

Financial Planning Model

Financial Planning Model

Wake County uses a long-term financial planning model (“the Model”) that was created for both operating and capital budgeting. The Model serves two major purposes:

- the operating component is used to project future deficits or surpluses in the General Fund operating budgets and to measure the impact on the county’s fund balance target; and
- the capital and debt component is used to evaluate the impact of capital and decisions on the County’s financial condition to ensure that policy targets are maintained long-term.

The Capital and Debt Component

The capital and debt component of the Model projects budgets through fiscal year 2020, a 15-year timeframe. The Model, which uses the County’s seven-year CIP as the major driver, helps policy makers maintain the debt policy objectives necessary to retain the County’s AAA bond rating. These objectives include:

- Fund the CIP with dedicated revenue sources;
- Maintain the mix of cash (“pay-as-you-go”) and debt funding within a range of 75% to 85% debt over the span of the seven year CIP;
- Maintain a fund balance of at least 19% in the Debt Service Fund; and
- Project debt repayment schedules that observers expect of AAA counties.

Capital and Debt Component Assumptions

The assumptions for capital and debt component of the Model are as follows:

Dedicated Revenue Sources

- **Property Taxes:** The County allocates a portion of the property tax rate specifically for debt service and cash funding for capital. The tax rate for FY 2006 is 60.4 cents with 16.5 cents dedicated for capital / debt. In FY 2008, the tax rate is assumed to increase to 64.4 cents with the 4 cents increased dedicated to capital, adjusting the capital / debt rate to 20.5 cents (31.83% of the total tax rate).

The County has an eight-year revaluation cycle for residential property. In the year of revaluation, FY 2009, the assessed value of property of is increased to reflect current market rates and the tax rate is decreased to be revenue neutral. The projected tax rate in FY 2009 is forecast to be 55.3 cents with capital / debt portion of the tax rate remaining at the same relative percentage as prior to the revaluation the result being a dedicated capital / debt tax rate of 17.6 cents.

- **Sales Taxes:** State statutes govern the Model assumptions about sales tax revenue. Thirty percent (30%) of the proceeds from the local half-cent sales and use tax authorized July 1, 1984 Article 40 of the North Carolina General Statutes and sixty percent (60%) of the local half-cent sales and use tax authorized October 1, 1986 under Article 42 are required to be used for school capital outlay, capital projects, and/or school debt service. This amount represents \$18,737,000.

Growth Assumptions

Tax growth assumptions are based on historical trends adjusted for current economic conditions and expected population growth.

- **Property Tax Assessed Value Growth:** 3.5% in FY 2007, 3.9% in FY 2008, 20.4% in FY 2009 (revaluation year) and 3.5% annually from FY 2010 to FY 2020.
- **Sales Tax Growth:** 4% annual growth each year with the FY 2006 budget serving as the base.
- **Interest rate on Future Debt Issuance:** Based on 4.5% over the av-

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verage life of the debt issuances and is reflective of historical issuance rates.

- **Cash Funding for Capital:** A percentage of property tax revenues is allocated to the Debt Service fund to ensure that the Debt Service Fund Balance does not fall below 19% of the following year's estimated debt service expenditures during the full horizon of the Model (2006 to 2020). The remaining amount of property tax revenues is available for cash funding for capital projects.

Capacity for New Capital Projects

While the County's CIP is for the period from 2006 to 2012 and is based on current tax rates and specific capital plans, the County's Model has been developed for 2006 to 2020 with various assumptions. When a tax increase is assumed in the Model, additional capacity is created through the model's full timeframe.

To determine the capacity available for new capital projects, the capital component of the Model includes a line item for future debt funded projects with a corresponding revenue source of debt to be authorized (future projects). The amount of debt funded projects has been established to yield an 80% to 20% debt to cash funding ratio for the Model through 2020 based on a 4 cent tax increase in FY 2008. The additional capacity in the Model is shown in the following chart:

Capital Funding Sources	2006-2012 Actual CIP	2013-2020 Model Only	2006-2020 Totals
Cash Funding Available	\$ 143	\$ 357	\$ 500
New Debt Planned (See Note 2)	\$ 673	\$ -	\$ 673
Additional Debt Capacity at Target Ratio (Note 1)	\$ 475	\$ 1,600	\$ 2,075
Total Capital Expenditures	\$ 1,291	\$ 1,957	\$ 3,248

Note 1: Debt to Cash ratio target over the entire period from 2006-2020 is 80% debt, 20% cash.

