of the Net OPEB Asset – Disability Income Plan of North Carolina	61
Schedule of Board Contributions – Disability Income Plan of North Carolina	62
Combining and Individual Fund Statements and Schedules:	
Non-Major Funds.....	63
Combining Balance Sheet – Non-Major Governmental Funds.....	64
Combining Statement of Revenues, Expenditures, And Changes in Fund Balances – Non-Major Governmental Funds.....	65
Schedules of Revenues, Expenditures, and Changes In Fund Balances – Budget and Actual:	
General Fund.....	66
State Public School Fund	69
Capital Outlay Fund	71

**WAKE COUNTY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

State Administered Federal Grants Fund	73
Direct Grants Fund.....	75
Individual School Funds	77
Other Restricted Funds	82
Enterprise Fund – Child Nutrition Program.....	83
Enterprise Fund – Tuition Programs	85

STATISTICAL SECTION

Statistical Section	86
Net Position (Deficit) by Component.....	87
Expenses, Program Revenues and Net (Expense)/Revenue.....	89
General Revenues and Total Change in Net Position (Deficit).....	91
Fund Balances, Governmental Funds.....	93
General Governmental Revenues by Source.....	95
General Governmental Expenditures by Function.....	96
Other Financing Sources and Uses and Net Change In Fund Balances - Governmental Funds	98
Enterprise Fund Expenses.....	99
Enterprise Fund Revenues and Transfers In by Source	100
Outstanding Debt.....	102
Assessed Value of Taxable Property for Wake County	103
Property Tax Rates - All Overlapping Governments for Wake County.....	104
Ten Principal Taxpayers for Wake County	106
Property Tax Levies and Collections for Wake County	107

**WAKE COUNTY BOARD OF EDUCATION
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 YEAR ENDED JUNE 30, 2018**

Ratios of Outstanding Debt by Type for Wake County	108
Ratio of General Bonded Debt Outstanding for Wake County	110
Direct and Overlapping Governmental Activities Debt	111
Legal Debt Margin Information for Wake County	112
Demographic and Economic Statistics for Wake County	114
Principal Employers for Wake County	115
Full Time Employees by Category	116
Operating Statistics	117
Teacher Base Salaries	118
Capital Asset Information.....	119

SINGLE AUDIT SECTION

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 <i>Government Auditing Standards</i>	121
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.....	123
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	125
Schedule of Findings and Questioned Costs	127
Summary Schedule of Prior Year Audit Findings	130
Schedule of Expenditures of Federal and State Awards	131
Notes to Schedule of Expenditures of Federal and State Awards	133



Introduction



Cathy Q. Moore, Superintendent
Crossroads 1
5625 Dillard Drive
Cary, NC 27518

tel: (919) 533-7770
fax: (919) 431-7563

October 30, 2018

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, 2018, 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 2017-18 the school system was the largest in North Carolina and the 15th largest system in the nation. It served 160,095 students from kindergarten through 12th grade in 113 elementary schools, 36 middle schools, 25 high schools, and 5 optional schools, and 4 academies. The school system has over 18,000 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 her 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 183 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, two college and career academy, and one blended learning school.

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”.

Graduation Rates

For the 2017-18 school year, 89.1 percent of seniors who started school four years earlier graduated on time. This is a record for the Wake County Public School System, and it marks six consecutive years of increases in the graduation rate. It is a 0.6 percentage-point increase over the 2016-17 rate of 88.5 percent.

Nearly two-thirds of the district’s high schools continue to have graduation rates above 90 percent, with students of color continuing to lead the increase. Also for the 2017-18 school year, all five of the district’s early college high schools reported graduation rates of 100 percent.

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. By resolution of the Board, the Superintendent may transfer monies from one appropriation to another within the same fund, subject to certain limitations. 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.

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.

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 Dixon Hughes Goodman 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 basic 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, 2017. This was the twenty-ninth 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, Dixon Hughes Goodman 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,



Cathy Q. Moore
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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

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

Presented to

**Wake County Board of Education
North Carolina**

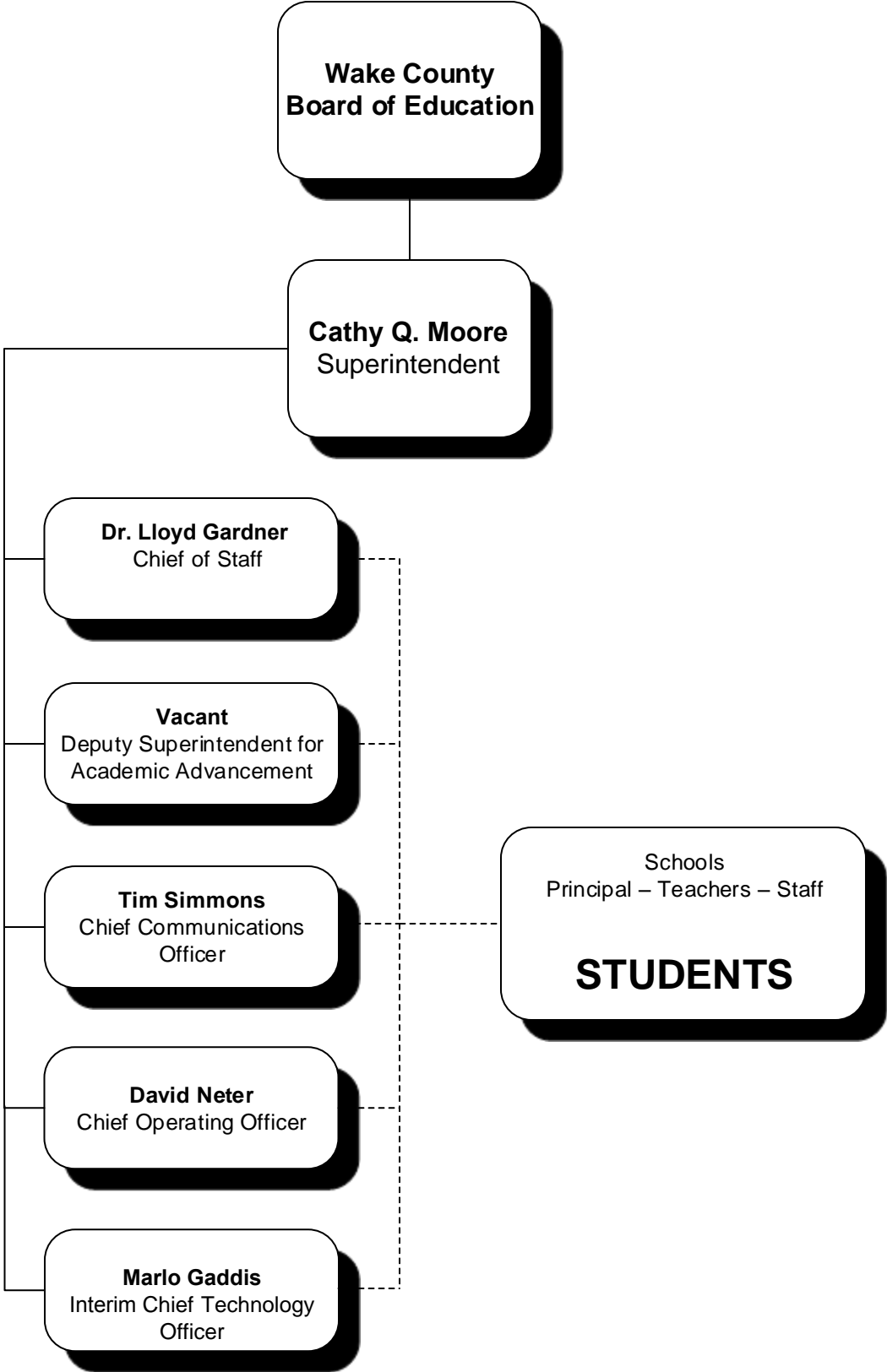
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

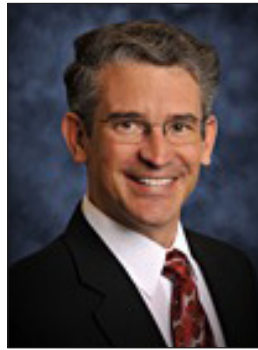
Organizational Chart



Board of Education and Leadership Team



Monika Johnson-Hostler
Chair, District 2



Dr. Jim Martin
Vice Chair, District 5



Donald Agee
District 1



Roxie Cash
District 3



Keith Sutton
District 4



Christine Kushner
District 6



Kathy Hartenstine
District 7



Lindsay Mahaffey
District 8



Bill Fletcher
District 9



Cathy Q. Moore
Superintendent

Leadership Team **Cathy Q. Moore, Superintendent**

Chief Officers

Dr. Lloyd Gardner, Chief of Staff
Vacant, Deputy Superintendent for Academic Advancement
David Neter, Chief Operating Officer
Tim Simmons, Chief Communications Officer
Marlo Gaddis, Interim Chief Technology Officer

Finance

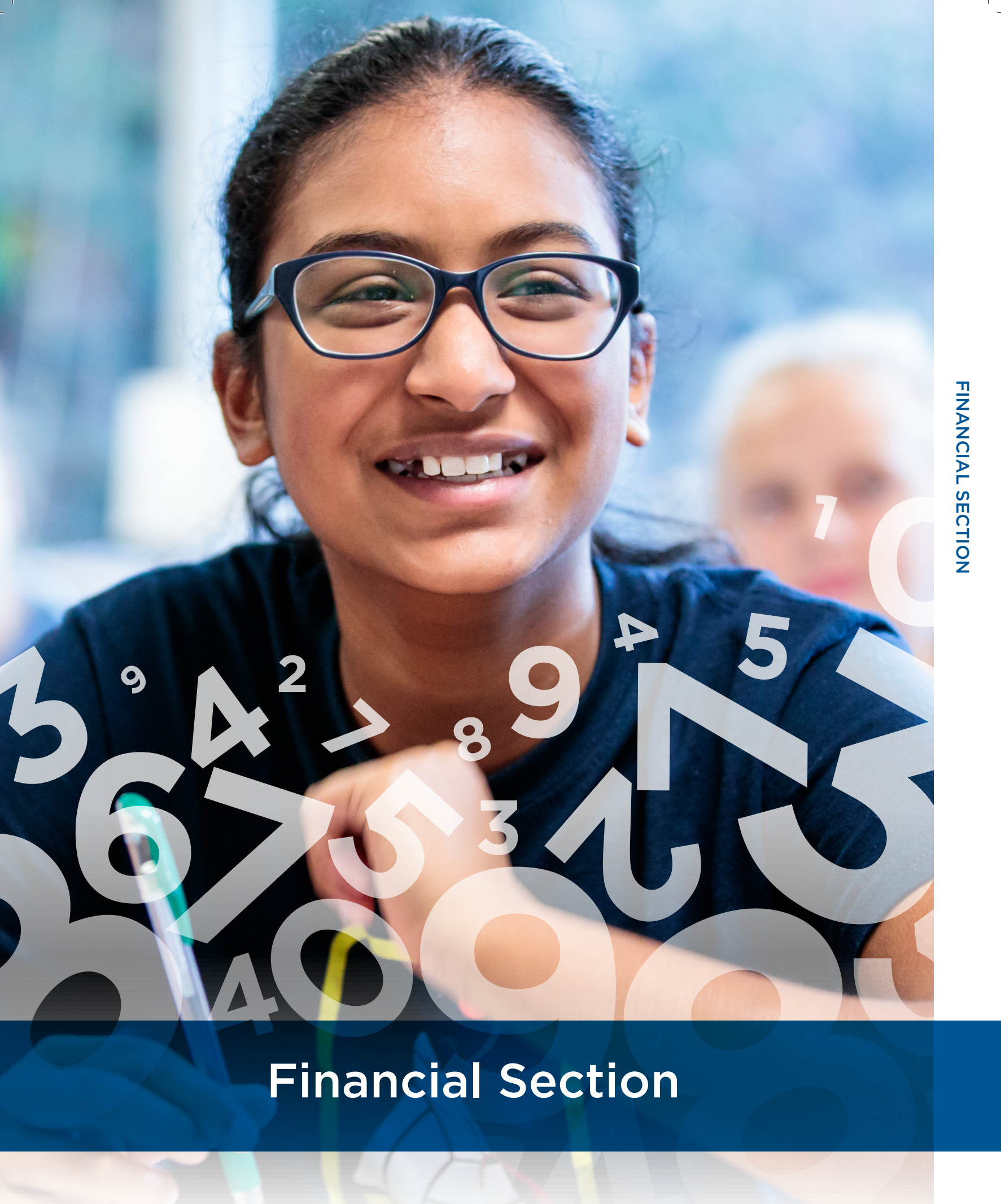
Mark Winters, Finance Officer

Area Superintendents

Dr. Edward McFarland - Eastern Wake County
Danny Barnes - Interim 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
Kathryn Chontos - Interim Student Support Services
Dr. Bradley McMillen - Data, Research, and Accountability
Dr. Rodney Trice - Equity Affairs



Financial Section



Independent Auditors' Report

Wake County Board of Education
Cary, North Carolina

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 Wake County Board of Education, North Carolina ("the Board") as of and for the year then ended June 30, 2018, 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and State Public School funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principal

As discussed in Note 4 to the financial statements, the financial statements as of and for the year ended June 30, 2017 were restated due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in 2018. Our opinion is not modified with respect to these changes.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the Schedules of Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Board Contributions on pages 56 through 62, 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 an opinion on the financial statements that collectively comprise the Board's basic financial statements. The individual fund schedules and 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 individual fund statements and schedules and the accompanying schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund 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 taken as a whole. The budgetary schedules of the Wake County Board of Education for the year ended June 30, 2017 were audited by other auditors whose report dated, October 27, 2017, expressed an unmodified opinion on those schedules.

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2018 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 30, 2018**

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018. 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 \$598,113,894.
- The Board restated net position with a decrease of \$2,387,333,313 due to the implementation of the OPEB standards. After the restatement, the Board's total net position increased \$80,171,956 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 \$48,881,310 and the Board's governmental funds reported combined ending fund balances of \$59,557,507. Approximately 20 percent of this total amount, or \$12,135,493, is available for spending at the government's discretion.
- The Board enjoyed an increased enrollment of 882 students (or 0.55%) 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 (deficit) and the statement of activities. The statement of net position (deficit) 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 are presented on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on the Board's most significant funds.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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 (deficit) 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, 2018**

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: General Fund, State Public School Fund, Capital Outlay Fund, Direct Grants Fund, Other Restricted Funds, Individual Schools Fund, and 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 \$598,114,000 as of June 30, 2018. The largest component of net investment in capital assets of approximately \$3,335,030,000.

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

**Condensed Statements of Net Position (Deficit)
June 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 158,766	\$ 162,298	\$ 34,596	\$ 37,469	\$ 193,362	\$ 199,767
Capital assets	3,329,762	3,116,214	5,268	6,413	3,335,030	3,122,627
Total assets	<u>3,488,528</u>	<u>3,278,512</u>	<u>39,864</u>	<u>43,882</u>	<u>3,528,392</u>	<u>3,322,394</u>
Deferred outflows of resources	453,551	386,620	9,585	7,890	463,136	394,510
Current Liabilities	92,451	86,966	5,097	5,344	97,548	92,310
Long-term liabilities:	2,529,904	672,897	59,980	12,948	2,589,884	685,845
Total liabilities	<u>2,622,355</u>	<u>759,863</u>	<u>65,077</u>	<u>18,292</u>	<u>2,687,432</u>	<u>778,155</u>
Deferred inflows of resources	688,762	32,915	17,220	559	705,982	33,474
Net investment in capital assets	3,329,762	3,115,826	5,267	6,413	3,335,029	3,122,239
Restricted net position	21,430	14,821	167	-	21,597	14,821
Unrestricted net position	<u>(2,720,230)</u>	<u>(258,293)</u>	<u>(38,282)</u>	<u>26,508</u>	<u>(2,758,512)</u>	<u>(231,785)</u>
TOTAL NET POSITION	<u>\$ 630,962</u>	<u>\$2,872,354</u>	<u>\$ (32,848)</u>	<u>\$ 32,921</u>	<u>\$ 598,114</u>	<u>\$ 2,905,275</u>

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Note that net position for governmental activities decreased by approximately \$2,241,392,000 during the year. The decrease in net position was due largely to the restatement of net position due to the implementation of OPEB standards. The increase of net position prior to the restatement was mainly a result in the increase of 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 (Deficit)
For the Years Ended June 30, 2018 and 2017**

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2018	2017
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,400	\$ 1,345	\$ 31,243	\$31,456	\$ 32,643	\$ 32,801
Operating grants and contributions	1,001,492	970,584	34,048	36,408	1,035,540	1,006,992
General Revenues:						
Other revenues	<u>741,730</u>	<u>734,426</u>	<u>374</u>	<u>278</u>	<u>742,104</u>	<u>734,704</u>
Total revenues	<u>1,744,622</u>	<u>1,706,355</u>	<u>65,665</u>	<u>68,142</u>	<u>1,810,287</u>	<u>1,774,497</u>
Expenses:						
Governmental activities:						
Instructional services	1,269,909	1,148,946	-	-	1,269,909	1,148,946
System-wide support services	272,445	251,629	-	-	272,445	251,629
Ancillary services	141	91	-	-	141	91
Nonprogram charges	25,808	23,964	-	-	25,808	23,964
Depreciation	89,278	129,457	-	-	89,278	129,457
Business-type activities:						
Food services	-	-	58,152	55,387	58,152	55,387
Tuition programs	<u>-</u>	<u>-</u>	<u>14,381</u>	<u>13,163</u>	<u>14,381</u>	<u>13,163</u>
Total expenses	<u>1,657,581</u>	<u>1,554,087</u>	<u>72,533</u>	<u>68,550</u>	<u>1,730,114</u>	<u>1,622,637</u>
Transfers	<u>(45)</u>	<u>(55)</u>	<u>45</u>	<u>55</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	86,996	152,213	(6,823)	(353)	80,173	151,860
Net position, beginning, previously reported	2,872,354	2,720,141	32,921	33,274	2,905,275	2,753,415
Restatement	(2,328,388)	-	(58,946)	-	(2,387,334)	-
Net position, beginning, restated	<u>543,966</u>	<u>2,720,141</u>	<u>(26,025)</u>	<u>33,274</u>	<u>517,941</u>	<u>2,753,415</u>
Net position, ending	<u>\$ 630,962</u>	<u>\$ 2,872,354</u>	<u>\$ (32,848)</u>	<u>\$ 32,921</u>	<u>\$ 598,114</u>	<u>\$ 2,905,275</u>

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Total governmental activities generated revenues of \$1.7 billion while expenses in this category totaled \$1.66 billion for the year ended June 30, 2018. Comparatively, revenues were \$1.7 billion and expenses totaled \$1.55 billion for the year ended June 30, 2017. After transfers to the business-type activities, the increase in net position, prior to the net position restatement, stands at \$87 million at June 30, 2018, compared to \$152.2 million in 2017. The increase in expenses and reduced increase to net position is mainly due to pension and OPEB. Instructional services expenses comprised 77% of total governmental-type expenses while system-wide support services made up 16.4% of those expenses for 2018. County funding comprised 42% of total governmental revenue for 2018. In 2017, county funding was 42.5%. Much of the remaining 58% of the total governmental revenue for 2018 consists of restricted state and federal money. This revenue represented 57.5% of total revenue in 2017. Business-type activities generated revenue of \$65.7 million and expenses of \$72.5 million. Net position decreased in the business-type activities by \$6.8 million after transfers from the governmental activities of \$45,000 and prior to the restatement that reduced net position by \$58.9 million. The majority of the decrease was due to pension and OPEB expenses.