Note 2: New Debt Planned includes: Schools: \$525 million in 2008 to 2010;

Operating Component

The time frame used for the operating component of the Model is through fiscal year 2010 (a 5-year window) and only considers the County's General Fund. The Model is forecast using growth assumptions for recurring general fund revenues and expenditures and incorporated the anticipated operating impacts of projects included in the County's 2006-2012 CIP. The Model does not attempt to balance each fiscal year's budget. Any projected deficits are assumed to be balanced with appropriated fund balance. A section of the Model calculates the resulting end-year fund balance compared to the County's General Fund Balance target of 11% of the next fiscal year's budget.

Operating Component Assumptions

Operating component assumptions are based on historical trends adjusted for current economic conditions and expected population growth or result from specific calculations. The assumptions for operating component of the Model are as follows:

General Fund Revenues

- **Property Tax Assessed Value Growth:** 3.5% in FY 2007, 3.9% in FY 2008, 20.4% in FY 2009 (revaluation year) and 3.5% annually from FY 2010 to FY 2020.
- **Sales Tax Growth:** 4% annual growth each year with the FY 2006 budget serving as the base.
- **Human Services Revenues:** 3% annual growth over the FY 2006 estimate. As the County's Medicaid eligible population continues to grow, the County has experienced steady increases in the cost of Medicaid eligible services that are 100% reimbursed. The percentage growth in revenues reflects the same level of growth on the expenditure side of the budget.
- **Fund Balance Appropriation:** Fund balance appropriation is estimated at 2% of non-education, non-capital expenditures. The fund balance appropriation is used as a "margin for error" with it anticipated that the use of fund balance would not be needed as a result

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of revenues exceeding estimates or expenditures being less than budget.

- **Other Revenues:** The remaining revenues represent approximately 8% of the total budget and are estimated at various rates based on historical trends within each revenue category.

fund balance goals over the model's timeframe.

General Fund Expenditures

- **Capital Improvement Plan Impacts:** A component of the capital budget includes projecting the impact of capital projects on the operating budget. The anticipated amounts for 2006 to 2010 have been taken from the CIP and included in the Model.
- **Education Funding:** A separate calculation is included for education funding. The amount is based on County funding per pupil plus the operating costs associated with opening new schools.
- **Pay and Benefits:** 3.5% annual growth for pay and benefits combined over the FY 2006 budget.
- **Contractual Increases:** The County operates under many long-term contracts. A contract increase of \$1 million is assumed for each year beyond the FY 2006 budget.
- **Human Services:** 3% annual growth, which reflects the consistent increase in Medicaid-eligible services which is offset by a corresponding revenue increase. One percent (1%) growth on all other Human Service related expenditures that reflect an increase in County funding for Human Service activities.
- **All other expenditures:** All other expenditures categories not referenced above are assumed at 0% annual growth.
- **Inflation:** The County does not assume general inflation increases in the Model.

Fund Balance

The General Fund revenues and expenditures are not balanced in the Model beyond the FY 2006 budget year. Expenditures in excess of revenues are assumed to be offset by an appropriation of General Fund balance. The fund balance level is calculated, as well as the amount in excess of, or below, the County's target of 11% of following year's total expenditures. This projection shows the County's adherence to its

Financial Planning Model—Capital Projects Summary

	2006	2007	2008	2009	2010	2011	2012	Total
COUNTY								
SOURCES:								
Bonds - authorized (Libraries)	6,682	1,205	3,095	4,323	3,517	-	-	18,822
Bonds - issued (Criminal Justice)	5,000	-	-	-	-	-	-	5,000
Bonds - issued (Libraries)	7,400	-	-	-	-	-	-	7,400
Bonds - authorized / unissued (Open Space)	3,000	5,000	5,000	5,000	5,000	-	-	23,000
Debt - to be authorized (Criminal Justice)	-	5,624	15,482	25,299	59,094	42,870	-	148,369
Debt - to be authorized (Future Projects)	-	-	25,000	25,000	25,000	200,000	200,000	475,000
Grants	-	-	-	-	-	-	-	-
Municipal Reimbursement	-	-	-	-	-	-	-	-
Water / Sewer loan repayments	663	631	-	-	-	-	-	1,294
Transfer In - Property tax	22,962	23,773	30,698	31,735	32,850	34,005	35,200	211,224
Interest Income - bond proceeds	187	-	-	-	-	-	-	187
Interest Income - capital projects	964	719	671	1,381	2,279	3,191	4,064	13,269
Capital fund balance appropriation	7,032	2,059	-	-	-	-	-	9,091
Total County Sources	53,891	39,011	79,946	92,738	127,740	280,066	239,264	912,657
Percent Debt Funded	33%	41%	48%	45%	35%	66%	58%	48%
USES:								
Affordable Housing	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Automation	7,214	4,000	2,500	2,500	3,171	2,500	2,500	24,385
Community Capital Projects	500	500	500	500	500	500	500	3,500
County Building Improvements	6,109	5,948	4,350	4,843	3,714	4,052	3,571	32,587
Criminal Justice	14,868	5,624	15,482	25,299	59,094	42,870	-	163,237
Human Services	4,178	10,230	-	-	1,352	3,706	-	19,466
Libraries	14,082	1,205	3,095	4,323	3,517	-	-	26,222
Open Space	3,000	5,000	5,000	5,000	5,000	-	-	23,000
Parks & Recreation	1,250	1,800	1,700	1,303	1,250	1,050	1,250	9,603
Public Safety	1,310	354	-	-	800	2,049	-	4,513
Water / Sewer	380	3,350	3,568	530	530	530	500	9,388
Future Bond Funded Projects	-	-	25,000	25,000	25,000	200,000	200,000	475,000
Subtotal	53,891	39,011	62,195	70,298	104,928	258,257	209,321	797,901
Reserved for Future Capital Projects	-	-	17,752	22,440	22,812	21,809	29,913	114,726
Total County Uses	53,891	39,011	79,947	92,738	127,740	280,066	239,234	912,627
FUND BALANCE								
Beginning of Year	24,104	17,968	16,780	34,532	56,972	79,784	101,593	
Reimbursement from Fire Tax Fund	896	871	-	-	-	-	-	
Reserved for Future Cap. Projects	-	-	17,752	22,440	22,812	21,809	29,913	
Fund Balance Appropriated	(7,032)	(2,059)	-	-	-	-	-	
End of Year	17,968	16,780	34,532	56,972	79,784	101,593	131,506	

Financial Planning Model—Capital Projects Summary

	2006	2007	2008	2009	2010	2011	2012	Total
WAKE TECH								
SOURCES								
Bonds - to be authorized	6,815	8,790	12,545	9,890	1,490	-	-	39,530
USES								
Wake Tech Capital Plan	6,815	8,790	12,545	9,890	1,490	-	-	39,530
WAKE COUNTY PUBLIC SCHOOLS								
SOURCES:								
Bonds - authorized / unissued	116,000	150,000	-	-	-	-	-	266,000
Bonds - issued	75,000	-	-	-	-	-	-	75,000
Bonds - to be authorized	-	-	175,000	175,000	175,000	-	-	525,000
Transfer In - Property tax	-	-	-	-	-	-	-	-
Interest Income - bond proceeds	1,454	-	-	-	-	-	-	1,454
Interest Income - capital projects	1,450	686	533	790	670	553	575	5,257
State School Building Fund	5,300	5,600	5,900	6,200	6,400	-	-	29,400
Capital fund balance appropriation	19,096	3,814	-	3,010	2,930	-	-	28,850
Total Schools Sources	218,300	160,100	181,433	185,000	185,000	553	575	930,961
Percent Debt Funded	95%	95%	94%	0%	86%	90%	97%	86%
USES:								
Plan 2004	155,300	160,100	-	-	-	-	-	315,400
Future Projects	63,000	-	175,000	185,000	185,000	-	-	608,000
Subtotal	218,300	160,100	175,000	185,000	185,000	-	-	923,400
Reserved for Future Capital Projects	-	-	6,433	-	-	553	575	7,561
Total Schools Uses	218,300	160,100	181,433	185,000	185,000	553	575	930,961
FUND BALANCE								
Beginning of Year	36,239	17,143	13,329	19,762	16,753	13,823	14,376	
Reserved for Future Cap. Projects	-	-	6,433	-	-	553	575	
Fund Balance Appropriated	(19,096)	(3,814)	-	(3,010)	(2,930)	-	-	
End of Year	17,143	13,329	19,762	16,753	13,823	14,376	14,951	