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 \$48,881,310, a decrease of \$9,132,145 over last year. The underlying reason for this decrease was the continued use of local funds to supplement the state budget. The unassigned fund balance in the general fund increased to \$12,135,493. This level of unassigned fund balance equals 0.77 percent of the total operating budget (state, local funds, grant, enterprise, and other restricted funds \$1,585,208,661). The Board assigned \$4,900,000 from fund balance to support the 2018-19 budget.

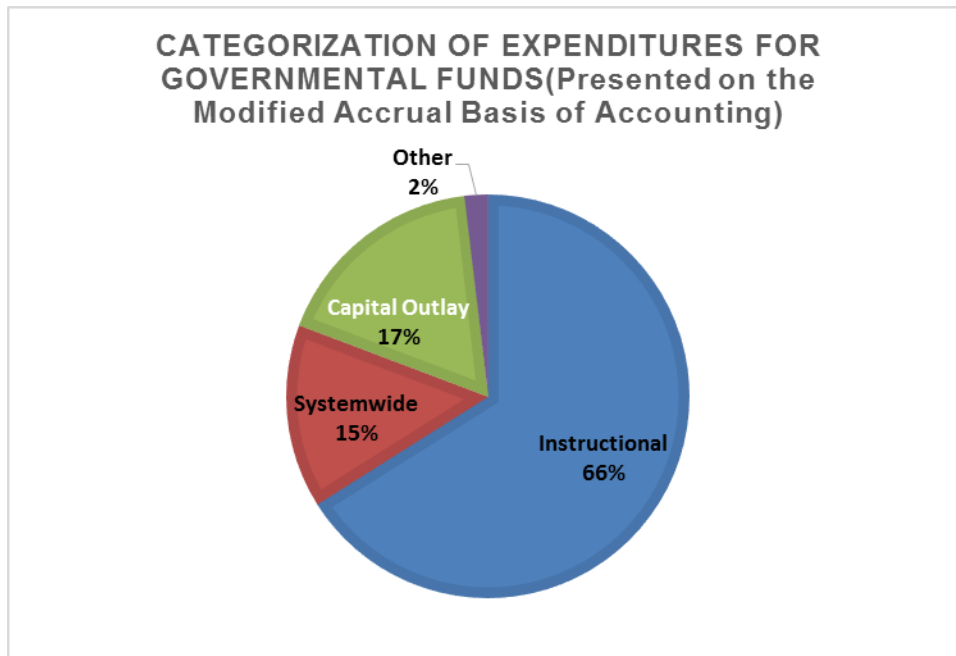
The total fund balance in the capital outlay fund decreased by \$934,215, and the restricted fund balance for capital expenditures increased to \$1,079,897. The total fund balance decrease was mainly due to vehicle replacement costs.

The fund balance restricted for individual schools in the individual schools fund decreased by \$187,006 due to schools decreasing their revenues by .8% while increasing expenditures by .7% in this area.

The Board's governmental funds reported a combined fund balance of \$59,557,507, a \$10,253,366 decrease over last year. Total county funding to support operating and capital needs increased over the prior year by \$6.8 million. This increase was due to the increase in local appropriations. State funding increased approximately \$27.9 million as a result of teacher salary increases and student growth. Federal funding increased by approximately \$4 million due to grant awards.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The Board's business-type funds reflected a total decrease in net position of approximately \$66 million. Of this amount, \$58.9 million is due to restating net position to reflect OPEB. Before the net position restatement, the Child Nutrition Program reflected a decrease in net position over the last year of \$6.6 million. This was mainly due to the decrease in sales and the increase in salaries, employee benefits and supplies. Tuition Programs reflected a decrease in net position over last year of \$257,505. This was due to increase in supply and benefit costs. Benefit cost increases are due to pension and OPEB.



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 and other sources by approximately \$6 million. This was mainly due to the appropriation of fund balance for insurance, class size reduction, and textbooks. Total expenditures for the general fund were \$17 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, 2018**

Capital Assets

The Board's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$3,335,029,497 (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, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 176,194	\$ 173,059	\$ -	\$ -	\$ 176,194	\$ 173,059
Land improvements	6,188	5,488	-	-	6,188	5,488
Buildings	2,829,327	2,663,184	-	-	2,829,327	2,663,184
Equipment	35,380	39,909	5,114	6,253	40,494	46,162
Vehicles	13,048	16,765	154	160	13,202	16,925
Construction in progress	269,625	217,809	-	-	269,625	217,809
Total	<u>\$ 3,329,762</u>	<u>\$ 3,116,214</u>	<u>\$ 5,268</u>	<u>\$ 6,413</u>	<u>\$ 3,335,030</u>	<u>\$ 3,122,627</u>

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

Debt Outstanding

During the year the Board's outstanding government-type debt decreased by \$527,729,892 and the business-type activities debt decreased by \$13,340,112. The decrease in the government-type and the business-type activities debt was due to the net pension and Net OPEB liabilities. More detailed information on the Board's outstanding debt is contained on page 52 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, 2018. This is down from 3.9% the previous year.
- The County has completed its revaluation cycle for real property effective July 1, 2017. They also voted, during 2018, 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.
- Property tax collections for the fiscal year ended June 30, 2018 were \$911.7 million. This is a 4.8% increase from \$869.7 million in the prior fiscal year and is 99.89% of the adjusted levy.

**WAKE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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 (DEFICIT)
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 89,310,762	\$ 30,798,697	\$ 120,109,459
Due from other governments	59,623,544	1,911,771	61,535,315
Net OPEB Asset	3,485,419	88,237	3,573,656
Internal balances	(106,766)	106,766	-
Receivables	1,908,972	159,628	2,068,600
Inventory and prepaid expenses	4,543,900	1,531,401	6,075,301
Total current assets	<u>158,765,831</u>	<u>34,596,500</u>	<u>193,362,331</u>
Noncurrent assets:			
Land and construction in progress	445,818,396	-	445,818,396
Capital assets, net of accumulated depreciation	2,883,943,548	5,267,553	2,889,211,101
	<u>3,329,761,944</u>	<u>5,267,553</u>	<u>3,335,029,497</u>
TOTAL ASSETS	<u>3,488,527,775</u>	<u>39,864,053</u>	<u>3,528,391,828</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>453,551,154</u>	<u>9,584,635</u>	<u>463,135,789</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	19,276,550	1,655,493	20,932,043
Accounts payable	73,174,462	1,475,219	74,649,681
Unearned revenue	-	1,966,038	1,966,038
Long-term liabilities:			
Net pension liability	510,812,176	10,087,047	520,899,223
Net OPEB liability	1,922,782,203	48,677,306	1,971,459,509
Due within one year	57,996,834	650,000	58,646,834
Due in more than one year	38,312,769	565,762	38,878,531
TOTAL LIABILITIES	<u>2,622,354,994</u>	<u>65,076,865</u>	<u>2,687,431,859</u>
DEFERRED INFLOWS OF RESOURCES	<u>688,762,378</u>	<u>17,219,486</u>	<u>705,981,864</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	3,329,761,944	5,267,553	3,335,029,497
Restricted for:			
Individual school activities	8,733,707	-	8,733,707
Stabilization by state statute	5,373,031	-	5,373,031
School capital outlay	1,079,897	-	1,079,897
OPEB Plan	6,215,368	166,611	6,381,979
Restricted contributions	27,832	-	27,832
Unrestricted	<u>(2,720,230,222)</u>	<u>(38,281,827)</u>	<u>(2,758,512,049)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 630,961,557</u>	<u>\$ (32,847,663)</u>	<u>\$ 598,113,894</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, 2018**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES:				
Instructional programs:				
Regular	\$ 731,974,296	\$ 1,371,417	\$ 541,093,193	\$ -
Special populations	243,000,627	-	158,555,605	-
Alternative programs and services	83,782,030	-	62,507,779	-
School leadership	90,665,395	-	63,949,934	-
Co-curricular	29,884,642	-	15,770,320	-
School-based support services	90,602,486	-	53,226,126	-
Systemwide support services				
Support and development	14,976,789	-	5,434,180	-
Special populations support and development	6,414,994	-	1,515,721	-
Alternative programs and services				
support and development	3,185,133	-	1,717,096	-
Technology support	34,493,632	-	7,301,434	-
Operational support	172,750,747	-	82,504,068	-
Financial and human resource	20,835,125	-	4,938,804	-
Accountability	2,766,782	-	64,829	-
Systemwide pupil support	5,923,268	-	687,703	-
Policy, leadership and public relations	11,098,595	-	2,180,064	-
Ancillary services	140,697	28,777	-	-
Nonprogram charges	25,807,938	-	45,012	-
Depreciation - unallocated *	89,277,817	-	-	-
Total governmental activities	<u>1,657,580,993</u>	<u>1,400,194</u>	<u>1,001,491,868</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Food services	58,151,824	17,271,145	34,048,329	-
Tuition programs	14,381,100	13,971,475	-	-
Total business-type activities	<u>72,532,924</u>	<u>31,242,620</u>	<u>34,048,329</u>	<u>-</u>
Total school district	<u>\$ 1,730,113,917</u>	<u>\$ 32,642,814</u>	<u>\$ 1,035,540,197</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, perviously reported				
Net position, restatement				
Net position (deficit) - 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, 2018

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:			
Instructional programs:			
Regular	\$ (189,509,686)		\$ (189,509,686)
Special populations	(84,445,022)		(84,445,022)
Alternative programs and services	(21,274,251)		(21,274,251)
School leadership	(26,715,461)		(26,715,461)
Co-curricular	(14,114,322)		(14,114,322)
School-based support services	(37,376,360)		(37,376,360)
Systemwide support services			
Support and development	(9,542,609)		(9,542,609)
Special populations support and development	(4,899,273)		(4,899,273)
Alternative programs and services support and development	(1,468,037)		(1,468,037)
Technology support	(27,192,198)		(27,192,198)
Operational support	(90,246,679)		(90,246,679)
Financial and human resource	(15,896,321)		(15,896,321)
Accountability	(2,701,953)		(2,701,953)
Systemwide pupil support	(5,235,565)		(5,235,565)
Policy, leadership and public relations	(8,918,531)		(8,918,531)
Ancillary services	(111,920)		(111,920)
Nonprogram charges	(25,762,926)		(25,762,926)
Depreciation - unallocated *	(89,277,817)		(89,277,817)
Total governmental activities	<u>(654,688,931)</u>		<u>(654,688,931)</u>
BUSINESS-TYPE ACTIVITIES:			
Food services		\$ (6,832,350)	(6,832,350)
Tuition programs		(409,625)	(409,625)
Total business-type activities		<u>(7,241,975)</u>	<u>(7,241,975)</u>
Total school district	<u>(654,688,931)</u>	<u>(7,241,975)</u>	<u>(661,930,906)</u>
GENERAL REVENUES			
Unrestricted county appropriations - operating	429,719,331	-	429,719,331
Unrestricted county appropriations - capital	305,195,784	-	305,195,784
Unrestricted state appropriations - capital	387,942	-	387,942
Investment earnings, unrestricted	761,942	374,257	1,136,199
Miscellaneous, unrestricted	5,663,606	-	5,663,606
TRANSFER	<u>(45,012)</u>	<u>45,012</u>	<u>-</u>
Subtotal, general revenues and transfers	<u>741,683,593</u>	<u>419,269</u>	<u>742,102,862</u>
Changes in net position	86,994,662	(6,822,706)	80,171,956
Net position - beginning, perviously reported	<u>2,872,354,563</u>	<u>32,920,688</u>	<u>2,905,275,251</u>
Net position, restatement	<u>(2,328,387,668)</u>	<u>(58,945,645)</u>	<u>(2,387,333,313)</u>
Net position (deficit) - ending	<u>\$ 630,961,557</u>	<u>\$ (32,847,663)</u>	<u>\$ 598,113,894</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, 2018**

	General Fund	State Public School Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 67,281,400	\$ 6,807,837	\$ 1,897,305	\$ 13,324,220	\$ 89,310,762
Due from other governments	1,430,735	11,628,691	44,697,320	1,866,798	59,623,544
Accounts receivable	1,761,789	-	-	147,183	1,908,972
Due from other funds	238,244	-	-	3,324	241,568
Prepaid	105,263	-	-	-	105,263
Inventories	4,438,637	-	-	-	4,438,637
Total assets	<u>\$ 75,256,068</u>	<u>\$ 18,436,528</u>	<u>\$ 46,594,625</u>	<u>\$ 15,341,525</u>	<u>\$ 155,628,746</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Salaries and benefits payable	\$ 6,911,477	\$ 11,628,691	\$ -	\$ 736,382	\$ 19,276,550
Accounts payable	19,459,736	6,807,837	44,651,598	2,255,291	73,174,462
Due to other funds	3,545	-	537	344,252	348,334
Total liabilities	<u>26,374,758</u>	<u>18,436,528</u>	<u>44,652,135</u>	<u>3,335,925</u>	<u>92,799,346</u>
Deferred inflows of resources:	-	-	-	3,271,893	3,271,893
Fund balances:					
Nonspendable:					
Inventories	4,438,637	-	-	-	4,438,637
Prepaid	105,263	-	-	-	105,263
Restricted:					
Stabilization by state statute	5,261,993	-	111,038	-	5,373,031
Capital expenditures	-	-	1,079,897	-	1,079,897
Individual schools	-	-	-	8,733,707	8,733,707
Restricted contributions for capital expenditures	-	-	27,832	-	27,832
Assigned					
Special projects	9,838,302	-	723,723	-	10,562,025
Insurance	10,643,848	-	-	-	10,643,848
Flexible benefit plan	1,557,774	-	-	-	1,557,774
Subsequent years expenditures	4,900,000	-	-	-	4,900,000
Unassigned	12,135,493	-	-	-	12,135,493
Total fund balances	<u>48,881,310</u>	<u>-</u>	<u>1,942,490</u>	<u>8,733,707</u>	<u>59,557,507</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,256,068</u>	<u>\$ 18,436,528</u>	<u>\$ 46,594,625</u>	<u>\$ 15,341,525</u>	

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

Net OPEB asset	3,485,419
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds	3,329,761,944
Deferred outflows of resources related to pensions	263,304,236
Deferred outflows of resources related to OPEB	190,246,918
Net pension liability	(510,812,176)
Net OPEB liability	(1,922,782,203)
Deferred inflows of resources related to pensions	(17,153,413)
Deferred inflows of resources related to OPEB	(668,337,072)
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	(6,373,712)
Compensated absences (vacation)	(89,935,891)
Total net position - governmental activities	<u>\$ 630,961,557</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, 2018

	General Fund	State Public School Fund	Capital Outlay Fund	Non-Major Funds	Total Governmental Funds
REVENUES:					
County	\$ 428,820,317	\$ -	\$ 305,195,784	\$ 899,014	\$ 734,915,115
State	4,685	907,767,787	387,942	-	908,160,414
Federal	502,486	-	-	69,837,065	70,339,551
Other local	6,912,686	-	913,336	29,308,908	37,134,930
Total revenues	<u>436,240,174</u>	<u>907,767,787</u>	<u>306,497,062</u>	<u>100,044,987</u>	<u>1,750,550,010</u>
EXPENDITURES:					
Current operations:					
Instructional services:					
Regular instruction	129,835,400	536,187,220	-	4,640,401	670,663,021
Special populations	65,358,912	127,049,403	-	30,799,124	223,207,439
Alternative programs and services	15,465,823	31,333,264	-	30,455,927	77,255,014
School leadership	18,949,134	63,949,934	-	11,437	82,910,505
Co-curricular	13,228,018	10,201	-	15,396,092	28,634,311
School-based support	27,415,322	50,285,091	-	2,848,422	80,548,835
Systemwide support services					
Support and development	8,982,025	1,167,558	-	4,171,741	14,321,324
Special populations support and development	4,416,745	746,075	-	751,063	5,913,883
Alternative programs and services support and development	1,216,156	501,775	-	1,185,733	2,903,664
Technology support	14,580,686	7,301,434	-	110,975	21,993,095
Operational support	86,659,519	81,730,915	-	7,496,205	175,886,639
Financial and human resource	14,472,906	4,578,490	-	437,338	19,488,734
Accountability	2,501,964	61,002	-	3,808	2,566,774
Systemwide pupil support	4,884,076	640,349	-	47,350	5,571,775
Policy, leadership, and public relations	8,288,468	2,180,064	-	-	10,468,532
Ancillary services	300	-	-	25,477	25,777
Non-program charges	29,635,567	-	-	1,850,900	31,486,467
Debt service:					
Principal	-	-	387,942	-	387,942
Capital outlay:					
Land, buildings, and other	-	-	304,916,681	-	304,916,681
Equipment	-	-	2,126,654	-	2,126,654
Total expenditures	<u>445,891,021</u>	<u>907,722,775</u>	<u>307,431,277</u>	<u>100,231,993</u>	<u>1,761,277,066</u>
Excess (deficiency) of revenues over expenditures	<u>(9,650,847)</u>	<u>45,012</u>	<u>(934,215)</u>	<u>(187,006)</u>	<u>(10,727,056)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	551,032	551,032
Transfers out	-	(45,012)	-	(551,032)	(596,044)
Total other financing sources (uses)	<u>-</u>	<u>(45,012)</u>	<u>-</u>	<u>-</u>	<u>(45,012)</u>
Net change in fund balance	<u>(9,650,847)</u>	<u>-</u>	<u>(934,215)</u>	<u>(187,006)</u>	<u>(10,772,068)</u>
Fund balances, beginning of year	58,013,455	-	2,876,705	8,920,713	69,810,873
Increase in reserve for inventories	518,702	-	-	-	518,702
Fund balances, end of year	<u>\$ 48,881,310</u>	<u>\$ -</u>	<u>\$ 1,942,490</u>	<u>\$ 8,733,707</u>	<u>\$ 59,557,507</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, 2018**

Total net change in fund balances - governmental funds.	\$ (10,772,068)
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.	213,798,920
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	95,507,448
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities.	54,841,474
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.	387,942
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	(139,778,206)
Net OPEB expense	(123,840,743)
Compensated absences	(3,567,404)
Loss on disposal of assets	(250,814)
The estimated reserve for workers' compensation self-insurance is recorded as a long-term obligation in the government-wide statements.	149,411
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements.	<u>518,702</u>
Change in net position of governmental activities.	<u>\$ 86,994,662</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, 2018**

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ 428,820,317	\$ 428,820,317	\$ 428,820,317	\$ -
State	12,000	14,934	4,685	(10,249)
Federal	450,000	450,000	502,486	52,486
Other local	<u>6,825,000</u>	<u>6,835,527</u>	<u>6,912,686</u>	<u>77,159</u>
Total revenues	<u>436,107,317</u>	<u>436,120,778</u>	<u>436,240,174</u>	<u>119,396</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	129,443,107	137,009,056	129,835,400	7,173,656
Special populations	62,486,076	65,360,455	65,358,912	1,543
Alternative programs and services	17,179,165	15,602,506	15,465,823	136,683
School leadership	24,634,715	21,243,817	18,949,134	2,294,683
Co-curricular	13,548,763	13,271,083	13,228,018	43,065
School-based support services	26,627,574	27,674,752	27,415,322	259,430
Systemwide support services				
Support and development	9,725,143	9,270,774	8,982,025	288,749
Special populations support and development	4,901,894	4,550,417	4,416,745	133,672
Alternative programs and services support and development	1,431,296	1,263,448	1,216,156	47,292
Technology support	14,732,297	14,750,383	14,580,686	169,697
Operational support	89,187,189	90,161,685	86,659,519	3,502,166
Financial and human resource	13,797,168	15,993,231	14,472,906	1,520,325
Accountability	2,709,418	2,713,469	2,501,964	211,505
Systemwide pupil support	5,055,479	4,979,031	4,884,076	94,955
Policy, leadership and public relations	8,909,948	8,833,388	8,288,468	544,920
Ancillary services	576	300	300	-
Non-program charges	32,216,563	30,216,563	29,635,567	580,996
Unbudgeted funds	<u>264,203</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>456,850,574</u>	<u>462,894,358</u>	<u>445,891,021</u>	<u>17,003,337</u>
Revenues over (under) expenditures	<u>(20,743,257)</u>	<u>(26,773,580)</u>	<u>(9,650,847)</u>	<u>17,122,733</u>
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	20,743,257	26,773,580	-	(26,773,580)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources(uses)	<u>20,743,257</u>	<u>26,773,580</u>	<u>-</u>	<u>(26,773,580)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(9,650,847)</u>	<u>\$ (9,650,847)</u>
Fund balances, beginning of year			58,013,455	
Increase in reserve for inventories			<u>518,702</u>	
Fund balances, end of year			<u>\$ 48,881,310</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, 2018

	State Public School Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES:				
County	\$ -	\$ -	\$ -	\$ -
State	916,431,567	935,307,522	907,767,787	(27,539,735)
Federal	-	-	-	-
Other local	-	-	-	-
Total revenues	<u>916,431,567</u>	<u>935,307,522</u>	<u>907,767,787</u>	<u>(27,539,735)</u>
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	564,001,786	557,764,439	536,187,220	21,577,219
Special populations	129,789,435	127,682,141	127,049,403	632,738
Alternative programs and services	30,622,605	33,411,044	31,333,264	2,077,780
School leadership	59,012,106	64,723,376	63,949,934	773,442
Co-curricular	-	10,201	10,201	-
School-based support services	52,168,661	51,708,446	50,285,091	1,423,355
Systemwide support services				
Support and development	1,280,897	1,183,704	1,167,558	16,146
Special populations support and development	767,958	750,974	746,075	4,899
Alternative programs and services support and development	494,729	501,776	501,775	1
Technology support	4,611,170	8,177,545	7,301,434	876,111
Operational support	66,056,897	81,861,910	81,730,915	130,995
Financial and human resource	4,438,389	4,578,988	4,578,490	498
Accountability	122,757	61,644	61,002	642
Systemwide pupil support	778,724	642,892	640,349	2,543
Policy, leadership and public relations	2,239,460	2,203,430	2,180,064	23,366
Ancillary services	45,993	-	-	-
Non-program charges	-	-	-	-
Unbudgeted funds	-	-	-	-
Total expenditures	<u>916,431,567</u>	<u>935,262,510</u>	<u>907,722,775</u>	<u>27,539,735</u>
Revenues over (under) expenditures	-	45,012	45,012	-
OTHER FINANCING SOURCES(USES):				
Appropriated fund balance	-	-	-	-
Transfers out	-	(45,012)	(45,012)	-
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 (DEFICIT)
ENTERPRISE FUNDS
JUNE 30, 2018**

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,077,756	\$ 12,720,941	\$ 30,798,697
Due from other governments	1,353,490	558,281	1,911,771
Accounts receivable	40,549	119,079	159,628
Net OPEB asset	67,835	20,402	88,237
Due from other funds	5,260	306,683	311,943
Inventory	1,531,401	-	1,531,401
Total current assets	<u>21,076,291</u>	<u>13,725,386</u>	<u>34,801,677</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>5,007,190</u>	<u>260,363</u>	<u>5,267,553</u>
Total assets	<u>26,083,481</u>	<u>13,985,749</u>	<u>40,069,230</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>7,378,107</u>	<u>2,206,528</u>	<u>9,584,635</u>
LIABILITIES			
Current liabilities:			
Salaries and benefits payable	1,628,907	26,586	1,655,493
Accounts payable	731,345	743,874	1,475,219
Due to other funds	14,515	190,662	205,177
Unearned revenue	1,530,037	436,001	1,966,038
Current portion of long-term obligations	<u>572,000</u>	<u>78,000</u>	<u>650,000</u>
Total current liabilities	4,476,804	1,475,123	5,951,927
Noncurrent liabilities:			
Net pension liability	7,769,147	2,317,900	10,087,047
Net OPEB liability	37,422,244	11,255,062	48,677,306
Compensated absences	496,288	69,474	565,762
Total noncurrent liabilities	<u>45,687,679</u>	<u>13,642,436</u>	<u>59,330,115</u>
Total liabilities	<u>50,164,483</u>	<u>15,117,559</u>	<u>65,282,042</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,297,154</u>	<u>3,922,332</u>	<u>17,219,486</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	5,007,190	260,363	5,267,553
OPEB Plan	130,254	36,357	166,611
Unrestricted	<u>(35,137,493)</u>	<u>(3,144,334)</u>	<u>(38,281,827)</u>
Total net position (deficit)	<u>\$ (30,000,049)</u>	<u>\$ (2,847,614)</u>	<u>\$ (32,847,663)</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, 2018

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
OPERATING REVENUES			
Food sales	\$ 17,271,145	\$ -	\$ 17,271,145
Participant fees	-	13,971,475	13,971,475
Total operating revenues	<u>17,271,145</u>	<u>13,971,475</u>	<u>31,242,620</u>
OPERATING EXPENSES:			
Business supporting services:			
Salaries	17,679,099	5,816,508	23,495,607
Food	18,456,777	-	18,456,777
Supplies	2,374,797	3,317,221	5,692,018
Purchased services	1,440,099	1,852,553	3,292,652
Other supporting services:			
Employee benefits	10,607,169	2,116,878	12,724,047
Donated commodities	3,720,564	-	3,720,564
Indirect costs	2,590,344	1,237,285	3,827,629
Depreciation	<u>1,282,975</u>	<u>40,655</u>	<u>1,323,630</u>
TOTAL OPERATING EXPENSES	<u>58,151,824</u>	<u>14,381,100</u>	<u>72,532,924</u>
Operating loss	<u>(40,880,679)</u>	<u>(409,625)</u>	<u>(41,290,304)</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal regular USDA grants	29,436,288	-	29,436,288
USDA grants - summer feeding program	438,528	-	438,528
USDA grants - fresh fruit & vegetable program	67,691	-	67,691
Federal commodities	3,720,564	-	3,720,564
Interest	222,137	152,120	374,257
NCDPI kindergarten breakfast	114,839	-	114,839
Local donations and grants	270,963	-	270,963
Loss on sale of capital assets	<u>(544)</u>	<u>-</u>	<u>(544)</u>
Total non-operating revenues	<u>34,270,466</u>	<u>152,120</u>	<u>34,422,586</u>
Loss before contributions and transfers	(6,610,213)	(257,505)	(6,867,718)
Transfers from other funds	<u>45,012</u>	<u>-</u>	<u>45,012</u>
Change in net position	(6,565,201)	(257,505)	(6,822,706)
Total net position, beginning	<u>21,881,512</u>	<u>11,039,176</u>	<u>32,920,688</u>
Net position, restated	<u>(45,316,360)</u>	<u>(13,629,285)</u>	<u>(58,945,645)</u>
Total net position, ending	<u>\$ (30,000,049)</u>	<u>\$ (2,847,614)</u>	<u>\$ (32,847,663)</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, 2018

	Major Fund Child Nutrition Program	Major Fund Tuition Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 18,793,831	\$ 14,321,266	\$ 33,115,097
Cash paid for goods and services	(22,936,926)	(5,451,951)	(28,388,877)
Cash paid to employees for services	(26,325,294)	(7,253,538)	(33,578,832)
Other operating revenues	(2,620,125)	(1,235,570)	(3,855,695)
Net cash provided (used) by operating activities	<u>(33,088,514)</u>	<u>380,207</u>	<u>(32,708,307)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Federal regular USDA grants	29,647,794	-	29,647,794
USDA grants - summer feeding program	438,528	-	438,528
USDA grants - fresh fruit & vegetable program	67,691	-	67,691
NCDPI kindergarten breakfast	114,839	-	114,839
Local donations and grants	270,963	-	270,963
Net cash provided by non-capital financing activities	<u>30,539,815</u>	<u>-</u>	<u>30,539,815</u>
CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of equipment	(182,099)	(6,133)	(188,232)
Proceeds from sale of equipment	9,419	-	9,419
Net cash used for capital and related financing activities	<u>(172,680)</u>	<u>(6,133)</u>	<u>(178,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	222,137	152,120	374,257
Net increase (decrease) in cash and cash equivalents	(2,499,242)	526,194	(1,973,048)
Cash and cash equivalents, beginning of year	20,576,998	12,194,747	32,771,745
Cash and cash equivalents, end of year	<u>\$ 18,077,756</u>	<u>\$ 12,720,941</u>	<u>\$ 30,798,697</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	<u>\$ (40,880,679)</u>	<u>\$ (409,625)</u>	<u>\$ (41,290,304)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	1,282,975	40,655	1,323,630
Donated commodities	3,720,564	-	3,720,564
Salaries paid by special revenue fund	45,012	-	45,012
Increase in accounts receivable	(7,350)	(46,743)	(54,093)
(Increase) decrease in due from other funds	(3,046)	18,042	14,996
Decrease in net OPEB asset	63,540	19,110	82,650
Increase in due from other governments	-	(39,467)	(39,467)
Decrease in inventories	897,330	-	897,330
Decrease in net pension liability	(1,339,131)	(402,755)	(1,741,886)
Decrease in net OPEB liability	(8,025,492)	(2,413,735)	(10,439,227)
Increase in deferred outflows	(1,302,638)	(391,780)	(1,694,418)
Increase in deferred inflows	12,808,244	3,852,190	16,660,434
Decrease in accounts payable and accrued liabilities	(596,108)	(277,706)	(873,814)
Decrease in due to other funds	(26,735)	(16,327)	(43,062)
Increase in unearned revenue	190,698	436,001	626,699
Increase in long-term liabilities	84,302	12,347	96,649
Total adjustments	<u>7,792,165</u>	<u>789,832</u>	<u>8,581,997</u>
Net cash provided (used) by operating activities	<u>\$ (33,088,514)</u>	<u>\$ 380,207</u>	<u>\$ (32,708,307)</u>

NONCASH OPERATING AND NONCAPITAL FINANCING ACTIVITIES:

The School Food Service Fund received donated commodities with a value of \$3,720,564 during the fiscal year.

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, 2018**

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 (deficit) 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, 2018**

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.

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.

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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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.

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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

During the fiscal year, there were budget amendments totaling \$118,397,733 approved by the Board as follows:

General fund	\$ 6,043,784
State public school fund	18,875,955
Grants and other restricted funds	9,412,260
Capital outlay fund	83,791,348
Enterprise funds	<u>274,386</u>
	<u>\$ 118,397,733</u>

E. Assets, Liabilities, Deferred Inflows, and Fund Equity

1. Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time-deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF).

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at 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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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 holds title to certain properties which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment-purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board provide the schools full use of the facilities, full responsibility for maintenance of the facilities, and also provides that the County will convey title of the property back to the Board once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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.

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 net position (deficit) 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 and OPEB related deferral and contributions made to the plans subsequent to the measurement date. The statement of net position (deficit) 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 and OPEB related deferrals.

6. Long-term Obligations

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

7. Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to 30 days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2018, are recorded in the government-wide and proprietary fund financial statements on a LIFO basis. An estimate has been made based on prior years’ records of the current portion of compensated absences.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Net Position/Fund Balances

Net position in the government-wide and proprietary fund financial statements is classified as net invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors; or the laws or regulations of other governments; or imposed by law through state statute.

The Fund Balance in the governmental fund financial statements is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – the portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories which are not spendable resources.

Prepaid – the portion of fund balance that is not an available resource because it represents the year-end balance of assets held for prepaid items which are not spendable resources.

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for stabilization by state statute – the portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)]. This consists primarily of outstanding encumbrances and receivables.

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

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

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

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018, 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.

The Superintendent will use resources in the following hierarchy: federal funds, state funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from the restricted fund balance first, followed, in-order, by the committed fund balance, the assigned fund balance, and lastly, by the unassigned fund balance. The Superintendent has the authority to deviate from this, if it is in the best interest of the Board of Education.

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 (deficit).

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 (deficit). The net adjustment of \$571,404,050 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)	\$ 4,367,278,674
Less accumulated depreciation	<u>(1,037,516,730)</u>
Net capital assets	<u>3,329,761,944</u>
Net OPEB Asset	3,485,419
Pension-related deferred outflows of resources	263,304,236
OPEB related deferred outflows of resources	190,246,918
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	(6,373,712)
Compensated absences	(89,935,891)
Net pension liability	(510,812,176)
Net OPEB liability	(1,922,782,203)
Deferred inflows of resources related to pension	(17,153,413)
Deferred inflows of resources related to OPEB	<u>(668,337,072)</u>
Total adjustments	<u>\$ 571,404,050</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 \$97,766,730 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.	307,839,696
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.	(94,040,776)
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.	387,942
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	95,507,448
Contributions to the OPEB plans in the current fiscal year are not included on the Statement of Activities.	54,841,474
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	(139,778,206)
OPEB expense	(123,840,743)
Lost on disposal of assets	(250,814)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(3,567,404)
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.	518,702
Estimated reserve for workers' compensation self-insurance recorded as a long-term obligation in the government-wide statements.	<u>149,411</u>
Total adjustments	<u><u>97,766,730</u></u>

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

10. Defined Benefit Pension Plan and OPEB 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), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of NC (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC's fiduciary net position have been determined on the same basis as they are reported by TSERS, RHBF, and DIPNC. 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, RHBF, and DIPNC. 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, 2018, the Board's deposits with banks had a carrying amount of \$62,525,061 and with the State Treasurer of \$7,254,565. The bank balances with financial institutions and the State Treasurer were \$67,617,567 and \$9,155,352, respectively. Of these balances, \$288,651 was covered by federal depository insurance and \$76,484,268 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

2. Investments

At June 30, 2018, the Board had \$9,141 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 \$50,320,692 invested with the State Treasurer in the Short Term Investment Fund (STIF) . The STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2018. 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 1.4 years as of June 30, 2018.

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, 2018. 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, 2018, were as follows:

	Due from other funds (internal balances)	Due from other governments	Other	Total
Governmental activities:				
General Fund	\$ 238,244	\$ 1,430,735	\$ 1,761,789	\$ 3,430,768
Other governmental activities	3,324	58,192,809	147,183	58,343,316
Total	<u>\$ 241,568</u>	<u>\$ 59,623,544</u>	<u>\$ 1,908,972</u>	<u>\$ 61,774,084</u>
Business-type activities				
Child Nutrition Program	\$ 5,260	\$ 1,353,490	\$ 40,549	\$ 1,399,299
Tuition Programs	306,683	558,281	119,079	984,043
Total	<u>\$ 311,943</u>	<u>\$ 1,911,771</u>	<u>\$ 159,628</u>	<u>\$ 2,383,342</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
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Due from other governments consists of the following:

Governmental activities:

General Fund	\$ 1,118,983	Sales tax refund from state
	640	Miscellaneous revenue from state
	291,440	Miscellaneous revenue from municipalities
	<u>19,672</u>	Miscellaneous revenue from federal
	<u>\$ 1,430,735</u>	
State Public School Fund	11,628,691	Operating funds from DPI
Individual Schools Fund	95,647	Sales tax refund from state
Capital Outlay Fund	44,697,320	County funds from county appropriations
Direct Grants Fund	438,698	Federal grant funds
State Administered Federal Grants Fund	1,329,349	Federal grant funds
Other restricted fund	<u>3,104</u>	Sales tax refund from state
	<u>\$59,623,544</u>	

Business-type activities:

Child Nutrition Program	\$ 1,353,490	USDA Reimbursement from state
Tuition Programs	96,170	Sales tax refund from state
	<u>462,111</u>	Miscellaneous revenue from municipalities
	<u>558,281</u>	
	<u>\$ 1,911,771</u>	

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

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was:

	Beginning Balances	Increases	Transfers	Retirements	Ending Balances
Capital assets not being depreciated:					
Land	\$ 173,058,586	\$ 3,135,161	\$ -	\$ -	\$ 176,193,747
Construction in progress	<u>217,809,405</u>	<u>296,963,474</u>	<u>(245,148,230)</u>	<u>-</u>	<u>269,624,649</u>
Total capital assets not being depreciated	<u>390,867,991</u>	<u>300,098,635</u>	<u>(245,148,230)</u>	<u>-</u>	<u>445,818,396</u>
Capital assets being depreciated					
Land improvements	10,947,303	1,147,399	-	-	12,094,702
Buildings	3,483,505,927	-	245,148,230	(939,486)	3,727,714,671
Equipment	93,980,785	4,419,896	-	(16,264)	98,384,417
Vehicles and motor equipment	<u>81,660,624</u>	<u>2,173,766</u>	<u>-</u>	<u>(567,902)</u>	<u>83,266,488</u>
Total capital assets being depreciated	<u>3,670,094,639</u>	<u>7,741,061</u>	<u>245,148,230</u>	<u>(1,523,652)</u>	<u>3,921,460,278</u>
Less accumulated depreciation for					
Land improvements	5,459,087	447,284	-	-	5,906,371
Buildings	820,321,800	78,798,895	-	(733,168)	898,387,527
Equipment	54,071,564	8,948,705	-	(16,264)	63,004,005
Vehicles and motor equipment	<u>64,896,341</u>	<u>5,845,892</u>	<u>-</u>	<u>(523,406)</u>	<u>70,218,827</u>
Total accumulated depreciation	<u>944,748,792</u>	<u>\$ 94,040,776</u>	<u>-</u>	<u>\$(1,272,838)</u>	<u>1,037,516,730</u>
Total capital assets being depreciated, net	<u>2,725,345,847</u>				<u>2,883,943,548</u>
Governmental activity capital assets, net	<u>\$ 3,116,213,838</u>				<u>\$3,329,761,944</u>

Depreciation was charged to governmental functions as follows:

Unallocated depreciation	\$ 89,277,817
Operational support services	<u>4,762,959</u>
Total	<u>\$ 94,040,776</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Business-type Activities:	Beginning Balances	Increases	Retirements	Ending Balances
Child nutrition program activities				
Capital assets being depreciated:				
Equipment	\$ 20,900,309	\$ 127,427	\$ (26,280)	\$ 21,001,456
Vehicles	<u>916,899</u>	<u>54,672</u>	<u>-</u>	<u>971,571</u>
Total capital assets being depreciated	21,817,208	182,099	(26,280)	21,973,027
Less accumulated depreciation for:				
Equipment	14,909,328	1,231,830	(16,317)	16,124,841
Vehicles	<u>789,851</u>	<u>51,145</u>	<u>-</u>	<u>840,996</u>
Total accumulated depreciation	<u>15,699,179</u>	<u>1,282,975</u>	<u>(16,317)</u>	<u>16,965,837</u>
Child nutrition program capital assets, net	<u>6,118,029</u>			<u>5,007,190</u>
Tuition program activities:				
Capital assets being depreciated:				
Equipment	599,054	6,133	-	605,187
Vehicles	<u>81,812</u>	<u>-</u>	<u>-</u>	<u>81,812</u>
Total capital assets being depreciated	680,866	6,133	-	686,999
Less accumulated depreciation for:				
Equipment	337,480	30,428		367,908
Vehicles	<u>48,501</u>	<u>10,227</u>	<u>-</u>	<u>58,728</u>
Total accumulated depreciation	<u>385,981</u>	<u>\$ 40,655</u>	<u>\$ -</u>	<u>426,636</u>
Tuition program capital assets, net	<u>294,885</u>			<u>260,363</u>
Business-type activities capital assets, net	<u>\$ 6,412,914</u>			<u>\$ 5,267,553</u>

5. Construction Commitments

The Board has active construction projects as of June 30, 2018. At year-end, the Board's commitments with contractors for school construction totaled approximately \$271,377,524. These commitments will be funded by future revenues from Wake County.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018, was 10.78 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 \$97,925,324 for the year ended June 30, 2018.