Financial Planning Model—Capital Projects Summary

	2006	2007	2008	2009	2010	2011	2012	Total
TOTAL ALL PROJECTS								
SOURCES:								
Bonds - authorized / unissued	132,497	164,995	20,640	19,213	10,007	-	-	347,352
Bonds - issued	-	5,624	215,482	225,299	259,094	239,813	203,057	1,148,369
Bonds - to be authorized	87,400	-	-	-	-	-	-	87,400
Water / Sewer Funds	663	631	-	-	-	-	-	1,294
Transfer In - Property tax	22,962	23,773	30,698	31,734	32,850	34,005	35,200	211,222
Other funds	9,356	7,004	7,105	8,372	9,349	3,744	4,639	49,569
Capital fund balance appropriation	26,128	5,874	-	3,010	2,930	-	-	37,942
Total All Sources	279,006	207,901	273,925	287,628	314,230	277,562	242,896	1,883,148
Percent Debt Funded (excluding Solid Waste Fund)								
	79%	82%	82%	38%	77%	84%	86%	80%
USES:								
County	53,891	39,011	62,195	70,298	104,928	255,200	212,408	797,931
Wake County Public Schools	218,300	160,100	175,000	185,000	185,000	-	-	923,400
Wake Tech	6,815	8,790	12,545	9,890	1,490	-	-	39,530
Subtotal	279,006	207,901	249,740	265,188	291,418	255,200	212,408	1,760,861
Reserved for Future Capital Projects	-	-	24,185	22,440	22,812	22,362	30,488	122,287
Total All Uses	279,006	207,901	273,925	287,628	314,230	277,562	242,896	1,883,148

Financial Planning Model—Tax Assumptions and Debt Service Fund

AD VALOREM TAXES										
Assumptions:	Percentage	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tax base		\$74,055,000	\$76,655,000	\$79,630,000	\$95,852,619	\$99,207,000	\$102,679,000	\$106,273,000	\$109,993,000	\$113,843,000
Annual growth rate		4.63%	3.51%	3.88%	20.37%	3.50%	3.50%	3.50%	3.50%	3.50%
Tax rate (cents)		60.4	60.4	64.4	55.3	55.3	55.3	55.3	55.3	55.3
Levy plus \$550 Late List less \$3m rebates		444,842	460,546	510,367	527,594	546,143	565,343	585,217	605,787	627,077
Collection rate		98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Total tax receipts		438,170	453,638	502,712	519,680	537,951	556,862	576,438	596,701	617,671
Revenue per penny		7,254	7,511	7,806	9,398	9,728	10,070	10,424	10,791	11,170
Capital tax rate		16.5	16.5	20.5	17.6	17.6	17.6	17.6	17.6	17.6
Ad valorem tax - capital program		119,699	123,924	160,025	165,426	171,242	177,262	183,494	189,944	196,619
Percent change - ad valorem tax		-	-	-	-	-	-	-	-	-
Ad valorem tax allocation:										
Debt Service Fund	80.82%	96,736	100,151	129,326	133,692	138,392	143,257	148,293	153,506	158,900
School Capital Projects Fund		-	-	-	-	-	-	-	-	-
County Capital Projects Fund		22,962	23,773	30,698	31,735	32,850	34,005	35,200	36,438	37,718
Total	100.00%	\$119,699	\$123,924	\$160,025	\$165,426	\$171,242	\$177,262	\$183,494	\$189,944	\$196,619
DEBT SERVICE FUND										
Assumptions:		2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales tax annual growth rate		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Tax-exempt variable interest rate		2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%
DEBT SERVICE REVENUES										
Ad valorem tax		96,736	100,151	129,326	133,692	138,392	143,257	148,293	153,506	158,900
Sales Tax: Article 40 & 42		18,737	19,486	20,266	21,077	21,920	22,796	23,708	24,657	25,643
Transfer from Major Facilities Fund		991	991	991	991	991	991	991	991	991
Interest income - general fund		6,046	6,046	6,046	6,046	6,046	6,046	6,046	7,000	7,001
Plus interest income - debt service fund		2,309	2,485	3,051	4,861	6,024	7,464	7,794	8,385	7,911
Total Debt Service Revenues		124,819	129,160	159,680	166,666	173,373	180,554	186,832	194,539	200,446
DEBT SERVICE EXPENDITURES										
Five County Stadium financing agreement		991	991	991	991	991	991	991	991	991
G.O. debt service (DS)		118,085	113,321	112,753	135,889	135,701	170,619	170,352	204,710	201,977
Variable-rate bond fees*		1,098	448	448	448	448	448	448	448	448
Consultant fees		84	84	84	84	84	84	84	84	84
QZAB debt service		163	163	163	163	163	163	163	163	163
Total Debt Service Expenditures		120,421	115,007	114,440	137,575	137,387	172,305	172,039	206,397	203,663
Revenues in excess (less than) expenditures		4,398	14,152	45,240	29,090	35,985	8,249	14,793	(11,858)	(3,217)
Fund Balance - beginning of year		57,724	62,122	76,274	121,515	150,605	186,591	194,839	209,633	197,774
Fund Balance - end of year		62,122	76,274	121,515	150,605	186,591	194,839	209,633	197,774	194,557
Ending balance as percent of next year's G.O. DS		54.8%	67.6%	89.4%	111.0%	109.4%	114.4%	102.4%	97.9%	85.3%

*Remarketing, liquidity, rating and trustee fees.