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, 2018, the Board reported a liability of \$520,899,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017, 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, 2017, and at June 30, 2016, the Board's proportion was 6.435% and 6.1602%, respectively.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the Board recognized pension expense of \$143,316,841. At June 30, 2018, 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	\$ 11,292,130	\$ 17,041,335
Changes of assumptions	82,294,220	-
Net difference between projected and actual earnings on pension plan investments	70,495,334	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	6,065,557	411,891
Board contributions subsequent to the measurement date	97,925,324	-
Total	<u>\$ 268,072,565</u>	<u>\$ 17,453,226</u>

A total of \$97,925,324 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:

2019	\$ 31,484,297
2020	101,168,433
2021	48,254,287
2022	(28,212,997)
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016, 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	7.2 percent, net of pension plan investment expense, including inflation

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2016, 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, 2017, 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
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018**

Discount rate. The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.2%)</u>	<u>Discount Rate</u> <u>(7.2%)</u>	<u>1% Increase</u> <u>(8.2%)</u>
Board's proportionate share of the net pension liability(asset)	1,072,226,230	520,899,223	58,957,473

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 Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018**

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees’ health benefits. Contribution rates to RHBF, 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 current fiscal year, the Board contributed 6.05% of covered payroll which amounted to \$54,958,089.

At June 30, 2018, Board reported a liability of \$1,971,459,509 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board’s proportion of the net OPEB liability was based on a projection of the Board’s present value of future salary, actuarially determined. At June 30, 2017, the Board’s proportion was 5.6205%.

\$54,958,089 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2019	\$	(109,626,768)
2020		(109,626,768)
2021		(109,626,768)
2022		(109,626,768)
2023		(109,443,598)
Thereafter		-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.75%
Salary increases	3.5-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-7.25%
Healthcare cost trend rate - medicare advantage	4.00-5.00%
Healthcare cost trend rate - administrative	3.00%

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 2,351,837,960	\$ 1,971,459,509	\$ 1,669,765,417

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.00 Admin Expenses)	1% Increase in Trend Rates
Net OPEB Liability	\$ 1,610,500,855	\$ 1,971,459,509	\$ 2,451,219,703

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

2. 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, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain Local Education Agencies, and ORP.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits Provided. Long-term disability benefits are payable as an OPEB 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. An employee is eligible to receive long-term disability benefits provide the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or ORP, 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 TSERS after (1) reaching the age of 65 and completing 5 years of membership service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of service at any age.

Contributions. 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 does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$1,271,757 for the year ended June 30, 2018.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as an other postemployment benefit.

OPEB Asset, OPEB Expense, and Deferred Outflows and Inflows of Resources of Related to OPEB

At June 30, 2018, Board reported an asset of \$3,573,656 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 5.792 %.

\$1,271,757 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 443,927
2020	443,927
2021	443,752
2022	195,697
Thereafter	<u>-</u>
	\$ 1,527,303

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	0.03
Salary increases	3.5-8.10%, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

Sensitivity of the Board's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage point higher (4.75 percent) than the current discount rate:

	1% Decrease <u>(2.75%)</u>	Discount Rate <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
Net OPEB Asset	\$ 3,038,134	\$ 3,573,656	\$ 4,110,406

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018**

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	<u>100.0%</u>	

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Total OPEB Expense, OPEB Liabilities, and Deferred Outflows and Inflows of Resources of Related to OPEB

Following is information related to the proportionate share and pension expense:

	Retiree Health Benefit Fund	Disability Income Plan of NC
OPEB Expense	\$ 125,155,839	\$ 1,820,065
Proportionate share of the net OPEB liability (asset)	1,971,459,509	(3,573,656)
Deferred Outflows of Resources		
Differences between expected and actual experience Changes in assumptions	-	979,832
Net difference between projected and actual earnings on plan investments	-	783,316
Changes in proportion and differences between Board contributions and proportionate share of contributions	137,070,230	-
Board contributions subsequent to the measurement date	54,958,089	1,271,757
Deferred Inflows of Resources		
Differences between expected and actual experience	141,357,273	-
Changes of assumptions	542,930,948	-
Net difference between projected and actual earnings on plan investments	732,680	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	235,844

2. Accounts Payable

Accounts payables as of June 30, 2018, are as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>
Governmental Activities		
General	\$ 19,459,736	\$ 6,911,477
Other Governmental	53,714,726	12,365,073
Total Governmental activities	<u>\$ 73,174,462</u>	<u>\$ 19,276,550</u>
Business-type Activities		
Child Nutrition Program	\$ 731,345	\$ 1,628,907
Tuition Programs	743,874	26,586
Total Business-type activities	<u>\$ 1,475,219</u>	<u>\$ 1,655,493</u>

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

3. Unearned Revenues

The balance in unearned revenues at year-end is composed of the following:

Business-type activities:	
Prepayments of meals (Child Nutrition Program)	\$ 1,530,037
Prepayments of community use fees (Tuition Programs)	<u>436,001</u>
	<u>\$ 1,966,038</u>

4. Deferred Outflows and 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	\$ 143,135,787	\$ 647,735
Changes in assumptions	82,294,220	542,930,948
Board contributions subsequent to the measurement date	154,155,170	-
Difference between projected and actual earnings on plan investments	71,278,650	732,680
Difference between expected and actual experience	12,271,962	158,398,608
Grants not yet earned (Direct Grants)	-	1,756,233
Grants not yet earned (Other Restricted Funds)	-	<u>1,515,660</u>
Totals	<u>\$ 463,135,789</u>	<u>\$ 705,981,864</u>

5. 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 \$4,000,000 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 4.4 billion.

WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Estimated claims payable, beginning of year	\$ 6,523,123	\$ 6,294,693
Current year claims and changes in estimates	1,941,657	2,279,651
Claim payments	<u>(2,091,068)</u>	<u>(2,051,221)</u>
Estimated claims payable, end of year	<u>\$ 6,373,712</u>	<u>\$ 6,523,123</u>

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

6. Contingent Liabilities

At June 30, 2018, 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.

7. Long-Term Obligations

a. Operating Leases

The Board leases building and office facilities and parking areas under operating leases. The total costs for such leases were \$5,991,985 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

<u>Year ending June 29</u>	<u>Amount</u>
2019	\$ 6,309,328
2020	5,127,573
2021	5,203,115
2022	5,348,263
2023	5,470,157
2024-2028	18,256,206
2029-2033	4,374,271
2034-2100	<u>662,961</u>
Total	<u>\$ 50,751,874</u>

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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 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 required principal payments of \$775,884 for the year ending June 30, 2016. The subsequent payments of \$387,942 were paid in the years ending June 30, 2017 and 2018.

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, 2018:

	Beginning Balance Restated	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Worker's compensation	\$ 6,523,123	\$ 1,941,657	\$ 2,091,068	\$ 6,373,712	\$ 2,996,834
Installment purchase	387,942	-	387,942	-	-
Net pension liability	579,617,715	-	68,805,539	510,812,176	-
Net OPEB liability	2,384,736,607	-	461,954,404	1,922,782,203	-
Compensated absences	<u>86,368,487</u>	<u>59,897,095</u>	<u>56,329,691</u>	<u>89,935,891</u>	<u>55,000,000</u>
Total	<u>\$ 3,057,633,874</u>	<u>\$ 61,838,752</u>	<u>\$ 589,568,644</u>	<u>\$ 2,529,903,982</u>	<u>\$ 57,996,834</u>
Business-type activities:					
Net pension liability	\$ 11,828,933	\$ -	\$ 1,741,886	\$ 10,087,047	\$ -
Net OPEB liability	60,372,181	-	11,694,875	48,677,306	-
Compensated absences	<u>1,119,113</u>	<u>855,932</u>	<u>759,283</u>	<u>1,215,762</u>	<u>650,000</u>
Total	<u>\$ 73,320,227</u>	<u>\$ 855,932</u>	<u>\$ 14,196,044</u>	<u>\$ 59,980,115</u>	<u>\$ 650,000</u>

Compensated absences and workers' compensation are typically liquidated by the general and other governmental funds. Pension and OPEB are liquidated through contributions from all funds. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018**

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Outlay Fund	\$ 537
General Fund	State Administered Federal Grants	1,245
General Fund	Individual Schools Fund	9,429
General Fund	Other Restricted Funds	21,774
General Fund	Child Nutrition Program	13,607
General Fund	Tuition Program	188,652
General Fund	Direct Grants Fund	3,000
Individual Schools Fund	General Fund	406
Other Restricted Funds	Child Nutrition Program	908
Other Restricted Funds	Tuition Program	2,010
Child Nutrition Program	General Fund	2,809
Child Nutrition Program	Individual Schools Fund	2,451
Tuition Program	General Fund	330
Tuition Program	Individual Schools Fund	306,353
		<u>\$ 553,511</u>

Most interfund balances are due to allocation of printing costs, catering fees, or mailroom costs. The Individual Schools Fund owes \$306,353 to the Tuition Program 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 \$188,652 to the General Fund for utilities for the fourth quarter.

The following is a summary of Transfers for the year ended June 30, 2018:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>Other Restricted Funds</u>	<u>Child Nutrition Fund</u>
State Public School Fund	\$ -	\$ 45,012
Individual Schools Fund	<u>551,032</u>	<u>-</u>
	<u>\$ 551,032</u>	<u>\$ 45,012</u>

During the year, the State Public School Fund transferred \$45,012 to the Child Nutrition Program for administrative costs. The Individual School Fund transferred \$551,032 to the Other Restricted Funds to fund the costs of additional positions in the schools.

**WAKE COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018**

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	\$ 48,881,310
Less:	
Inventories	4,438,637
Prepays	105,263
Stabilization by State Statute	5,261,993
Special projects	9,838,302
Insurance	10,643,848
Flexible benefit plan	1,557,774
Appropriated fund balance in 2018 budget	<u>4,900,000</u>
Remaining fund balance	<u>\$ 12,135,493</u>

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrance balances at year-end were:

General Fund	\$ 1,831,225
Capital Outlay Fund	111,038

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 30, 2018, in connection with the preparation of these financial statements. This is the date the financial statements were available to be issued.

**WAKE COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

IV. Change in Accounting Principal/Restatement

The Board implemented Governmental Accounting Standards Board (GASB) statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ending June 30, 2017. The implementation of the statement required the Board to record beginning net OPEB asset, net OPEB liability, and the effects on net position (deficit) of contributions made by the Board during the measurement period (fiscal year 2017). As a result, net position for the governmental and business-type activities decreased by \$2,328,387,668 and \$58,945,645, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles

- Schedule of the Board's Proportionate Share of Net Pension Liability - Teachers' and State Employees' Retirement System
- Schedule of Board Contributions - Teachers' and State Employees' Retirement System
- Schedule of the Board's Proportionate Share of Net OPEB Liability – Retiree Health Benefit Fund
- Schedule of Board Contributions – Retiree Health Benefit Fund
- Schedule of the Board's Proportionate Share of Net OPEB Asset – Disability Income Plan of North Carolina
- Schedule of Board Contributions – Disability Income Plan of North Carolina

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Board's portion of the net pension liability (asset)	6.56504%	6.4350%	6.1602%	5.9756%	5.8869%
Board's proportionate share of the net pension liability (asset)	\$ 520,899,223	\$ 591,446,650	\$ 227,014,746	\$ 70,058,926	\$ 357,394,818
Board's covered payroll	\$ 874,819,518	\$ 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 payroll	60%	70%	28%	9%	48%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	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 FIVE FISCAL YEARS**

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Board's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2018	\$ 97,925,324	\$ 97,925,324	\$ -	\$ 908,398,166	10.78%
2017	87,306,988	87,306,988	-	874,819,518	9.98%
2016	76,832,259	76,832,259	-	839,696,815	9.15%
2015	73,180,297	73,180,297	-	800,662,003	9.14%
2014	65,221,914	65,221,914	-	750,539,861	8.69%

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 THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH BENEFIT FUND
LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
Board's portion of the net OPEB liability (asset)	6.0130%	5.6205%
Board's proportionate share of the net OPEB liability (asset)	\$ 1,971,459,509	\$ 2,445,108,788
Board's covered payroll	\$ 874,819,518	\$ 839,696,815
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	225%	291%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

* 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
RETIREE HEALTH BENEFIT FUND
LAST TEN FISCAL YEARS**

Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Board's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 54,958,089	\$ 54,958,089	\$ -	\$ 908,398,166	6.05%
2017	50,856,815	50,856,815	-	874,819,518	5.81%
2016	47,023,022	47,023,022	-	839,696,815	5.60%
2015	43,956,244	43,956,244	-	800,662,003	5.49%
2014	40,529,152	40,529,152	-	750,539,861	5.40%
2013	39,249,941	39,249,941	-	740,564,917	5.30%
2012	36,231,264	36,231,264	-	724,625,280	5.00%
2011	35,809,285	35,809,285	-	730,801,744	4.90%
2010	32,803,340	32,803,340	-	728,963,117	4.50%
2009	30,901,358	30,901,358	-	753,691,658	4.10%

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB ASSET
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TWO FISCAL YEARS

	<u>2018</u>	<u>2017</u>
Board's portion of the net OPEB liability (asset)	5.8470%	5.7920%
Board's proportionate share of the net OPEB asset	\$ 3,573,656	\$ 3,596,857
Board's covered payroll	\$ 874,819,518	\$ 839,696,815
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.4085%	0.4284%
Plan fiduciary net position as a percentage of the total OPEB liability	116.23%	116.06%

* 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
DISABILITY INCOME PLAN OF NORTH CAROLINA
LAST TEN FISCAL YEARS**

Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Board's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 1,271,757	\$ 1,271,757	\$ -	\$ 908,398,166	0.14%
2017	3,324,314	3,324,314	-	874,819,518	0.38%
2016	3,442,757	3,442,757	-	839,696,815	0.41%
2015	3,282,714	3,282,714	-	800,662,003	0.41%
2014	3,302,375	3,302,375	-	750,539,861	0.44%
2013	3,258,486	3,258,486	-	740,564,917	0.44%
2012	3,768,051	3,768,051	-	724,625,280	0.52%
2011	3,800,169	3,800,169	-	730,801,744	0.52%
2010	3,790,608	3,790,608	-	728,963,117	0.52%
2009	3,919,197	3,919,197	-	753,691,658	0.52%

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, 2018**

	State Administered		Individual	Other	
	Federal Grants	Direct Grants	School Fund	Restricted Funds	Total
ASSETS					
Cash	\$ 446,728	\$ 1,705,224	\$ 9,285,471	\$ 1,886,797	\$ 13,324,220
Due from other governments	1,329,349	438,698	95,647	3,104	1,866,798
Accounts receivable	-	106,957	40,226	-	147,183
Due from other funds	-	-	406	2,918	3,324
Total assets	<u>\$ 1,776,077</u>	<u>\$ 2,250,879</u>	<u>\$ 9,421,750</u>	<u>\$ 1,892,819</u>	<u>\$ 15,341,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Salaries and benefits payable	\$ 689,002	\$ 32,284	\$ -	\$ 15,096	\$ 736,382
Accounts payable	1,085,830	459,362	369,810	340,289	2,255,291
Due to other funds	1,245	3,000	318,233	21,774	344,252
Total liabilities	<u>1,776,077</u>	<u>494,646</u>	<u>688,043</u>	<u>377,159</u>	<u>3,335,925</u>
Deferred inflows of resources	-	1,756,233	-	1,515,660	3,271,893
Fund balances	-	-	8,733,707	-	8,733,707
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,776,077</u>	<u>\$ 2,250,879</u>	<u>\$ 9,421,750</u>	<u>\$ 1,892,819</u>	<u>\$ 15,341,525</u>

WAKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	State Administered		Individual	Other Restricted	Total
	Federal Grants	Direct Grants	School Fund	Funds	
REVENUES:					
County	\$ -	\$ -	\$ -	\$ 899,014	\$ 899,014
Federal	65,204,874	4,632,191	-	-	69,837,065
Other	-	2,477,166	15,757,305	11,074,437	29,308,908
Total revenues	<u>65,204,874</u>	<u>7,109,357</u>	<u>15,757,305</u>	<u>11,973,451</u>	<u>100,044,987</u>
EXPENDITURES:					
Instructional services:					
Regular instructional	1,575,395	2,655,966	-	409,040	4,640,401
Special populations	27,557,981	224,449	-	3,016,694	30,799,124
Alternative programs	29,242,360	983,027	-	230,540	30,455,927
School leadership	-	-	-	11,437	11,437
Co-curricular	-	2,813	15,393,279	-	15,396,092
School-based support	1,958,889	327,097	-	562,436	2,848,422
Systemwide support services					
Support and development	1,612,391	2,017,350	-	542,000	4,171,741
Special populations support and development	548,545	48,196	-	154,322	751,063
Alternative programs and services support and development	651,831	529,124	-	4,778	1,185,733
Technology support	-	-	-	110,975	110,975
Operational support	70,664	13,505	-	7,412,036	7,496,205
Financial and human resource	287,372	149,966	-	-	437,338
Accountability services	-	3,808	-	-	3,808
Systemwide pupil support	-	2,602	-	44,748	47,350
Policy, leadership and public relations	-	-	-	-	-
Ancillary services	-	-	-	25,477	25,477
Non-program charges	1,699,446	151,454	-	-	1,850,900
Total expenditures	<u>65,204,874</u>	<u>7,109,357</u>	<u>15,393,279</u>	<u>12,524,483</u>	<u>100,231,993</u>
Excess (deficiency) of revenues over expenditures before other financing sources	-	-	364,026	(551,032)	(187,006)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	551,032	551,032
Transfers out	-	-	(551,032)	-	(551,032)
Total other financing sources (uses)	-	-	(551,032)	551,032	-
Net change in fund balance	-	-	(187,006)	-	(187,006)
Fund balances, beginning of year	-	-	8,920,713	-	8,920,713
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,733,707</u>	<u>\$ -</u>	<u>\$ 8,733,707</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
State: other	\$ 14,934	\$ 4,685	\$ (10,249)	\$ 11,058
Wake County:				
County appropriation	428,820,317	428,820,317	-	407,871,457
Federal:				
ROTC	450,000	502,486	52,486	519,213
Other:				
Fines and forfeitures	4,700,000	4,087,338	(612,662)	3,427,124
Interest	700,000	733,288	33,288	685,906
Tuition and fees	1,220,000	1,400,193	180,193	1,345,366
Other local	215,527	691,867	476,340	909,084
Total	6,835,527	6,912,686	77,159	6,367,480
Total revenues	436,120,778	436,240,174	119,396	414,769,208
EXPENDITURES:				
Regular instructional services				
Regular curricular		123,065,313		149,944,362
CTE curricular		6,768,880		6,822,043
Program enhancement teachers		1,207		-
	137,009,056	129,835,400	7,173,656	156,766,405
Special populations services				
Children with disabilities curricular		46,519,935		21,411,579
Special population CTE curricular		329,546		324,493
Pre-K children with disabilities curricular		5,814,624		2,608,011
Speech and language pathology		4,533,180		2,585,769
Audiology		522,788		308,985
Academically/intellectually gifted curricular		2,261,508		1,943,571
Limited english proficiency		5,377,331		2,848,001
	65,360,455	65,358,912	1,543	32,030,409
Alternative programs and services				
Alternative instructional K-12		2,022,664		1,758,989
Attendance and social work		3,114,806		1,422,527
Remedial and supplemental K-12		6,724,195		7,075,595
Pre-K readiness/remedial and supplemental		1,951,246		1,921,552
Extended day/year instructional		1,652,912		1,785,897
	15,602,506	15,465,823	136,683	13,964,560