Financial Planning Model—General Fund Revenues

General Fund Revenues (\$ 000)	Growth Rates for Forecast				Forecast					
	2007	2008	2009	2010	2005 Current Budget	2006 Recom'd	2007	2008	2009	2010
Taxes										
Ad valorem - current at \$0.604 tax rate	4.1%	3.9%	3.5%	3.5%	420,326	438,170	453,638	502,712	519,680	537,951
Ad valorem - delinquent	0.0%	0.0%	0.0%	0.0%	5,500	5,500	5,500	5,500	5,500	5,500
Business Incentive Investments										
Other taxes	0.0%	0.0%	0.0%	0.0%	775	1,250	1,250	1,250	1,250	1,250
Penalties and interest	0.0%	0.0%	0.0%	0.0%	1,375	1,375	1,375	1,375	1,375	1,375
Lease/rental vehicle tax	1.0%	1.0%	1.0%	1.0%	2,000	2,200	2,222	2,244	2,267	2,289
Sales tax	4.0%	4.0%	4.0%	4.0%	117,530	137,811	143,323	149,056	155,019	161,219
Pilot					1,140	1,148	1,148	1,148	1,148	1,148
Real property transfer (excise) tax	2.0%	2.0%	2.0%	2.0%	5,800	8,500	8,670	8,843	9,020	9,201
Total Taxes					554,446	595,954	617,126	672,129	695,259	719,933
Federal Shared										
Human Services - Federal only	3.0%	3.0%	3.0%	3.0%	6,402	6,966	7,175	7,390	7,612	7,840
Other	0.0%	0.0%	0.0%	0.0%	8,070	6,353	6,353	6,353	6,353	6,353
Total Federal Shared					14,472	13,319	13,528	13,743	13,965	14,193
State Shared										
Human Services	3.0%	3.0%	3.0%	3.0%	91,756	91,373	94,114	96,938	99,846	102,841
Other	3.0%	3.0%	3.0%	3.0%	2,701	1,650	1,700	1,750	1,803	1,857
Total State Shared					94,457	93,023	95,814	98,688	101,649	104,698
Local Shared										
Human Services	0.0%	0.0%	0.0%	0.0%	1,176	783	783	783	783	783
Board of Alcohol Control	0.0%	0.0%	0.0%	0.0%	3,165	2,165	2,165	2,165	2,165	2,165
Other	0.0%	0.0%	0.0%	0.0%	215	217	217	217	217	217
Total Local Shared					4,556	3,165	3,165	3,165	3,165	3,165
Licenses & Permits	2.0%	2.0%	2.0%	2.0%	2,677	3,955	4,034	4,115	4,197	4,281