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
School leadership services				
School leadership	\$ -	\$ 1,222,584	\$ -	\$ 15,553,840
School principal		7,122,836		-
School assistant principal		10,603,714		-
	<u>21,243,817</u>	<u>18,949,134</u>	<u>2,294,683</u>	<u>15,553,840</u>
Co-Curricular	<u>13,271,083</u>	<u>13,228,018</u>	<u>43,065</u>	<u>11,885,896</u>
School-based support services				
Educational media		7,755,348		4,905,294
Student accounting		55,703		35,621
Guidance		15,521,488		7,844,099
Health		2,134,572		436,278
Safety and security		160,746		145,051
Instructional technology		1,187,696		882,151
Staff development unallocated		402,643		727,294
Parent involvement		197,126		103,059
	<u>27,674,752</u>	<u>27,415,322</u>	<u>259,430</u>	<u>15,078,847</u>
Support and development services				
Regular curricular support and development		8,605,593		8,572,956
CTE curricular support and development		376,432		456,112
	<u>9,270,774</u>	<u>8,982,025</u>	<u>288,749</u>	<u>9,029,068</u>
Special population support and development services	<u>4,550,417</u>	<u>4,416,745</u>	<u>133,672</u>	<u>3,941,746</u>
Alternative programs and services support and development services	<u>1,263,448</u>	<u>1,216,156</u>	<u>47,292</u>	<u>1,490,102</u>
Technology support services	<u>14,750,383</u>	<u>14,580,686</u>	<u>169,697</u>	<u>13,839,947</u>
Operational support services				
Communication		574,890		776,933
Printing and copying		59,283		188,793
Public utility and energy		25,677,767		22,966,578
Custodial/housekeeping		10,357,044		11,556,859
Transportation		17,872,665		17,470,435
Warehouse and delivery		770,308		53,787
Facilities planning, acquisition and construction		4,522,715		4,132,108
Maintenance		26,824,847		26,380,959
	<u>90,161,685</u>	<u>86,659,519</u>	<u>3,502,166</u>	<u>83,526,452</u>
Financial and human resource services				
Financial		8,209,908		8,482,769
Human resource		6,262,998		6,582,599
	<u>15,993,231</u>	<u>14,472,906</u>	<u>1,520,325</u>	<u>15,065,368</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
Accountability services				
Student testing	\$ -	\$ 1,639,624	\$ -	\$ 1,796,839
Planning, research development and program evaluation		<u>862,340</u>		<u>773,842</u>
	<u>2,713,469</u>	<u>2,501,964</u>	<u>211,505</u>	<u>2,570,681</u>
Systemwide pupil support services				
Educational media support		150,388		207,901
Student accounting support		1,766,450		1,590,805
Guidance support		464,540		459,824
Health support		176,030		78,276
Safety and security support		<u>2,326,668</u>		<u>2,267,909</u>
	<u>4,979,031</u>	<u>4,884,076</u>	<u>94,955</u>	<u>4,604,715</u>
Policy, leadership and public relations services				
Board of education		444,634		324,255
Legal		1,216,431		1,643,954
Audit		530,250		526,792
Leadership		3,910,308		3,729,825
Public relations and marketing		<u>2,186,845</u>		<u>1,899,660</u>
	<u>8,833,388</u>	<u>8,288,468</u>	<u>544,920</u>	<u>8,124,486</u>
Ancillary services				
Community		-		4,052
Nutrition		300		526
Adult		-		350
	<u>300</u>	<u>300</u>	<u>-</u>	<u>4,928</u>
Non-program charges:				
Payments to charter schools	<u>30,216,563</u>	<u>29,635,567</u>	<u>580,996</u>	<u>25,499,820</u>
Total expenditures	<u>462,894,358</u>	<u>445,891,021</u>	<u>17,003,337</u>	<u>412,977,270</u>
Excess (deficiency) of revenues over expenditures before other financing sources	<u>(26,773,580)</u>	<u>(9,650,847)</u>	<u>17,122,733</u>	<u>1,791,938</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	26,773,580	-	(26,773,580)	-
Transfers out	-	-	-	(1,995,287)
Total other financing sources	<u>26,773,580</u>	<u>-</u>	<u>(26,773,580)</u>	<u>(1,995,287)</u>
Net change in fund balance	<u>\$ -</u>	<u>(9,650,847)</u>	<u>\$ (9,650,847)</u>	<u>(203,349)</u>
Fund balance, beginning of year		58,013,455		57,732,186
Increase in reserve for inventories		<u>518,702</u>		<u>484,618</u>
Fund balance, end of year		<u>\$ 48,881,310</u>		<u>\$ 58,013,455</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
State: other	\$ 935,307,522	\$ 907,767,787	\$ (27,539,735)	\$ 879,569,714
Total revenues	<u>935,307,522</u>	<u>907,767,787</u>	<u>(27,539,735)</u>	<u>879,569,714</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		495,017,819		437,779,188
CTE curricular		41,169,401		38,962,024
	<u>557,764,439</u>	<u>536,187,220</u>	<u>21,577,219</u>	<u>476,741,212</u>
Special populations services				
Children with disabilities curricular		84,400,266		108,724,683
Special population CTE curricular		1,702,426		1,659,653
Pre-K children with disabilities curricular		10,410,856		11,184,569
Speech and language pathology		10,957,005		11,491,814
Audiology		898,988		899,458
Academically/intellectually gifted curricular		9,700,486		9,218,245
Limited english proficiency		8,979,376		10,857,199
	<u>127,682,141</u>	<u>127,049,403</u>	<u>632,738</u>	<u>154,035,621</u>
Alternative programs and services				
Alternative instructional K-12		7,685,665		6,903,053
Attendance and social work		4,942,948		6,227,280
Remedial and supplemental K-12		16,665,429		19,121,670
Extended day/year instructional		2,039,222		3,309,322
	<u>33,411,044</u>	<u>31,333,264</u>	<u>2,077,780</u>	<u>35,561,325</u>
School leadership services				
School Leadership		23,197,526		62,526,630
School Principal		18,114,827		-
School Assistant Principal		22,637,581		-
	<u>64,723,376</u>	<u>\$ 63,949,934</u>	<u>\$ 773,442</u>	<u>\$ 62,526,630</u>
Co-Curricular	<u>10,201</u>	<u>10,201</u>	<u>-</u>	<u>-</u>
School-based support services				
Educational media		9,937,523		12,935,766
Student accounting		9,316,515		8,958,678
Guidance		23,868,681		30,030,141
Health		4,638,152		6,202,182
Safety and security		1,038,332		959,164
Instructional technology		1,372,141		1,777,055
Staff development unallocated		113,747		11,265
	<u>51,708,446</u>	<u>50,285,091</u>	<u>1,423,355</u>	<u>60,874,251</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE PUBLIC SCHOOL FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
Support and development services				
Regular curricular support and development	\$ -	\$ 902,717	\$ -	\$ 938,459
CTE curricular support and development		264,841		219,108
	<u>1,183,704</u>	<u>1,167,558</u>	<u>16,146</u>	<u>1,157,567</u>
Special population support and development services	<u>750,974</u>	<u>746,075</u>	<u>4,899</u>	<u>888,895</u>
Alternative programs and services support and development services	<u>501,776</u>	<u>501,775</u>	<u>1</u>	<u>529,824</u>
Technology support services	<u>8,177,545</u>	<u>7,301,434</u>	<u>876,111</u>	<u>4,860,636</u>
Operational support services				
Custodial/housekeeping		19,277,102		19,050,811
Transportation		61,885,445		55,372,429
Facilities planning, acquisition and construction		32,719		-
Maintenance		535,649		531,793
	<u>81,861,910</u>	<u>81,730,915</u>	<u>130,995</u>	<u>74,955,033</u>
Financial and human resource services				
Financial		3,214,092		2,750,177
Human resource		1,364,398		1,333,107
	<u>4,578,988</u>	<u>4,578,490</u>	<u>498</u>	<u>4,083,284</u>
Accountability services				
Student testing		61,002		67,646
Planning, research development and program evaluation		-		156,372
	<u>61,644</u>	<u>61,002</u>	<u>642</u>	<u>224,018</u>
Systemwide pupil support services				
Student accounting support		361,778		640,446
Guidance support		139,731		143,956
Safety and security support		138,840		140,277
	<u>642,892</u>	<u>640,349</u>	<u>2,543</u>	<u>924,679</u>
Policy, leadership and public relations services				
Audit		103,405		130,736
Leadership		1,961,508		1,894,205
Public relations and marketing		115,151		114,850
	<u>2,203,430</u>	<u>2,180,064</u>	<u>23,366</u>	<u>2,139,791</u>
Ancillary services : nutrition	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,593</u>
Total expenditures	<u>935,262,510</u>	<u>907,722,775</u>	<u>27,539,735</u>	<u>879,514,359</u>
Excess of revenues over expenditures before other financing sources	<u>45,012</u>	<u>45,012</u>	<u>-</u>	<u>55,355</u>
OTHER FINANCING USES:				
Transfers out	<u>(45,012)</u>	<u>(45,012)</u>	<u>-</u>	<u>(55,355)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
Wake County:				
Appropriation	\$ 1,191,669	\$ 1,191,669	\$ -	\$ 1,150,969
Capital improvements fund	738,225,051	304,004,115	(434,220,936)	318,175,332
	<u>739,416,720</u>	<u>305,195,784</u>	<u>(434,220,936)</u>	<u>319,326,301</u>
State				
LEA financed purchase of school buses	387,942	387,942	-	428,778
Other:				
Sale of school property	200,638	161,184	(39,454)	82,677
Interest	5,000	16	(4,984)	9
Other local	729,333	752,136	22,803	773,626
	<u>934,971</u>	<u>913,336</u>	<u>(21,635)</u>	<u>856,312</u>
Total revenues	<u>740,739,633</u>	<u>306,497,062</u>	<u>(434,242,571)</u>	<u>320,611,391</u>
EXPENDITURES:				
Land and buildings:				
Land: Purchase of new sites	30,726,164	3,051,084	27,675,080	13,646,221
Buildings:				
General contracts		11,430,690		21,184,873
Heating contracts		9,824,796		3,545,588
Electrical contracts		919,056		139,668
Architect fees		10,758,246		12,184,136
Construction management contracts		204,126,249		206,944,064
Equipment contracts		29,503,366		39,756,765
Improvements to new sites		7,339,034		-
Improvements to existing sites		1,438,849		-
Miscellaneous contracts		23,980,725		20,873,934
	<u>700,588,515</u>	<u>299,321,011</u>	<u>401,267,504</u>	<u>304,629,028</u>
Other:				
Library books	7,926,096	2,544,586	5,381,510	1,311,349
	<u>739,240,775</u>	<u>304,916,681</u>	<u>434,324,094</u>	<u>319,586,598</u>
Equipment:	<u>166,428</u>	<u>162,402</u>	<u>4,026</u>	<u>569,559</u>
Vehicles:				
Administration		639,320		752,745
Transportation		1,324,932		15,688
	<u>2,769,547</u>	<u>1,964,252</u>	<u>805,295</u>	<u>768,433</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL OUTLAY FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
Debt service:				
Principal	\$ 387,942	\$ 387,942	\$ -	\$ 428,778
Total expenditures	<u>742,564,692</u>	<u>307,431,277</u>	<u>435,133,415</u>	<u>321,353,368</u>
Deficiency of revenues over expenditures before other financing sources	<u>(1,825,059)</u>	<u>(934,215)</u>	<u>890,844</u>	<u>(741,977)</u>
OTHER FINANCING SOURCES:				
Appropriated fund balance	1,825,059	-	(1,825,059)	-
Transfers In	-	-	-	1,995,287
Total other financing sources	<u>1,825,059</u>	<u>-</u>	<u>(1,825,059)</u>	<u>1,995,287</u>
Net change in fund balance	<u>\$ -</u>	<u>(934,215)</u>	<u>\$ (934,215)</u>	1,253,310
Fund balance, beginning of year		<u>2,876,705</u>		<u>1,623,395</u>
Fund balance, end of year		<u>\$ 1,942,490</u>		<u>\$ 2,876,705</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
Federal:				
Special education	\$ 35,191,721	\$ 32,643,579	\$ (2,548,142)	\$ 29,935,114
Title I	37,439,646	26,496,595	(10,943,051)	26,458,491
Career technical education	1,628,132	1,617,393	(10,739)	1,525,200
Improving teacher quality	3,556,832	2,242,655	(1,314,177)	2,099,943
English language acquisition	2,737,744	1,962,757	(774,987)	2,016,420
Other federal	796,736	241,895	(554,841)	97,102
Total revenues	<u>81,350,811</u>	<u>65,204,874</u>	<u>(16,145,937)</u>	<u>62,132,270</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		-		54,763
CTE curricular		1,575,395		1,493,853
	<u>1,585,843</u>	<u>1,575,395</u>	<u>10,448</u>	<u>1,548,616</u>
Special populations services				
Children with disabilities curricular		25,177,917		23,131,276
Pre-K children with disabilities curricular		975,209		730,604
Speech and language pathology		180,126		177,458
Audiology		149		20,308
Limited english proficiency		1,224,580		1,185,781
	<u>28,332,130</u>	<u>27,557,981</u>	<u>774,149</u>	<u>25,245,427</u>
Alternative programs and services				
Attendance and social work		1,348,817		1,270,350
Remedial and supplemental K-12		21,673,848		20,700,418
Pre-K readiness/remedial and supplemental		5,062,831		4,835,793
Extended day/year instructional		1,156,864		2,877,594
	<u>36,012,632</u>	<u>29,242,360</u>	<u>6,770,272</u>	<u>29,684,155</u>
School-based support services				
Guidance		652,429		559,635
Health		456,574		2,369
Instructional technology		140,336		37,166
Staff development unallocated		153,672		37,352
Parent involvement		555,878		395,515
	<u>2,956,502</u>	<u>1,958,889</u>	<u>997,613</u>	<u>1,032,037</u>
Support and development services				
Regular curricular support and development	<u>2,159,624</u>	<u>1,612,391</u>	<u>547,233</u>	<u>1,573,883</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE ADMINISTERED FEDERAL GRANTS FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
Special population support and development services	\$ 560,496	\$ 548,545	\$ 11,951	\$ 668,435
Alternative programs and services support and development services	859,057	651,831	207,226	606,438
Operational support services				
Transportation	631,554	70,664	560,890	142,773
Financial and human resource services				
Human resource	305,888	287,372	18,516	380,550
Non-program charges:				
Indirect cost	1,964,742	1,699,446	265,296	1,249,956
Unbudgeted funds	5,982,343	-	5,982,343	-
Total expenditures	81,350,811	65,204,874	16,145,937	62,132,270
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DIRECT GRANTS FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
State of North Carolina	\$ -	\$ -	\$ -	\$ 300,000
Federal:				
Magnet	6,670,724	4,451,825	(2,218,899)	2,871,840
Teacher incentive fund	-	-	-	6,839
Elementary and secondary school counseling	24,468	19,544	(4,924)	503,296
Other federal	271,689	160,822	(110,867)	262,080
Total federal	<u>6,966,881</u>	<u>4,632,191</u>	<u>(2,334,690)</u>	<u>3,644,055</u>
Other:				
NC Pre-K	1,080,476	188,339	(892,137)	179,638
Parents as teachers	553,168	547,457	(5,711)	493,358
John Rex Endowment	149,576	140,112	(9,464)	283,352
Other	3,543,242	1,601,258	(1,941,984)	1,265,418
Total other	<u>5,326,462</u>	<u>2,477,166</u>	<u>(2,849,296)</u>	<u>2,221,766</u>
Total revenues	<u>12,293,343</u>	<u>7,109,357</u>	<u>(5,183,986)</u>	<u>6,165,821</u>
EXPENDITURES:				
Regular instructional services				
Regular curricular		2,533,123		2,058,318
CTE curricular		122,843		52,350
	<u>4,223,274</u>	<u>2,655,966</u>	<u>1,567,308</u>	<u>2,110,668</u>
Special populations services				
Children with disabilities curricular		29,813		33,712
Academically/intellectually gifted curricular		192,638		-
Limited english proficiency		1,998		-
	<u>277,316</u>	<u>224,449</u>	<u>52,867</u>	<u>33,712</u>
Alternative programs and services				
Alternative instructional K-12		20,595		-
Remedial and supplemental K-12		7,000		-
Pre-K readiness/remedial and supplemental		810,388		870,708
Extended day/year instructional		145,044		202,777
	<u>1,605,588</u>	<u>983,027</u>	<u>622,561</u>	<u>1,073,485</u>
School leadership services	-	-	-	14,548
Co-curricular	12,274	2,813	9,461	58,730

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DIRECT GRANTS FUND
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
School-based support services				
Educational media	\$ -	\$ 156,335	\$ -	\$ 352,905
Guidance		15,217		483,127
Safety and security		44,069		-
Instructional technology		108,029		38,267
Staff development unallocated		1,790		-
Parent involvement		1,657		4,290
	<u>495,628</u>	<u>327,097</u>	<u>168,531</u>	<u>878,589</u>
Support and development services				
Regular curricular support and development	<u>2,758,804</u>	<u>2,017,350</u>	<u>741,454</u>	<u>904,045</u>
Special population support and development services	<u>48,264</u>	<u>48,196</u>	<u>68</u>	<u>46,158</u>
Alternative programs and services support and development services	<u>585,173</u>	<u>529,124</u>	<u>56,049</u>	<u>441,425</u>
Operational support services				
Transportation	<u>36,183</u>	<u>13,505</u>	<u>22,678</u>	<u>16,053</u>
Financial and human resource services				
Human resource	<u>943,990</u>	<u>149,966</u>	<u>794,024</u>	<u>393,230</u>
Accountability services				
Student testing		-		5,000
Planning, research development and program evaluation		3,808		14,996
	<u>8,808</u>	<u>3,808</u>	<u>5,000</u>	<u>19,996</u>
Systemwide pupil support services				
Guidance support	<u>2,602</u>	<u>2,602</u>	<u>-</u>	<u>2,671</u>
Policy, leadership and public relations services				
Leadership	<u>19,440</u>	<u>-</u>	<u>19,440</u>	<u>70,000</u>
Ancillary services				
Community	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,599</u>
Non-program charges:				
Indirect Cost	<u>239,083</u>	<u>151,454</u>	<u>87,629</u>	<u>98,912</u>
Unbudgeted funds	<u>1,036,916</u>	<u>-</u>	<u>1,036,916</u>	<u>-</u>
Total expenditures	<u>12,293,343</u>	<u>7,109,357</u>	<u>5,183,986</u>	<u>6,165,821</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
FOR YEAR ENDED JUNE 30, 2018

	Fund Balance 6/30/2017	Revenues	Expenditures and Transfers	Fund Balance 6/30/2018
HIGH SCHOOLS:				
Apex	\$ 390,006	\$ 282,453	\$ 312,757	\$ 359,702
Apex Friendship	38,970	294,073	257,562	75,481
Athens	177,201	221,280	213,981	184,500
Broughton	197,700	268,892	258,947	207,645
Cary	67,128	228,728	210,261	85,595
East Wake	56,320	164,217	169,476	51,061
Enloe	273,351	319,777	335,003	258,125
Fuquay-Varina	182,345	227,516	203,049	206,812
Garner	136,603	303,257	291,213	148,647
Green Hope	144,994	426,053	423,481	147,566
Heritage	160,104	353,121	355,612	157,613
Holly Springs	253,118	253,466	276,767	229,817
Knightdale	27,547	182,805	162,408	47,944
Leesville Road	197,339	381,283	402,976	175,646
Middle Creek	410,874	296,020	318,887	388,007
Millbrook	213,771	309,159	352,921	170,009
Panther Creek	116,032	440,903	422,576	134,359
Rolesville	63,684	186,902	166,698	83,888
Sanderson	188,410	254,130	278,827	163,713
Southeast Raleigh	88,817	116,315	136,625	68,507
Vernon Malone	6,798	13,001	7,703	12,096
Wake NCSU STEM Early College	10,805	5,756	8,710	7,851
Wake Early College	27,489	22,083	21,339	28,233
Wake Forest	123,955	391,166	336,914	178,207
Wakefield	173,813	290,509	308,054	156,268
	<u>3,727,174</u>	<u>6,232,865</u>	<u>6,232,747</u>	<u>3,727,292</u>
MIDDLE SCHOOLS:				
Apex	159,239	116,919	116,398	159,760
Carnage	44,538	53,751	53,776	44,513
Carroll	28,400	109,985	106,000	32,385
Centennial	28,281	25,377	39,140	14,518
Daniels	56,497	141,259	130,061	67,695
Davis Drive	48,211	125,413	114,218	59,406
Dillard Drive	8,952	133,158	135,147	6,963
Durant Road	25,186	65,928	70,784	20,330
East Cary	46,083	89,486	97,600	37,969
East Garner	109,951	105,103	106,182	108,872
East Millbrook	20,992	100,549	99,772	21,769
East Wake	23,901	30,197	29,732	24,366
Fuquay-Varina	64,321	59,678	58,187	65,812
Heritage	103,829	215,283	236,819	82,293
Holly Grove	106,963	258,745	240,625	125,083
Holly Ridge	103,459	147,035	138,178	112,316
Leesville Road	92,859	135,912	132,680	96,091
Ligon	103,203	86,115	99,080	90,238