Financial Planning Model—General Fund Revenues

		Growth Rates for Forecast				Forecast						
		2007	2008	2009	2010	2005 Cur Budget	2006 Recom'd	2007	2008	2009	2010	
Charges for Services												
	Bureau of ID	1.0%	1.0%	1.0%	1.0%	775	775	775	775	775	775	
	Community Services	0.0%	0.0%	0.0%	0.0%	475	1,044	1,044	1,044	1,044	1,044	
	Environmental Services	1.0%	1.0%	1.0%	1.0%	1,952	1,222	1,246	1,271	1,297	1,323	
	General Services Admin	3.0%	3.0%	3.0%	3.0%	1,550	1,551	1,551	1,551	1,551	1,551	
	HS - Mental Health	0.0%	0.0%	0.0%	0.0%	38,004	49,691	50,188	50,690	51,197	51,709	
	HS - Other	2.0%	2.0%	2.0%	2.0%	462	523	523	523	523	523	
	HS - Public Health	0.0%	0.0%	0.0%	0.0%	9,413	9,860	9,959	10,058	10,159	10,260	
	HS - Social Services	0.0%	0.0%	0.0%	0.0%	158	223	223	223	223	223	
	Libraries	0.0%	0.0%	0.0%	0.0%	539	569	569	569	569	569	
	Other	0.0%	0.0%	0.0%	0.0%	1,079	1,866	1,866	1,866	1,866	1,866	
	Parks & Recreation	0.0%	0.0%	0.0%	0.0%	102	112	112	112	112	112	
	Planning / Developmental Services	0.0%	0.0%	0.0%	0.0%	632	732	732	732	732	732	
	Public Safety	2.0%	2.0%	2.0%	2.0%	6,304	7,695	7,926	8,164	8,409	8,661	
	Register of Deeds	0.0%	0.0%	0.0%	0.0%	6,475	6,175	6,360	6,551	6,748	6,950	
	Rental / Lease Income	3.0%	3.0%	3.0%	3.0%	380	357	364	371	379	386	
	Sheriff	0.0%	0.0%	0.0%	0.0%	3,160	3,067	3,128	3,191	3,255	3,320	
	Tax Colleciton Fees	2.0%	2.0%	2.0%	2.0%	821	844	844	844	844	844	
	Vending Income	2.0%	2.0%	2.0%	2.0%	481	474	483	493	503	513	
Total Charges for Services						72,762	86,780	87,894	89,029	90,184	91,361	
Miscellaneous		0.0%	0.0%	0.0%	0.0%	799	561	561	561	561	561	
Transfer in	Footnote	1	2.0%	2.0%	2.0%	2.0%	563	1,023	1,043	1,064	1,086	1,107
Interest on investments			0.0%	0.0%	0.0%	67	77	0	0	0	0	
Proceeds from Capital Leases			0.0%	0.0%	0.0%	0	0	0	0	0	0	
Appropriated Fund Balance			0.0%	0.0%	0.0%	0	0	0	0	0	0	
Total revenues	Footnote	2				\$ 744,799	\$ 797,857	\$ 823,166	\$ 882,494	\$ 910,065	\$ 939,300	
Percentage Increase								7.1%	3.2%	7.2%	3.1%	3.2%

- 1 In FY04 and beyond, transfers in are transfers from the solid waste fund for indirect costs, and from the major facilities trust fund for costs associated with collecting the prepared food & beverage tax.
- 2 Excludes appropriated fund balance

Financial Planning Model—General Fund Expenditures

General Fund Expenditures and Transfers (\$ 000)

	Growth Rates for Forecast				Forecast					
	2007	2008	2009	2010	2005 Current Budget	2006 Recom'd	2007	2008	2009	2010
General Administration										
Board of Commissioners	0.0%	0.0%	0.0%	0.0%	456	458	458	458	458	458
Board of Elections	0.0%	0.0%	0.0%	0.0%	2,367	2,508	2,508	2,508	2,508	2,508
Budget & Management Services	0.0%	0.0%	0.0%	0.0%	546	549	549	549	549	549
Contingencies & Reserve	0.0%	0.0%	0.0%	0.0%	216	500	500	500	500	500
County Attorney	0.0%	0.0%	0.0%	0.0%	1,015	1,091	1,091	1,091	1,091	1,091
County Manager	0.0%	0.0%	0.0%	0.0%	1,107	1,163	1,163	1,163	1,163	1,163
Facilities Management & Construction	0.0%	0.0%	0.0%	0.0%	860	942	942	942	942	942
Finance	0.0%	0.0%	0.0%	0.0%	2,285	2,342	2,342	2,342	2,342	2,342
General Services Administration	0.0%	0.0%	0.0%	0.0%	22,221	22,905	22,905	22,905	22,905	22,905
Human Resources	0.0%	0.0%	0.0%	0.0%	1,434	1,470	1,470	1,470	1,470	1,470
Information Services	0.0%	0.0%	0.0%	0.0%	8,274	8,242	8,242	8,242	8,242	8,242
Non-Departmental	0.0%	0.0%	0.0%	0.0%	4,947	3,293	3,293	3,293	3,293	3,293
Planning	0.0%	0.0%	0.0%	0.0%	1,433	1,444	1,444	1,444	1,444	1,444
Register of Deeds	0.0%	0.0%	0.0%	0.0%	2,761	2,800	2,800	2,800	2,800	2,800
Revenue	0.0%	0.0%	0.0%	0.0%	4,463	4,461	4,461	4,461	4,461	4,461
Total General Administration					54,385	54,168	54,168	54,168	54,168	54,168
Human Services										
Human Services	1.0%	1.0%	1.0%	1.0%	220,701	225,576	227,832	230,110	232,411	234,735
Human Services - revenue impact	3.0%	3.0%	3.0%	3.0%		10,232	10,539	10,855	11,181	11,516
Medical Examiner	0.0%	0.0%	0.0%	0.0%	200	200	200	200	200	200
Total Human Services					220,901	236,008	238,571	241,165	243,792	246,451
Community Services	0.0%	0.0%	0.0%	0.0%	19,383	20,057	20,057	20,057	20,057	20,057
Environmental Services	0.0%	0.0%	0.0%	0.0%	7,873	8,101	8,101	8,101	8,101	8,101
Sheriff	0.0%	0.0%	0.0%	0.0%	45,302	48,992	48,992	48,992	48,992	48,992
Public Safety	0.0%	0.0%	0.0%	0.0%	28,469	28,220	28,220	28,220	28,220	28,220
Business Incentive Grants										