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
FOR YEAR ENDED JUNE 30, 2018

	Fund Balance 6/30/2017	Revenues	Expenditures and Transfers	Fund Balance 6/30/2018
Lufkin Road	\$ 26,895	\$ 69,496	\$ 68,442	\$ 27,949
Martin	47,938	124,204	131,264	40,878
Mills Park	110,802	258,918	263,767	105,953
Moore Square	17,228	87,209	96,435	8,002
North Garner	44,059	32,314	39,367	37,006
Pine Hollow	18,874	98,123	77,790	39,207
Reedy Creek	42,741	27,625	22,639	47,727
River Bend	-	29,818	18,393	11,425
Rolesville	76,409	166,377	174,687	68,099
Salem	61,932	104,707	103,833	62,806
Wake Forest	57,393	83,991	71,299	70,085
Wakefield	50,980	82,932	86,770	47,142
Wendell	35,647	54,474	60,118	30,003
West Cary	21,748	108,558	101,006	29,300
West Lake	71,271	89,319	115,843	44,747
West Millbrook	61,398	68,302	79,488	50,212
Zebulon	29,295	52,243	54,309	27,229
	<u>1,949,475</u>	<u>3,538,503</u>	<u>3,569,829</u>	<u>1,918,149</u>
ELEMENTARY SCHOOLS:				
Abbotts Creek	8,916	57,322	49,878	16,360
Adams	12,860	49,909	49,720	13,049
Alston Ridge	29,508	56,023	79,496	6,035
Apex	35,846	68,198	64,179	39,865
Aversboro	26,749	26,814	25,742	27,821
Baileywick	23,211	16,204	20,416	18,999
Ballentine	31,093	18,313	28,407	20,999
Banks Road	16,329	27,426	38,430	5,325
Barwell Road	11,321	21,587	21,559	11,349
Baucom	36,461	53,614	37,793	52,282
Beaverdam	1,958	15,736	14,460	3,234
Brassfield	35,805	41,690	43,275	34,220
Brentwood	11,327	23,025	25,659	8,693
Briarcliff	34,639	45,673	47,903	32,409
Brier Creek	24,623	112,261	117,971	18,913
Brooks	70,441	180,645	98,755	152,331
Bugg	17,335	17,549	21,845	13,039
Carpenter	16,878	39,420	35,930	20,368
Carver	23,680	44,971	46,360	22,291
Cary	11,420	34,258	37,520	8,158
Cedar Fork	12,721	87,690	84,791	15,620
Combs	63,322	204,815	151,255	116,882
Conn	10,959	28,456	30,376	9,039
Creech Road	11,707	13,281	15,311	9,677
Davis Drive	81,553	112,673	158,591	35,635
Dillard Drive	20,451	14,981	14,684	20,748

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
FOR YEAR ENDED JUNE 30, 2018

	Fund Balance 6/30/2017	Revenues	Expenditures and Transfers	Fund Balance 6/30/2018
Douglas	\$ 58,068	\$ 115,454	\$ 142,739	\$ 30,783
Douglas Discretionary Funds	2,648	-	-	2,648
Durant Road	48,604	98,631	89,316	57,919
East Garner	5,012	7,988	6,201	6,799
Farmington Woods	8,712	45,016	42,619	11,109
Forest Pines	17,560	41,469	45,831	13,198
Forestville	14,718	26,699	27,860	13,557
Fox Road	19,973	15,027	17,780	17,220
Fuller	26,440	36,686	42,883	20,243
Fuquay-Varina	32,755	37,233	52,638	17,350
Green	17,078	22,527	18,371	21,234
Green Hope	37,866	37,228	48,870	26,224
Harris Creek	6,303	59,022	53,363	11,962
Herbert Akins	28,079	35,119	43,695	19,503
Heritage	44,020	41,570	43,552	42,038
Highcroft	29,816	123,198	137,387	15,627
Hodge Road	13,790	15,147	21,307	7,630
Holly Grove	72,790	90,605	92,770	70,625
Holly Ridge	19,040	62,939	59,394	22,585
Holly Springs	50,155	64,343	41,039	73,459
Hortons Creek	-	85,769	74,141	11,628
Hunter	50,416	37,083	36,249	51,250
Jeffreys Grove	30,313	40,818	28,778	42,353
Jones Dairy	14,106	45,937	53,908	6,135
Joyner	100,890	70,054	144,306	26,638
Kingswood	22,569	27,223	30,674	19,118
Knightdale	19,850	16,374	26,309	9,915
Lacy	53,942	273,605	207,062	120,485
Lake Myra	12,160	13,447	14,613	10,994
Laurel Park	34,266	67,234	69,108	32,392
Lead Mine	22,122	61,974	61,092	23,004
Leesville Road	29,465	79,093	92,286	16,272
Lincoln Heights	19,369	24,481	26,640	17,210
Lockhart	17,294	30,519	33,660	14,153
Lynn Road	14,386	25,792	24,009	16,169
Middle Creek	10,907	35,190	36,655	9,442
Millbrook	11,309	19,550	18,298	12,561
Mills Park	6,494	92,011	85,327	13,178
Morrisville	52,182	59,350	77,912	33,620
North Forest Pines	37,140	57,112	57,112	37,140
North Ridge	59,635	84,797	69,123	75,309
Northwoods	43,018	19,323	17,411	44,930
Oak Grove	24,682	65,255	72,568	17,369
Oakview	6,033	53,456	38,277	21,212
Olds	26,130	21,901	26,020	22,011
Olive Chapel	67,437	175,615	149,841	93,211

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
FOR YEAR ENDED JUNE 30, 2018

	Fund Balance 6/30/2017	Revenues	Expenditures and Transfers	Fund Balance 6/30/2018
Partnership Primary	\$ 13,888	\$ 61,306	\$ 64,702	\$ 10,492
Penny Road	36,145	40,119	44,317	31,947
Pleasant Grove	1,501	41,745	36,292	6,954
Pleasant Union	21,849	59,528	66,364	15,013
Poe	11,435	13,768	14,224	10,979
Powell	12,049	14,761	10,841	15,969
Rand Road	25,435	40,731	46,116	20,050
Reedy Creek	17,619	43,911	44,936	16,594
Richland Creek	14,431	18,163	20,754	11,840
River Bend	37,064	11,854	12,259	36,659
Rogers Lane	-	19,670	14,814	4,856
Rolesville	24,426	54,247	58,946	19,727
Root	159,160	116,015	249,647	25,528
Salem	51,947	19,905	27,612	44,240
Sanford Creek	84,026	52,969	53,785	83,210
Scotts Ridge	24,629	58,222	52,462	30,389
Smith	23,284	18,109	14,528	26,865
Stough	11,334	39,279	41,238	9,375
Swift Creek	13,964	11,360	16,202	9,122
Sycamore Creek	59,793	130,692	135,489	54,996
Timber Drive	31,125	18,263	31,666	17,722
Turner Creek	25,686	61,796	66,958	20,524
Underwood	21,465	199,750	123,703	97,512
Vance	20,211	22,957	30,053	13,115
Vandora Springs	29,928	33,866	31,103	32,691
Wake Forest	38,084	16,749	22,128	32,705
Wakefield	16,663	49,511	57,669	8,505
Wakelon	7,232	24,556	27,239	4,549
Walnut Creek	12,300	23,831	28,668	7,463
Washington	20,739	50,133	44,056	26,816
Weatherstone	49,020	71,556	114,351	6,225
Wendell	30,668	50,440	47,468	33,640
West Lake	27,159	62,825	55,298	34,686
White Oak	9,404	36,098	32,661	12,841
Wilburn	23,315	36,288	37,641	21,962
Wildwood Forest	17,094	18,100	23,761	11,433
Wiley	19,823	40,182	47,682	12,323
Willow Springs	27,536	48,177	46,479	29,234
Yates Mill	28,565	46,046	47,978	26,633
York	10,387	26,434	27,613	9,208
Zebulon	9,496	26,905	24,875	11,526
	<u>3,140,534</u>	<u>5,802,215</u>	<u>5,953,878</u>	<u>2,988,871</u>

(Continued)

**WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
INDIVIDUAL SCHOOLS FUND
FOR YEAR ENDED JUNE 30, 2018**

	Fund Balance 6/30/2017	Revenues	Expenditures and Transfers	Fund Balance 6/30/2018
ACADEMIES:				
Hilburn	\$ 34,463	\$ 89,106	\$ 97,339	\$ 26,230
North Wake College and Career	-	4,555	3,260	1,295
Wake Young Men's	5,818	12,885	12,560	6,143
Wake Young Women's	14,769	59,215	45,887	28,097
	<u>55,050</u>	<u>165,761</u>	<u>159,046</u>	<u>61,765</u>
OTHER:				
Crossroads Flex	5,777	2,880	6,775	1,882
Longview School	15,933	382	5,355	10,960
Mt. Vernon	21,386	8,087	10,187	19,286
Phillips High School	3,574	5,253	6,230	2,597
River Oaks	1,810	1,359	264	2,905
	<u>48,480</u>	<u>17,961</u>	<u>28,811</u>	<u>37,630</u>
TOTAL	<u>\$ 8,920,713</u>	<u>\$ 15,757,305</u>	<u>\$ 15,944,311</u>	<u>\$ 8,733,707</u>

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER RESTRICTED FUNDS
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
Wake County:				
County appropriation	\$ 899,014	\$ 899,014	\$ -	\$ 888,574
Other local:				
Medicaid	7,144,385	4,424,964	(2,719,421)	5,703,648
Indirect Cost	5,678,529	5,678,529	-	4,935,847
E-Rate	942,306	942,306	-	1,335,178
Interest	25,539	28,638	3,099	21,005
Total	13,790,759	11,074,437	(2,716,322)	11,995,678
Total revenues	14,689,773	11,973,451	(2,716,322)	12,884,252
EXPENDITURES:				
Regular instructional services				
Regular curricular	409,040	409,040	-	308,512
Special populations services				
Children with disabilities curricular		2,547,369		4,062,651
Pre-K children with disabilities curricular		420,790		394,350
Speech and language pathology		-		21,305
Audiology		16,104		70,487
Academically/intellectually gifted curricular		32,431		-
	4,347,596	3,016,694	1,330,902	4,548,793
Alternative programs and services				
Alternative instructional K-12		2,186		-
Remedial and supplemental K-12		182,615		162,370
Extended day/year instructional		45,739		61,967
	256,844	230,540	26,304	224,337
School leadership services	11,437	11,437	-	12,945
School-based support services				
Guidance		47,389		47,684
Health		515,047		245,749
	1,279,736	562,436	717,300	293,433
Support and development services				
Regular curricular support and development	545,750	542,000	3,750	567,500
Special population support and development services	165,435	154,322	11,113	124,845

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER RESTRICTED FUNDS
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
Alternative programs and services support and development services	\$ 7,723	\$ 4,778	\$ 2,945	\$ -
Technology support services	110,975	110,975	-	190,145
Operational support services				
Communication		831,332		1,145,032
Public utility and energy		5,681,690		4,931,413
Facilities planning, acquisition and construction		899,014		888,574
	7,408,937	7,412,036	(3,099)	6,965,019
Systemwide pupil support services				
Health support	44,767	44,748	19	43,910
Ancillary services				
Community	25,477	25,477	-	25,439
Unbudgeted funds	627,088	-	627,088	-
Total expenditures	15,240,805	12,524,483	2,716,322	13,304,878
Deficiency of revenues over expenditures before other financing sources	(551,032)	(551,032)	-	(420,626)
OTHER FINANCING SOURCES:				
Transfers in	551,032	551,032	-	420,626
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		-
Fund balance, end of year		\$ -		\$ -

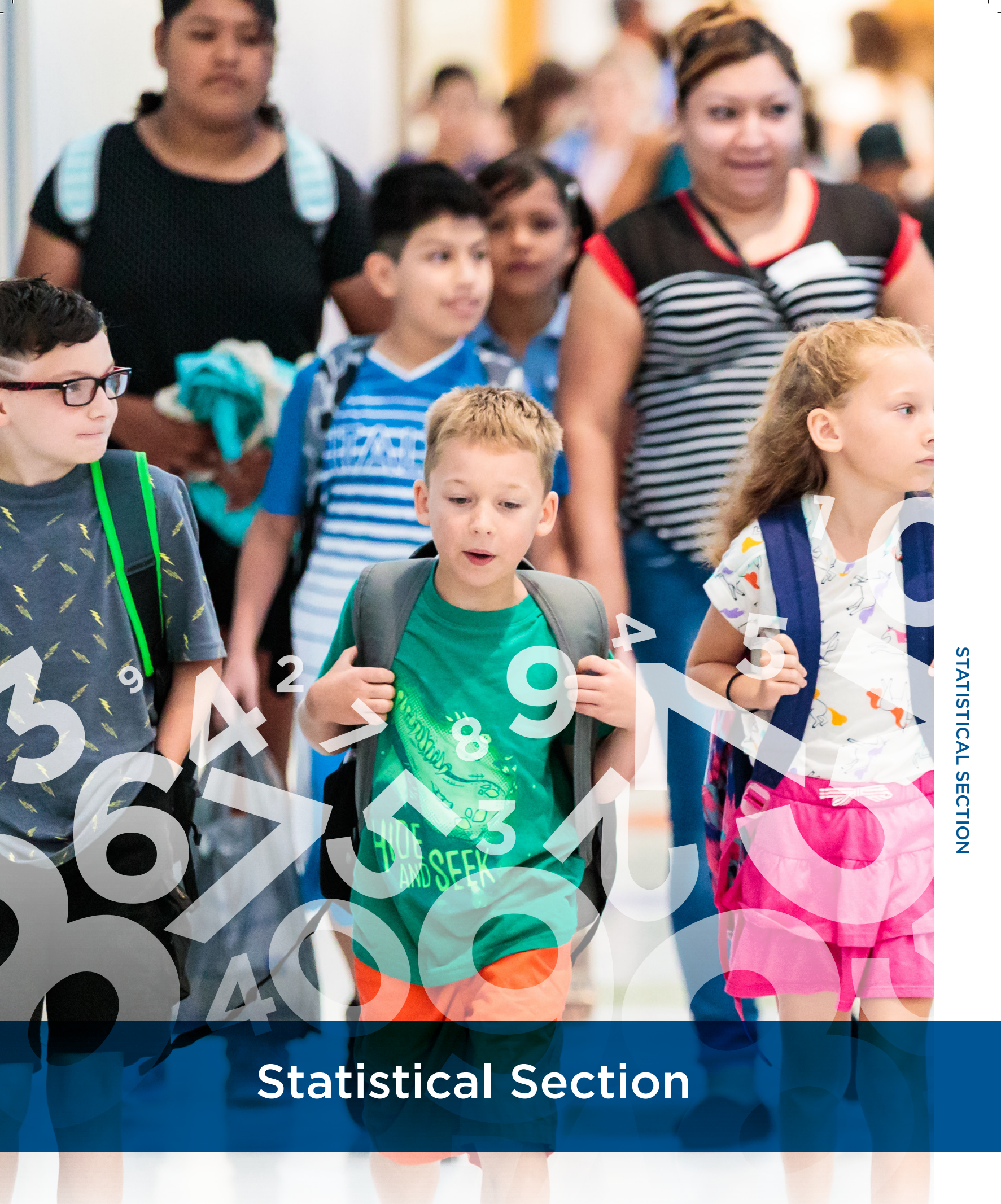
WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
ENTERPRISE FUND - CHILD NUTRITION PROGRAM
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Budget	Actual	Variance- Positive (Negative)	Actual
REVENUES:				
Federal:				
Regular USDA grants	\$ 35,111,698	\$ 29,436,288	\$ (5,675,410)	\$ 30,459,105
USDA grants - fresh fruit & vegetable program	20,631	67,691	47,060	20,419
USDA grants - summer feeding program	630,000	438,528	(191,472)	513,588
USDA grants - cash in lieu of commodities	-	-	-	1,452
USDA grants - child and adult care food program	-	-	-	19,949
	<u>35,762,329</u>	<u>29,942,507</u>	<u>(5,819,822)</u>	<u>31,014,513</u>
Other:				
Food sales	17,960,658	17,271,145	(689,513)	17,975,118
Interest	95,000	222,137	127,137	175,231
NCDPI kindergarten breakfast	121,438	114,839	(6,599)	107,993
Local donations or grants	150,000	270,963	120,963	1,825,062
	<u>18,327,096</u>	<u>17,879,084</u>	<u>(448,012)</u>	<u>20,083,404</u>
Total revenues	<u>54,089,425</u>	<u>47,821,591</u>	<u>(6,267,834)</u>	<u>51,097,917</u>
EXPENDITURES:				
Business supporting services:				
Salaries		17,614,891		17,447,625
Food		18,456,777		18,606,124
Supplies		2,374,797		1,727,490
Purchased services		1,440,099		1,516,168
Indirect costs paid		2,590,344		2,466,703
Equipment purchases		182,099		1,712,449
	<u>45,630,656</u>	<u>42,659,007</u>	<u>2,971,649</u>	<u>43,476,559</u>
Other supporting services:				
Employee benefits	<u>8,503,781</u>	<u>8,382,552</u>	<u>121,229</u>	<u>8,125,774</u>
Total expenditures	<u>54,134,437</u>	<u>51,041,559</u>	<u>3,092,878</u>	<u>51,602,333</u>
Deficiency of revenues over expenditures	<u>(45,012)</u>	<u>(3,219,968)</u>	<u>(3,174,956)</u>	<u>(504,416)</u>
OTHER FINANCING SOURCES:				
Operating transfer in	<u>45,012</u>	<u>45,012</u>	<u>-</u>	<u>55,355</u>
Deficiency of revenues and other financing sources over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	<u>(3,174,956)</u>	<u>\$ (3,174,956)</u>	<u>(449,061)</u>
Reconciliation from budgetary (non-GAAP) basis to GAAP.				
Equipment purchases, net of contributions		182,099		1,712,449
Depreciation		(1,282,975)		(1,333,023)
Net OPEB asset		(63,540)		-
Net pension liability		1,339,131		(5,629,630)
Net OPEB liability		8,025,492		-
Deferred outflows		1,302,638		4,785,989
Deferred inflows		(12,808,244)		378,487
Increase in accrued vacation pay		(84,302)		(125,108)
Loss on sale of capital assets		(544)		(6,426)
Change in net position		<u>\$ (6,565,201)</u>		<u>\$ (666,323)</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
FOR YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018		Variance- Positive (Negative)	2017
	Budget	Actual		Actual
REVENUES:				
Other:				
Participant fees	\$ 23,987,385	\$ 13,971,475	\$ (10,015,910)	\$ 13,372,693
Interest	-	152,120	152,120	102,899
Total revenues	<u>23,987,385</u>	<u>14,123,595</u>	<u>(9,863,790)</u>	<u>13,475,592</u>
EXPENDITURES:				
Business supporting services:				
Salaries		5,806,571		5,533,548
Supplies		3,317,221		2,816,892
Purchased services		1,852,553		2,143,259
Indirect costs paid		1,237,285		1,116,512
Equipment purchases		6,133		16,997
	<u>22,086,511</u>	<u>12,219,763</u>	<u>9,866,748</u>	<u>11,627,208</u>
Other supporting services:				
Employee benefits	<u>1,900,874</u>	<u>1,451,438</u>	<u>449,436</u>	<u>1,379,134</u>
Total expenditures	<u>23,987,385</u>	<u>13,671,201</u>	<u>10,316,184</u>	<u>13,006,342</u>
Excess (deficiency) of revenues over expenditures - budgetary (non-GAAP) basis	<u>\$ -</u>	452,394	<u>\$ 452,394</u>	469,250
Reconciliation from budgetary (non-GAAP) basis to GAAP				
Equipment purchases, net of contributions		6,133		16,997
Depreciation		(40,655)		(52,955)
Net OPEB asset		(19,110)		-
Net pension liability		402,755		(1,659,008)
Net OPEB liability		2,413,735		-
Deferred outflows		391,780		1,472,040
Deferred inflows		(3,852,190)		70,596
Increase in accrued vacation pay		(12,347)		(4,244)
Change in net position		<u>\$ (257,505)</u>		<u>\$ 312,676</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 (DEFICIT) BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental activities:					
Net investment in capital assets	\$ 3,329,761,944	\$ 3,115,825,897	\$ 2,931,684,587	\$ 2,723,207,488	\$ 2,648,922,011
Restricted	21,429,835	14,821,717	14,602,314	17,025,811	16,599,934
Unrestricted	<u>(2,720,230,222)</u>	<u>(258,293,051)</u>	<u>(226,145,732)</u>	<u>(224,731,658)</u>	<u>(1,250,869)</u>
Total net position	<u>630,961,557</u>	<u>2,872,354,563</u>	<u>2,720,141,169</u>	<u>2,515,501,641</u>	<u>2,664,271,076</u>
Business-type activities					
Net investment in capital assets	5,267,553	6,412,914	6,087,244	7,356,663	7,727,478
Restricted	166,611	-	-	-	-
Unrestricted	<u>(38,281,827)</u>	<u>26,507,774</u>	<u>27,187,091</u>	<u>26,001,803</u>	<u>32,693,479</u>
Total net position	<u>(32,847,663)</u>	<u>32,920,688</u>	<u>33,274,335</u>	<u>33,358,466</u>	<u>40,420,957</u>
Government-wide					
Net investment in capital assets	3,335,029,497	3,122,238,811	2,937,771,831	2,730,564,151	2,656,649,489
Restricted	21,596,446	14,821,717	14,602,314	17,025,811	16,599,934
Unrestricted	<u>(2,758,512,049)</u>	<u>(231,785,277)</u>	<u>(198,958,641)</u>	<u>(198,729,855)</u>	<u>31,442,610</u>
Total net position	<u>\$ 598,113,894</u>	<u>\$ 2,905,275,251</u>	<u>\$ 2,753,415,504</u>	<u>\$ 2,548,860,107</u>	<u>\$ 2,704,692,033</u>

(Continued)

2015 - The decrease in unrestricted net position is due to the first year of pension standards.
2018 - The decrease in unrestricted net position is due to the first year of OPEB standards.

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental activities:					
Net investment in capital assets	\$ 2,631,483,747	\$ 2,638,196,366	\$ 2,581,406,320	\$ 2,516,805,009	\$ 2,432,805,178
Restricted	12,011,212	14,427,305	13,198,738	8,406,773	8,295,329
Unrestricted	<u>5,464,347</u>	<u>16,786,497</u>	<u>(3,058,002)</u>	<u>(13,718,304)</u>	<u>(27,277,985)</u>
Total net position	<u>2,648,959,306</u>	<u>2,669,410,168</u>	<u>2,591,547,056</u>	<u>2,511,493,478</u>	<u>2,413,822,522</u>
Business-type activities					
Net investment in capital assets	8,010,544	8,243,904	9,263,646	10,080,094	7,570,688
Restricted	-	-	-	-	-
Unrestricted	<u>33,965,521</u>	<u>30,806,811</u>	<u>26,115,857</u>	<u>21,286,773</u>	<u>18,203,349</u>
Total net position	<u>41,976,065</u>	<u>39,050,715</u>	<u>35,379,503</u>	<u>31,366,867</u>	<u>25,774,037</u>
Government-wide					
Net investment in capital assets	2,639,494,291	2,646,440,270	2,590,669,966	2,526,885,103	2,440,375,866
Restricted	12,011,212	14,427,305	13,198,738	8,406,773	8,295,329
Unrestricted	<u>39,429,868</u>	<u>47,593,308</u>	<u>23,057,855</u>	<u>7,568,469</u>	<u>(9,074,636)</u>
Total net position	<u>\$ 2,690,935,371</u>	<u>\$ 2,708,460,883</u>	<u>\$ 2,626,926,559</u>	<u>\$ 2,542,860,345</u>	<u>\$ 2,439,596,559</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 731,974,296	\$ 655,240,420	\$ 583,890,706	\$ 538,699,660	\$ 548,740,312
Special populations	243,000,627	221,579,226	196,300,020	181,153,903	181,570,641
Alternative programs and services	83,782,030	82,345,265	78,254,955	63,987,611	67,406,274
School leadership	90,665,395	80,203,279	71,562,962	67,145,678	69,258,721
Co-curricular	29,884,642	27,654,770	24,699,448	21,546,339	23,226,828
School-based support services	90,602,486	81,922,365	72,328,355	61,577,799	61,233,044
Systemwide support services					
Support and development	14,976,789	13,158,583	11,835,596	10,932,679	10,115,956
Special populations support and development	6,414,994	5,830,879	4,918,030	4,373,936	4,651,561
Alternative programs and services support and development	3,185,133	3,028,276	3,373,273	3,086,128	2,739,756
Technology support	34,493,632	42,430,480	28,037,064	23,361,372	18,109,553
Operational support	172,750,747	147,592,022	156,926,276	161,949,750	167,828,385
Financial and human resource	20,835,125	20,400,114	18,222,357	16,308,934	16,209,892
Accountability	2,766,782	2,852,691	3,433,611	3,804,913	4,012,919
Systemwide pupil support	5,923,268	5,693,573	5,515,556	5,062,216	4,925,370
Policy, leadership and public relations	11,098,595	10,642,828	8,642,718	8,209,071	7,667,733
Ancillary Services	140,697	91,242	112,906	166,997	176,331
Nonprogram charges	25,807,938	23,963,483	21,134,354	14,957,067	10,589,182
Depreciation - unallocated	89,277,817	129,457,253	79,120,543	75,594,568	63,861,810
Total governmental activities expenses	<u>1,657,580,993</u>	<u>1,554,086,749</u>	<u>1,368,308,730</u>	<u>1,261,918,621</u>	<u>1,262,324,268</u>
Business-type activities:					
Food service	58,151,824	55,387,857	53,618,487	53,254,152	52,823,064
Tuition programs	14,381,100	13,162,916	11,750,436	11,217,887	12,931,220
Total business-type activities	<u>72,532,924</u>	<u>68,550,773</u>	<u>65,368,923</u>	<u>64,472,039</u>	<u>65,754,284</u>
Total school district expenses	<u>1,730,113,917</u>	<u>1,622,637,522</u>	<u>1,433,677,653</u>	<u>1,326,390,660</u>	<u>1,328,078,552</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	\$ 1,371,417	\$ 1,321,281	\$ 1,269,473	1,182,907	1,157,302
Charges for services-ancillary services	28,777	24,085	34,136	52,628	34,070
Operating grants and contributions	1,001,491,868	970,584,143	934,462,654	896,644,270	855,019,388
Capital grants and contributions	-	-	-	-	53,432
Total governmental activities program revenues	<u>1,002,892,062</u>	<u>971,929,509</u>	<u>935,766,263</u>	<u>897,879,805</u>	<u>856,264,192</u>
Business-type activities:					
Charges for services-food services	17,271,145	18,083,111	17,315,970	16,913,781	18,540,817
Charges for services-tuition programs	13,971,475	13,372,693	13,531,484	12,364,080	12,050,049
Operating grants and contributions	34,048,329	36,407,837	35,165,199	33,504,107	33,048,188
Total business-type activities program revenues	<u>65,290,949</u>	<u>67,863,641</u>	<u>66,012,653</u>	<u>62,781,968</u>	<u>63,639,054</u>
Total school district program revenues	<u>1,068,183,011</u>	<u>1,039,793,150</u>	<u>1,001,778,916</u>	<u>960,661,773</u>	<u>919,903,246</u>
Net (expense)/revenue					
Governmental activities	(654,688,931)	(582,157,240)	(432,542,467)	(364,038,816)	(406,060,076)
Business-type activities	(7,241,975)	(687,132)	643,730	(1,690,071)	(2,115,230)
Total school district net expense	<u>\$ (661,930,906)</u>	<u>\$ (582,844,372)</u>	<u>\$ (431,898,737)</u>	<u>\$ (365,728,887)</u>	<u>\$ (408,175,306)</u>

(Continued)

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
Instructional programs					
Regular	\$ 541,574,616	\$ 519,493,395	\$ 504,048,718	\$ 488,546,948	\$ 520,736,969
Special populations	177,338,087	169,258,921	172,013,848	165,788,455	162,672,147
Alternative programs and services	64,409,245	64,474,589	66,020,928	58,426,846	56,432,546
School leadership	68,170,100	66,186,552	65,743,983	62,680,216	64,582,811
Co-curricular	21,733,809	20,697,012	20,795,975	18,982,397	19,741,681
School-based support services	60,149,751	61,734,726	62,943,658	64,506,361	66,411,122
Systemwide support services					
Support and development	9,919,952	9,914,905	9,936,030	10,612,453	11,519,131
Special populations support and development	4,299,423	4,115,631	3,938,268	5,287,193	5,497,400
Alternative programs and services support and development	2,469,867	3,138,741	2,487,540	1,533,361	1,921,084
Technology support	17,505,099	22,221,921	16,729,489	16,624,585	28,033,386
Operational support	183,977,661	144,351,091	152,934,837	151,786,145	148,788,642
Financial and human resource	16,587,230	16,134,413	15,495,361	15,472,245	16,726,131
Accountability	3,221,131	3,305,901	2,326,694	2,255,479	2,508,241
Systemwide pupil support	4,915,910	4,733,648	4,760,279	4,205,184	4,517,008
Policy, leadership and public relations	7,248,610	7,026,646	6,909,359	7,915,174	8,287,942
Ancillary Services	516,479	245,029	171,092	418,998	344,305
Nonprogram charges	9,879,925	9,081,210	8,432,140	10,169,808	11,185,748
Depreciation - unallocated	85,310,073	43,016,402	36,919,821	32,449,321	31,830,062
Total governmental activities expenses	<u>1,279,226,968</u>	<u>1,169,130,733</u>	<u>1,152,608,020</u>	<u>1,117,661,169</u>	<u>1,161,736,356</u>
Business-type activities:					
Food service	49,839,848	47,476,596	45,662,100	45,061,386	46,467,797
Tuition programs	10,222,509	10,595,711	9,621,336	8,212,561	8,534,329
Total business-type activities	<u>60,062,357</u>	<u>58,072,307</u>	<u>55,283,436</u>	<u>53,273,947</u>	<u>55,002,126</u>
Total school district expenses	<u>1,339,289,325</u>	<u>1,227,203,040</u>	<u>1,207,891,456</u>	<u>1,170,935,116</u>	<u>1,216,738,482</u>
Program revenues					
Governmental activities:					
Charges for services-regular instructional	1,136,084	1,135,858	1,133,966	1,107,459	1,106,269
Charges for services-ancillary services	30,271	34,001	27,719	34,609	35,352
Operating grants and contributions	830,318,727	823,164,394	803,822,002	772,481,123	793,580,424
Capital grants and contributions	371,846	621,850	786,581	2,146,595	2,616,770
Total governmental activities program revenues	<u>831,856,928</u>	<u>824,956,103</u>	<u>805,770,268</u>	<u>775,769,786</u>	<u>797,338,815</u>
Business-type activities:					
Charges for services-food services	20,004,234	20,920,103	21,206,179	21,716,235	23,417,878
Charges for services-tuition programs	10,736,600	10,676,628	10,014,453	8,881,458	9,001,762
Operating grants and contributions	31,578,527	29,914,761	27,741,442	24,726,305	22,099,991
Total business-type activities program revenues	<u>62,319,361</u>	<u>61,511,492</u>	<u>58,962,074</u>	<u>55,323,998</u>	<u>54,519,631</u>
Total school district program revenues	<u>894,176,289</u>	<u>886,467,595</u>	<u>864,732,342</u>	<u>831,093,784</u>	<u>851,858,446</u>
Net (expense)/revenue					
Governmental activities	(447,370,040)	(344,174,630)	(346,837,752)	(341,891,383)	(364,397,541)
Business-type activities	2,257,004	3,439,185	3,678,638	2,050,051	(482,495)
Total school district net expense	<u>\$ (445,113,036)</u>	<u>\$ (340,735,445)</u>	<u>\$ (343,159,114)</u>	<u>\$ (339,841,332)</u>	<u>\$ (364,880,036)</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Net (expense)/revenue					
Governmental activities	\$ (654,688,931)	\$ (582,157,240)	\$ (432,542,467)	\$ (364,038,816)	\$ (406,060,076)
Business-type activities	(7,241,975)	(687,132)	643,730	(1,690,071)	(2,115,230)
Total school district net expense	<u>(661,930,906)</u>	<u>(582,844,372)</u>	<u>(431,898,737)</u>	<u>(365,728,887)</u>	<u>(408,175,306)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations- operating	429,719,331	408,760,031	384,849,031	340,138,653	323,966,127
Unrestricted county appropriations - capital	305,195,784	319,326,301	280,060,809	149,664,203	90,259,437
Unrestricted state appropriation - capital	387,942	428,778	816,720	4,947,219	5,154,525
Investment earnings, unrestricted	761,942	706,920	475,650	389,767	458,800
Miscellaneous, unrestricted	5,663,606	5,203,959	7,966,262	6,765,132	1,959,815
Transfer	(45,012)	(55,355)	(45,187)	(331,509)	(426,858)
Total governmental activities	<u>741,683,593</u>	<u>734,370,634</u>	<u>674,123,285</u>	<u>501,573,465</u>	<u>421,371,846</u>
Business-type activities:					
Investment earnings, unrestricted	374,257	278,130	199,082	139,011	133,264
Transfer	45,012	55,355	45,187	331,509	426,858
Total business-type activities	<u>419,269</u>	<u>333,485</u>	<u>244,269</u>	<u>470,520</u>	<u>560,122</u>
Total school district	<u>742,102,862</u>	<u>734,704,119</u>	<u>674,367,554</u>	<u>502,043,985</u>	<u>421,931,968</u>
Change in net position					
Governmental activities	86,994,662	152,213,394	241,580,818	137,534,649	15,311,770
Business-type activities	(6,822,706)	(353,647)	887,999	(1,219,551)	(1,555,108)
Total school district	<u>\$ 80,171,956</u>	<u>\$ 151,859,747</u>	<u>\$ 242,468,817</u>	<u>\$ 136,315,098</u>	<u>\$ 13,756,662</u>

(Continued)

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Net (expense)/revenue					
Governmental activities	\$ (447,370,040)	\$ (344,174,630)	\$ (346,837,752)	\$ (341,891,383)	\$ (364,397,541)
Business-type activities	2,257,004	3,439,185	3,678,638	2,050,051	(482,495)
Total school district net expense	<u>(445,113,036)</u>	<u>(340,735,445)</u>	<u>(343,159,114)</u>	<u>(339,841,332)</u>	<u>(364,880,036)</u>
General revenues and other changes in net position					
Governmental activities:					
Unrestricted county appropriations - operating	317,181,372	311,759,998	312,059,879	311,373,607	308,550,944
Unrestricted county appropriations - capital	72,689,611	99,168,170	97,823,234	119,613,110	291,438,862
Unrestricted state appropriation - capital	32,522,268	-	-	-	8,828,382
Investment earnings, unrestricted	443,039	628,155	733,422	838,609	2,224,118
Miscellaneous, unrestricted	4,615,860	10,532,393	16,391,839	10,996,171	11,475,315
Transfer	<u>(532,972)</u>	<u>(50,974)</u>	<u>(117,044)</u>	<u>(3,259,191)</u>	<u>(1,346,027)</u>
Total governmental activities	<u>426,919,178</u>	<u>422,037,742</u>	<u>426,891,330</u>	<u>439,562,306</u>	<u>621,171,594</u>
Business-type activities:					
Investment earnings, unrestricted	135,374	181,053	216,954	283,588	553,080
Transfer	<u>532,972</u>	<u>50,974</u>	<u>117,044</u>	<u>3,259,191</u>	<u>1,346,027</u>
Total business-type activities	<u>668,346</u>	<u>232,027</u>	<u>333,998</u>	<u>3,542,779</u>	<u>1,899,107</u>
Total school district	<u>427,587,524</u>	<u>422,269,769</u>	<u>427,225,328</u>	<u>443,105,085</u>	<u>623,070,701</u>
Change in net position					
Governmental activities	(20,450,862)	77,863,112	80,053,578	97,670,923	256,774,053
Business-type activities	2,925,350	3,671,212	4,012,636	5,592,830	1,416,612
Total school district	<u>\$ (17,525,512)</u>	<u>\$ 81,534,324</u>	<u>\$ 84,066,214</u>	<u>\$ 103,263,753</u>	<u>\$ 258,190,665</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General fund					
Nonspendable					
Inventories	\$ 4,438,637	\$ 3,919,935	\$ 3,435,317	\$ 2,442,586	\$ 2,966,259
Prepaid	105,263	49,622	88,607	1,639,972	4,543,602
Restricted					
Stabilization by state statute	5,261,993	4,797,511	4,116,427	7,404,038	5,542,274
Assigned					
Special projects	9,838,302	14,420,578	14,270,811	10,604,339	19,427,037
Insurance	10,643,848	10,732,144	10,310,534	10,212,545	9,909,912
Flexible benefit plan	1,557,774	1,354,093	1,229,780	1,139,379	1,225,223
Subsequent year expenditures	4,900,000	12,840,355	10,400,000	20,000,000	26,075,734
Unassigned	<u>12,135,493</u>	<u>9,899,217</u>	<u>13,880,710</u>	<u>14,894,753</u>	<u>20,215,744</u>
Total general fund	<u>\$ 48,881,310</u>	<u>\$ 58,013,455</u>	<u>\$ 57,732,186</u>	<u>\$ 68,337,612</u>	<u>\$ 89,905,785</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 111,038	\$ 239,002	\$ 738,296	\$ 725,074	\$ 2,311,510
Capital expenditures	1,079,897	779,049	741,489	397,078	368,912
Individual schools	8,733,707	8,920,713	8,978,294	8,471,820	8,377,238
Restricted contributions for capital expenditures	27,832	85,442	27,808	27,801	43,191
Subsequent years expenditures	-	-	-	-	-
Assigned					
Special projects	<u>723,723</u>	<u>1,773,212</u>	<u>115,802</u>	<u>107,107</u>	<u>-</u>
Total all other governmental funds	<u>\$ 10,676,197</u>	<u>\$ 11,797,418</u>	<u>\$ 10,601,689</u>	<u>\$ 9,728,880</u>	<u>\$ 11,100,851</u>

(Continued)