Financial Planning Model—General Fund Expenditures

	Growth Rates for Forecast				Forecast					
	2007	2008	2009	2010	2005 Current Budget	2006 Recom'd	2007	2008	2009	2010
Transfers										
Transfers to debt service - 16.5 cents	CIP	CIP	CIP	CIP	97,454	95,271	100,151	129,326	133,692	138,392
Transfers to debt service - sales tax	CIP	CIP	CIP	CIP	17,784	18,737	19,486	20,266	21,077	21,920
Transfers to capital - 16.5 cents	CIP	CIP	CIP	CIP	17,371	24,517	23,773	30,698	31,735	32,850
Transfers - Risk Mgmt					1,000	3,133	1,000	1,100	1,210	1,331
Transfers - Reval	0.0%	0.0%	0.0%	0.0%	975	975	975	975	975	975
Total Transfers					134,584	142,633	145,386	182,366	188,688	195,468
Capital Leases										
County Base					510,897	538,179	544,994	584,719	593,833	603,454
Salary and Benefits (see separate schedule)	3.5%	3.5%	3.5%	3.5%	-	5,865	10,869	15,990	21,300	26,808
Non-Salary Expenditures (see separate schedule)	Fixed	Fixed	Fixed	Fixed	-	-	1,000	2,020	3,060	4,122
Less: Year-end encumbrances										
Capital Budget Impacts (Footnote 2)										
Parks facilities	CIP	CIP	CIP	CIP	-	-	206	206	206	206
Libraries	CIP	CIP	CIP	CIP	-	-	1,530	1,592	2,056	3,184
Detention Facilities	CIP	CIP	CIP	CIP	-	-	3,533	3,533	3,533	3,533
Regional Centers	CIP	CIP	CIP	CIP	-	-	-	2,729	2,729	2,729
Wake Tech					-	-	761	961	1,268	1,539
Public Schools (Footnote 1)	Included in Appropriation Amount Below				-	-	-	-	-	-
Total Capital Budget Impacts					-	-	6,030	9,021	9,792	11,191
Education										
Board of Education (Footnote 1)	ADM	ADM	ADM	ADM	236,405	251,568	262,839	276,194	286,406	296,118
Board of Education - other	0.0%	0.0%	0.0%	0.0%	410	410	410	410	410	410
Wake Tech CC	3.0%	3.0%	3.0%	3.0%	11,500	12,774	13,157	13,552	13,958	14,377
Total Education					248,315	264,752	276,406	290,156	300,774	310,905
Total expenditures and transfers					\$ 759,212	\$ 808,796	\$ 839,300	\$ 901,905	\$ 928,759	\$ 956,479
Revenues (from Revenue Sheet)					\$ 744,799	\$ 797,857	\$ 823,166	\$ 882,494	\$ 910,065	\$ 939,300
Revenues greater than (less) expenditures					\$ (14,413)	\$ (10,939)	\$ (16,134)	\$ (19,412)	\$ (18,694)	\$ (17,179)
Fund balance appropriation (based on 2% of non-school / non-CIP expenditures)					12,988	8,082	8,320	8,555	8,750	8,962
Fund balance appropriation for WCPSS						2,857				
Fund balance appropriation for one time costs					1,425	-	-	-	-	-
Gap					-	-	(7,814)	(10,857)	(9,944)	(8,217)

1 See Education Expenditures Worksheet for Schools calculation

2 Capital Budget Impacts are presented in the CIP. Amounts for FY06 are reflected in the appropriate department budget.

Financial Planning Model—Education Expenditures

	Forecast					
	2005 (Actual)	2006	2007	2008	2009	2010
Selected expenditure assumptions:						
WCPSS Enrollment (Per Student Population Projection Model)	114,068	119,127	122,394	126,509	130,445	134,496
Charter Schools Enrollment	3,850	4,235	4,659	5,124	5,637	6,200
Wake County Schools Student Population	\$ 117,918	\$ 123,362	\$ 127,053	\$ 131,633	\$ 136,082	140,696
Board of Education - current expense (\$ 000) (see Note 1)	\$ 236,405	\$ 250,176	\$ 259,094	\$ 272,315	\$ 285,528	296,118
Operating impact of opening schools	\$ -	\$ 1,392	\$ 3,745	\$ 3,879	\$ 878	0
After new schools operating impact	\$ 236,405	\$ 251,568	\$ 262,839	\$ 276,194	\$ 286,406	296,118
Board of Education - current expense/student (\$)	\$ 2,053	\$ 2,005	\$ 2,039	\$ 2,069	\$ 2,098	2,105
After new schools operating impact	\$ 2,005	\$ 2,039	\$ 2,069	\$ 2,098	\$ 2,105	2,105
% change of expense/student	0%	0%	0%	0%	0%	0%

Note 1: The current expense for FY 2006 includes \$3,300,000 reserved to fund dental insurance for WCPSS employees. The Board of Education's budget action included that the \$3,300,000 be requested from the County in order to continue dental benefits to WCPSS employees.

Financial Planning Model—Fund Balance

General Fund - Fund Balance (\$ 000)

	Note Ref.	Historical				Projected					
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fund balance:				(restated)							
Beginning fund balance		\$ 124,957	\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 153,425	\$ 150,568	\$ 142,754	\$ 131,897	\$ 121,953
Appropriated fund balance					-	(14,413)	(10,939)	(8,320)	(8,555)	(8,750)	(8,962)
Anticipated expenditure savings	7					12,988	8,082	8,320	8,555	8,750	8,962
Gap after fund balance appropriation		17,040	(4,007)	4,809	12,051	-	-	(7,814)	(10,857)	(9,944)	(8,217)
Ending fund balance		\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 153,425	\$ 150,568	\$ 142,754	\$ 131,897	\$ 121,953	\$ 113,736
Fund balance as % of revenues		23.9%	22.8%	21.8%	21.0%	20.6%	18.9%	17.3%	14.9%	13.4%	12.1%
Fund balance as % of expenditures		24.6%	22.5%	21.6%	20.4%	19.0%	17.9%	15.8%	14.2%	12.8%	11.5%
Components of fund balance:											
Reserved for inventories	1	\$ 70	\$ 189	\$ 196	\$ 236	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160	\$ 160
Reserved for noncurrent receivable	2	972	923	844	783	744	744	744	744	744	744
Reserved for encumbrances	3	3,783	3,741	3,689	3,621	3,000	3,000	3,000	3,000	3,000	3,000
Reserved by state statute	4	42,759	39,878	52,813	52,669	40,000	40,000	40,000	40,000	40,000	40,000
Designated for subsequent year expenditures					14,413	10,939	8,320	8,555	8,750	8,962	-
Unreserved fund balance	6	94,412	93,259	85,257	83,128	98,582	98,344	90,296	79,244	69,087	69,832
Total		\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 153,425	\$ 150,568	\$ 142,754	\$ 131,897	\$ 121,953	\$ 113,736
Unreserved as a percentage of next year's expenditures		15.4%	14.1%	11.4%	10.9%	12.2%	11.7%	10.0%	8.5%	7.2%	7.1%
Unreserved dollars at 11% of next year's expenditures	5				83,513	88,968	92,323	99,210	102,164	105,213	108,369
Amount in excess of (below) 11% working capital					\$ 14,027	\$ 20,554	\$ 14,341	\$ (359)	\$ (14,170)	\$ (27,164)	\$ (38,537)

Notes:

- 1 - This reserve is to assure that funds are available to replenish inventory of supplies.
- 2 - This reserve is for those receivables that extend beyond one year.
- 3 - Encumbrance reserves are those funds reserved to pay outstanding purchase orders & contracts which were billed but not paid by June 30 of the fiscal year.
- 4 - N.C. General Statutes require governments to reserve "deferred revenues" revenues which are earned by County prior to June 30 yet not received.
- 5 - Typically 11% of the subsequent year's total budget is designated for working capital.
- 6 - Unreserved - designated for working capital plus undesignated component of the fund balance is the amount of funds for which there are no obligations or designations required.
- 7 - Annual budgets assume that the amount of appropriated fund balance representing 2% of non-education, non-capital expenditures will be unspent at the end of the budget year.

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