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

	Fiscal Year				
	2013	2012	2011	2010	2009
General fund					
Nonspendable					
Inventories	\$ 3,122,198	\$ 3,000,164	\$ 3,503,879	\$ 3,470,497	\$ 3,119,442
Prepaid	1,537,187	11,591,489	-	-	-
Restricted					
Stabilization by state statute	3,163,132	4,399,049	3,661,166	2,876,748	2,058,865
Assigned					
Special projects	6,008,131	3,819,829	366,342	990,699	701,625
Insurance	8,388,026	7,569,663	6,739,799	5,693,602	5,147,789
Flexible benefit plan	1,244,575	1,174,388	1,094,173	1,104,260	966,779
Subsequent year expenditures	28,400,000	28,385,581	16,203,025	6,062,845	8,665,600
Unassigned	<u>36,320,179</u>	<u>32,089,863</u>	<u>33,875,157</u>	<u>25,909,770</u>	<u>12,125,691</u>
Total general fund	<u>\$ 88,183,428</u>	<u>\$ 92,030,026</u>	<u>\$ 65,443,541</u>	<u>\$ 46,108,421</u>	<u>\$ 32,785,791</u>
All other governmental funds					
Restricted					
Stabilization by State Statute	\$ 177,432	\$ 439,360	\$ 503,603	\$ 222,184	\$ 21,024
Capital expenditures	253,610	1,273,248	685,615	1,004,297	182,271
Individual schools	8,417,038	8,059,392	8,110,769	8,406,773	8,295,329
Restricted contributions for capital expenditures	388,189	60,642	35,513	281,398	808,053
Subsequent years expenditures	273,248	195,614	202,072	91,135	367,719
Assigned					
Special projects	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,509,517</u>	<u>\$ 10,028,256</u>	<u>\$ 9,537,572</u>	<u>\$ 10,005,787</u>	<u>\$ 9,674,396</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
2018	\$ 908,160,414	\$ 430,911,000	\$ 304,004,115	\$ 4,087,338	\$ 70,339,551	\$ 761,942	\$ 32,285,650	\$ 1,750,550,010
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

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,	Membership	Instructional Services	Systemwide Support Services	Ancillary Services	Nonprogram Charges	Debt Service Principal
2018	160,095	\$ 1,163,219,125	\$ 259,114,420	\$ 25,777	\$ 31,486,467	\$ 387,942
		7,266	1,619	-	197	2
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

(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
2018	\$ -	9,084 \$ 1,454,233,731	1,918 \$ 307,043,335	11,001 \$ 1,761,277,066
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

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
2018	\$ (10,727,056)	\$ 551,032	\$ (596,044)	\$ -	\$ (45,012)	\$ (10,772,068)	0.0267%
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%

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
2018	\$ 23,495,607	\$ 12,724,047	\$ 18,456,777	\$ 3,720,564	\$ 3,827,629	\$ 10,308,300	\$ 72,532,924
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

**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
2018	\$ 17,271,145	26.28%	\$ 13,971,475	21.26%	\$ 29,942,507	45.57%	\$ 3,720,564	5.66%
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

(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
2018	\$ 45,012	0.07%	\$ 759,515	1.16%	\$ 65,710,218	100%
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

**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>
2018	\$ -	\$ 387,942	\$ 387,942	2.42
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

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)
2018	\$ 122,874,155,245	\$ 17,897,487,797	\$ 3,447,570,780	\$144,219,213,822	\$ 0.6150	\$ 0.096	\$ 0.7110
2017 ⁽²⁾	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

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 \$100 of value.

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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
2018	.6150	.096	.7110	.53	.38	.35	.550	.4325	.5325	.4325
2017 ⁽²⁾	.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

(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, 2018.

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

Fiscal Year Ended June 30,	Direct and Overlapping Taxes Levied by Municipalities						
	Town of Knightdale	Town of Morrisville	City of Raleigh	Town of Rolesville	Town of Wake Forest	Town of Wendell	Town of Zebulon
2018	.43	.390	.4253	.480	.52	.49	.575
2017 ⁽²⁾	.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

- 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, 2018.

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Progress Energy Inc	\$2,083,505,853	1	1.44%	\$1,650,141,270	1	1.42%
SAS Institute Inc	621,947,173	2	0.43%	426,562,616	3	0.37%
Highwoods Realty LP	576,484,338	3	0.40%	232,090,013	9	0.20%
Cisco Systems Inc	509,473,354	4	0.35%	481,975,587	2	0.41%
CVM Holdings LLC	378,399,078	5	0.26%	326,074,540	4	0.28%
Biogen Realty LLC	368,880,462	6	0.26%	-	-	-
Network Appliance Inc	345,806,799	7	0.24%	-	-	-
WMCi Raleigh LLC	330,897,101	8	0.23%	-	-	-
Lenovo US Inc	320,367,729	9	0.22%	-	-	-
GlaxoSmithKline	263,279,486	10	0.18%	287,583,613	5	0.25%
Bellsouth Tel Co	-	-	-	292,725,787	6	0.25%
Weeks Realty	-	-	-	276,806,671	7	0.24%
NC Eastern Municipal Power Agency	-	-	-	251,497,555	8	0.22%
Public Service of NC Inc	-	-	-	<u>187,038,756</u>	10	<u>0.16%</u>
	<u>\$5,799,041,373</u>		<u>4.02%</u>	<u>\$4,412,496,408</u>		<u>3.80%</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

**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
2018	\$ 914,686,233	\$ (1,989,030)	\$912,697,203	\$ 911,681,836	99.89%	\$ -	\$ 911,681,836	99.89%
2017	877,544,091	(7,317,373)	870,226,718	869,108,487	99.87%	607,298	869,715,785	99.94%
2016	833,221,749	(835,817)	832,385,932	831,114,362	99.85%	910,105	832,024,467	99.96%
2015	760,907,032	(664,952)	760,242,080	758,063,799	99.71%	1,923,310	759,987,109	99.97%
2014	702,953,904	(1,690,243)	701,263,661	697,580,105	99.47%	3,018,394	700,598,499	99.91%
2013	676,163,798	(2,306,621)	673,857,177	667,843,411	99.11%	5,202,107	673,045,518	99.88%
2012	665,819,212	(2,298,064)	663,521,148	657,541,978	99.10%	5,112,132	662,654,110	99.87%
2011	661,292,534	(4,849,315)	656,443,219	648,750,058	98.83%	6,804,898	655,554,956	99.86%
2010	657,175,469	(7,643,046)	649,532,423	640,993,333	98.69%	7,730,394	648,723,727	99.88%
2009	649,942,150	(10,067,050)	639,875,100	630,648,211	98.56%	8,335,012	638,983,223	99.86%

Notes:

Taxes for the fiscal year ended June 30, 2018 at the collection rate of 99.89% are a composite of the following collections by category:

Vehicle taxes	99.50%
Real and personal property taxes	99.92%

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, 2018.

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
2018	\$ 1,937,469,050	\$ 50,197,448	\$ 3,485,580	\$ 424,746,261	\$ 5,306,359	\$ -
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

(Continued)

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018

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				
2018	\$ 34,333	\$ -	\$ 2,421,239,031	\$ -		\$ 2,421,239,031	4.28%	\$ 2,258.0
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018

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		
2018	\$ 1,937,469,050	\$ 50,197,448	\$ 1,987,666,498	1.38%	\$ 1,853.82
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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Municipality:			
Apex	\$ 67,085,000	100%	\$ 67,085,000
Cary	112,388,059	100%	112,388,059
Fuquay-Varina	9,580,000	100%	9,580,000
Garner	27,345,000	100%	27,345,000
Holly Springs	18,960,000	100%	18,960,000
Knightdale	3,004,000	100%	3,004,000
Morrisville	16,585,000	100%	16,585,000
Raleigh	323,520,000	100%	323,520,000
Rolesville	-	100%	-
Wake Forest	29,117,000	100%	29,117,000
Wendell	-	100%	-
Zebulon	2,350,000	100%	2,350,000
Wake County	<u>2,421,239,031</u>	100%	<u>2,421,239,031</u>
Overlapping debt	3,031,173,090		3,031,173,090
Direct debt	<u>387,942</u>		<u>387,942</u>
Total direct and overlapping debt	<u>\$ 3,031,561,032</u>		<u>\$ 3,031,561,032</u>

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Assessed value of property	\$ 144,219,213,822	\$ 141,411,010,294	\$ 131,950,999,915	\$ 127,947,523,008	\$ 127,426,491,226
Debt limit, 8% of assessed value (Statutory Limitation)	11,537,537,106	11,312,880,824	10,556,079,993	10,235,801,841	10,194,119,298
Amount of debt applicable to limit					
General obligation bonds	1,762,270,000	1,727,865,000	1,812,535,000	1,967,590,000	1,664,875,000
GO bond anticipation notes	50,197,448	100,229,537	1,301,000	-	-
Other Long Term Debt	374,041,272	231,140,632	238,761,938	266,887,940	278,885,802
Bonds Authorized not Issued	147,152,552	294,865,463	509,909,000	511,210,000	950,450,000
Total net debt applicable to limit	2,333,661,272	2,354,100,632	2,562,506,938	2,745,687,940	2,894,210,802
Legal debt margin	\$ 9,203,875,834	\$ 8,958,780,192	\$ 7,993,573,055	\$ 7,490,113,901	\$ 7,299,908,496
Total net debt applicable to limit as a percentage of debt limit	20.23%	20.81%	24.28%	26.82%	28.39%

(Continued)

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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Assessed value of property	\$ 122,450,151,129	\$ 120,555,400,651	\$ 119,535,621,641	\$ 119,158,250,199	\$ 116,610,525,500
Debt limit, 8% of assessed value (Statutory Limitation)	9,796,012,090	9,644,432,052	9,562,849,731	9,532,660,016	9,328,842,040
Amount of debt applicable to limit					
General obligation bonds	1,801,325,000	1,754,870,000	1,831,620,000	1,794,370,000	1,772,370,000
GO bond anticipation notes	-	-	-	-	-
Other Long Term Debt	291,217,436	303,938,059	311,595,642	313,263,004	10,664,659
Bonds Authorized not Issued	145,450,000	65,700,000	239,070,000	391,870,000	514,500,000
Total net debt applicable to limit	2,237,992,436	2,124,508,059	2,382,285,642	2,499,503,004	2,297,534,659
Legal debt margin	\$ 7,558,019,654	\$ 7,519,923,993	\$ 7,180,564,089	\$ 7,033,157,012	\$ 7,031,307,381
Total net debt applicable to limit as a percentage of debt limit	22.85%	22.03%	24.91%	26.22%	24.63%

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

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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 Membership	Unemployment Rate
2018	1,072,203	*	*	160,095	3.6%
2017	1,046,791	*	*	159,213	3.9%
2016	1,024,198	\$ 56,592,270	\$ 54,063	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%

* Information not yet available

Source: Wake County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2018.

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Duke University & Health System	38,591	1	6.71%	-	-	-
State of North Carolina	24,083	2	4.19%	25,458	1	6.16%
Wake County Public Schools	19,845	3	3.45%	16,755	2	4.06%
Wal-Mart	16,135	4	2.81%	-	-	-
IBM Corporation	10,000	5	1.74%	-	-	-
WakeMed Health & Hospitals	9,105	6	1.58%	6,893	4	1.67%
North Carolina State University	9,069	7	1.57%	8,000	3	1.94%
Target	8,000	8	1.39%	-	-	-
UNC Rex Healthcare	7,400	9	1.29%	4,000	8	0.97%
SAS Institute Inc	5,632	10	0.98%	4,149	7	1.00%
GlaxoSmithKline Inc	-	-	-	6,400	5	1.55%
Progress Energy	-	-	-	5,000	6	1.21%
Wake County Government	-	-	-	3,744	9	0.91%
Cisco Systems	-	-	-	3,600	10	0.87%
	<u>147,860</u>		<u>25.71%</u>	<u>83,999</u>		<u>20.34%</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, 2018

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

	<u>2018</u>	<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>
School and school based support										
Principals	181	172	173	166	170	169	164	163	159	157
Assistant principals, nonteaching	337	336	324	328	323	309	290	285	277	289
Elementary teachers	4,446	4,501	4,517	4,538	4,547	4,394	4,283	4,069	4,059	4,123
Secondary teachers	4,356	4,144	4,103	4,121	4,145	3,888	3,774	3,635	3,580	3,769
Other teachers	1,814	1,820	1,737	1,709	1,871	1,760	1,753	1,675	1,638	1,654
Guidance	472	476	457	436	436	409	397	420	411	436
Psychological	107	103	100	98	96	96	90	90	86	88
Librarian, audiovisual	222	213	208	204	208	209	205	323	359	338
Consultant, supervisor	100	95	97	88	89	82	73	87	92	89
Teacher assistants	<u>2,437</u>	<u>2,395</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>
Total school and school based support	<u>14,472</u>	<u>14,255</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>
Central services										
Administrators, managers	23	21	20	21	20	17	19	16	19	19
Technicians	360	353	354	338	317	303	294	319	311	322
Clerical, secretarial	983	986	986	973	955	910	910	905	943	943
Service workers	1,636	1,638	1,633	1,713	1,752	1,697	1,671	1,737	1,808	1,788
Skilled crafts	300	298	306	291	295	264	265	269	292	289
Other professionals	<u>934</u>	<u>872</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>
Total central services	<u>4,236</u>	<u>4,168</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>
Total full time employees	<u>18,708</u>	<u>18,423</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>

Source: Wake County Public Schools Human Resources Department

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

Fiscal Year	Membership	Percentage Increase In Membership	Operating Expenditures	Cost Per Pupil	Percentage Change	Schools	Graduating Class
2018	160,095	0.55%	\$ 1,454,233,731	\$ 9,084	4.05%	183	11,125
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

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>
2018	\$ 41,037.50	\$ 96,545.52	\$ 55,399.27
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

	2018	2017	2016	2015	2014
Schools					
Elementary					
Buildings	209	210	206	204	203
Square feet	9,600,466	9,284,509	8,769,259	8,642,082	8,592,579
Capacity	77,232	76,596	74,521	73,745	73,177
Membership	73,098	73,717	72,811	71,918	72,075
Mobile classrooms	527	560	581	597	572
Middle					
Buildings	121	120	115	114	114
Square feet	5,577,309	5,374,984	5,327,777	5,328,621	5,329,020
Capacity	40,141	38,737	38,109	38,187	37,929
Membership	35,895	35,234	34,925	35,532	34,983
Mobile classrooms	142	167	176	175	181
High					
Buildings	213	229	226	226	211
Square feet	6,919,426	6,978,461	6,956,509	6,640,769	6,390,006
Capacity	50,526	48,921	48,476	47,243	45,381
Membership	49,253	47,969	46,990	45,182	44,448
Mobile classrooms	286	310	336	361	353
Other (includes academies)					
Buildings	11	9	9	9	9
Square feet	298,405	271,580	276,564	276,564	276,564
Capacity	2,728	2,681	2,095	1,993	1,656
Membership	1,849	2,293	1,918	2,368	1,533
Mobile classrooms	13	19	19	19	13
Administrative					
Buildings	17	17	17	17	18
Square Feet	34,160	340,160	340,160	340,160	383,811
Transportation					
Buses	751	760	814	908	928

(Continued)

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

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

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

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



Single Audit Section



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*

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 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, North Carolina ("the Board"), as of and for the year ended June 30, 2018, 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 30, 2018.

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 over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control reporting 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 Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 30, 2018**

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Wake County Board of Education
Cary, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Wake County Board of Education, North Carolina ("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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements in 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 Single Audit 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 above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 30, 2018**

Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Wake County Board of Education
Cary, North Carolina

Report on Compliance for Each Major State Program

We have audited the Wake County Board of Education, North Carolina ("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 its major state programs for the year ended June 30, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections 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 Single Audit 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 on the Board's compliance.

Opinion on Each Major State Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

**Winston-Salem, North Carolina
October 30, 2018**

**Wake County Board of Education
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2018**

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP:
 Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified _____ yes x none reported

Noncompliance material to financial statements noted _____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified _____ yes x 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 2 CFR 200.516(a)? _____ yes x no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.165A	Magnet Schools Assistance

Dollar threshold used to distinguish between Type A
 and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee? x yes _____ no

**Wake County Board of Education
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2018**

2. Financial Statement Findings

No findings were noted that are required to be reported under *Government Auditing Standards*.

3. Federal Award Findings and Questioned Costs

No findings and questioned cost related to the audit of federal awards aggregating \$25,000 or more were noted.

4. State Award Findings and Questioned Costs

No findings and questioned cost related to the audit of state awards aggregating \$25,000 or more were noted.

**Wake County Board of Education
Summary Schedule of Prior Year's Audit Finding
For the Fiscal Year Ended June 30, 2018**

There were no findings or questioned costs related to the audit of federal and state awards for the fiscal year ended June 30, 2017.

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR YEAR ENDED JUNE 30, 2018

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	\$ 3,720,564
Cash Assistance:			
Passed through the N.C. Department of Public Instruction:			
National School Lunch Program	10.555	35	22,716,672
School Breakfast Program	10.553	35	6,711,857
After-School Snack Program	10.555	35	7,759
Summer School Food Program for Children	10.559	35	438,528
Total Cash Assistance			<u>29,874,816</u>
Total Child Nutrition Cluster			<u>33,595,380</u>
Fresh Fruit and Vegetable Program	10.582	35	67,691
Total U.S. Department of Agriculture			<u>33,663,071</u>
<u>U.S. Department of Education</u>			
Cash Assistance:			
Direct Programs			
Magnet Schools Assistance Mosaic	84.165A	317	1,971,937
Magnet Schools Assistance Cornerstone 2017	84.165A	394	2,479,887
Total Magnet School Assistance			<u>4,451,824</u>
Fund for the Improvement of Education	84.215E	371	19,544
Indian Education Formula Grants to Local Education Agencies	84.060A	310	61,979
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	26,476,272
Title I Grants to Local Education Agencies (Title I, Part A of ESEA) - School Improvements	84.010A	105	20,324
Total Title I Grants to Local Education Agencies (Title I)			<u>26,496,596</u>
<u>Special Education Cluster:</u>			
Special Education - Grants to States (IDEA, Part B) -			
Education of the Handicapped	84.027	60	27,007,177
Coordinated Early Intervening Services	84.027	70	4,634,672
Special Needs Targeted Assistance	84.027	118	10,641
Risk Pool	84.027	114	446,600
Special Education - Preschool Grants (IDEA Preschool) -			
Preschool Handicapped	84.173	49	470,550
Preschool Targeted Assistance	84.173	119	73,939
Total Special Education Cluster			<u>32,643,579</u>

(Continued)

WAKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR YEAR ENDED JUNE 30, 2018

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	1,617,393
Education for Homeless Children and Youth	84.196	26	76,847
English Language Acquisition Grants	84.365	104, 111	1,962,757
Supporting Effective Instruction	84.367	103	2,242,655
Student Support and Academic Enrichment	84.424A	108	159,456
State Personnel Development Grant - NC State Improvement	84.323A	82	<u>5,592</u>
Total U.S. Department of Education			69,738,222
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC	None	301	502,486
<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>98,843</u>
Total Federal Assistance			<u>104,002,622</u>
<u>STATE GRANTS:</u>			
Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
State Public School Fund		xxxx	855,395,612
Drivers Training - SPSF		12	3,100,240
Technology Fund - SPSF		15	3,707,801
Career & Technical Education:			
State Months of Employment		13	42,112,079
Program Support Funds		14	3,452,055
Professional Leave Funding		509	4,685
NCDPI Kindergarten Breakfast			114,839
Non-Cash Assistance			
<u>N.C. Department of Public Instruction</u>			
Financed Purchase of School Buses		120	387,942
Total State Assistance			<u>908,275,253</u>
TOTAL FINANCIAL ASSISTANCE			<u>\$ 1,012,277,875</u>

WAKE COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2018

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, 2018. 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