

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 2007 is 63.4 cents with 16.5 cents dedicated for capital / debt. In FY 2008, the tax rate is assumed to increase to 67.0 cents with the 2.7 cents increased dedicated to capital, adjusting the capital / debt rate to 19.2 cents (28.66% 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 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 56.4 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 16.3 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 \$18,500,000.

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Growth Assumptions

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

- **Property Tax Assessed Value Growth:** 4.9% in FY 2007, 5.0% in FY 2008, 25.3% 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 average 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.

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 2007-2013 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:** 4.9% in FY 2007, 5.0% in FY 2008, 25.3% 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 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.

General Fund Expenditures

- **Community Improvement Plan Impacts:** A component of the capital budget includes projecting the impact of capital projects on the operating budget. The anticipated amounts for 2007 to 2013 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:** 4.0% annual growth for pay and benefits combined over the FY 2006 budget.

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- **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 2007 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 fund balance goals over the model's timeframe.

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

	2007	2008	2009	2010	2011	2012	2013	Total
COUNTY								
SOURCES:								
Bonds - authorized (Libraries)	1,205	3,095	4,323	3,517	-	-	-	12,140
Bonds - issued (Criminal Justice)	-	-	-	-	-	-	-	-
Bonds - issued (Libraries)	-	-	-	-	-	-	-	-
Bonds - authorized / unissued (Open Space)	7,000	6,978	-	-	-	-	-	13,978
Debt - to be authorized (Criminal Justice)	8,174	8,535	17,963	43,713	123,531	125,805	60,300	388,021
Debt - to be authorized (Future Projects)	-	-	-	-	-	-	-	-
Grants	1,163	1,561	-	-	-	-	-	2,724
Municipal Reimbursement	295	309	1,796	1,796	-	-	-	4,196
Water / Sewer loan repayments	631	-	-	-	-	-	-	631
Transfer In - Property tax	22,745	23,878	25,023	25,903	26,814	27,756	28,732	180,851
Interest Income - capital projects	609	386	459	469	758	311	240	3,231
Capital fund balance appropriation	6,457	-	-	-	9,921	1,597	-	17,975
Total County Sources	48,279	44,742	49,564	75,398	161,024	155,469	89,272	623,747
Percent Debt Funded	41%	48%	45%	35%	66%	58%	58%	48%
USES:								
Affordable Housing	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Automation	4,805	2,500	2,500	3,171	2,500	2,500	2,500	20,476
Community Capital Projects	500	500	500	500	500	500	500	3,500
County Building Improvements	11,143	4,248	4,837	4,987	9,994	3,322	3,364	41,895
Criminal Justice	11,633	20,665	31,370	50,225	143,581	146,547	60,837	464,858
In-patient Psychiatric Hospital	6,000	-	-	-	-	-	-	6,000
Libraries	1,552	3,095	4,323	3,517	-	-	-	12,487
Open Space	7,000	6,978	-	-	-	-	-	13,978
Parks & Recreation	475	1,700	1,303	1,250	1,050	1,250	1,050	8,078
Public Safety	974	-	-	800	2,049	-	-	3,823
Water / Sewer	3,197	3,500	3,517	3,517	350	350	350	14,781
Future Bond Funded Projects	-	-	-	-	-	-	-	-
Subtotal	48,279	44,186	49,350	68,967	161,024	155,469	69,601	596,876
Reserved for Future Capital Projects	-	556	214	6,431	-	-	19,671	26,871
Total County Uses	48,279	44,742	49,564	75,398	161,024	155,469	89,272	623,747
FUND BALANCE								
Beginning of Year	15,228	22,556	23,112	23,325	29,756	39,677	41,274	-
Reimbursement from Fire Tax Fund	871	-	-	-	-	-	-	-
Reserved for Future Cap. Projects	-	556	214	6,431	-	-	19,671	-
Fund Balance Appropriated	6,457	-	-	-	9,921	1,597	-	-
End of Year	22,556	23,112	23,325	29,756	39,677	41,274	60,944	-

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

	2007	2008	2009	2010	2011	2012	2012	Total
WAKE TECH								
SOURCES								
Bonds - authorized / unissued	8,490	12,845	9,890	1,490	-	-	-	32,715
Capital Fund Balance Appropriation	750	500	500	500	500	500	500	3,750
Total Wake Tech Uses	9,240	13,345	10,390	1,990	500	500	500	36,465
USES								
Wake Tech Capital Plan	8,490	12,845	9,890	1,490	-	-	-	32,715
General Repairs and Renovations	750	500	500	500	500	500	500	3,750
Total Wake Tech Uses	9,240	13,345	10,390	1,990	500	500	500	36,465
WAKE COUNTY PUBLIC SCHOOLS								
SOURCES:								
Bonds - authorized / unissued	150,000	-	-	-	-	-	-	150,000
Bonds - issued	-	-	-	-	-	-	-	-
Debt - to be authorized	117,000	279,000	333,000	305,000	355,000	413,000	467,000	2,269,000
Lottery Proceeds	9,000	9,000	-	-	-	-	-	18,000
Transfer In - Property tax	-	16,000	30,000	65,000	75,000	105,000	115,000	406,000
Interest Income - capital projects	54	80	94	98	102	107	112	647
State School Building Fund	5,600	5,900	-	-	-	-	-	11,500
Capital fund balance appropriation	-	-	-	-	-	-	-	-
Total Schools Sources	281,654	309,980	363,094	370,098	430,102	518,107	582,112	2,855,147
Percent Debt Funded	95%	94%	0%	86%	90%	97%	97%	86%
USES:								
Plan 2004	155,000	5,900	-	-	-	-	-	160,900
WCPSS 2007-2009 CIP	126,000	304,000	363,000	209,000	48,000	6,000	-	1,056,000
Future Projects	-	-	-	161,000	382,000	512,000	582,000	1,637,000
Subtotal	281,000	309,900	363,000	370,000	430,000	518,000	582,000	2,853,900
Reserved for Future Capital Projects	654	80	94	98	102	107	112	1,247
Total Schools Uses	281,654	309,980	363,094	370,098	430,102	518,107	582,112	2,855,147
FUND BALANCE								
Beginning of Year	1,348	2,002	2,082	2,176	2,274	2,376	2,483	-
Reserved for Future Cap. Projects	654	80	94	98	102	107	112	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
End of Year	2,002	2,082	2,176	2,274	2,376	2,483	2,595	-

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

	2007	2008	2009	2010	2011	2012	2013	Total
TOTAL ALL PROJECTS								
SOURCES:								
Bonds - authorized / unissued	166,695	22,918	14,213	5,007	-	-	-	208,833
Bonds - issued	-	-	-	-	-	-	-	-
Debt - to be authorized	125,174	287,535	350,963	348,713	478,531	538,805	527,300	2,657,021
Water / Sewer Funds	631	-	-	-	-	-	-	631
Transfer In - Property tax	22,745	39,878	55,023	90,903	101,814	132,756	143,732	586,851
Other funds	16,721	17,236	2,349	2,362	860	418	351	40,298
Capital fund balance appropriation	6,457	-	-	-	9,921	1,597	-	17,975
Total All Sources	338,423	367,567	422,548	446,985	591,126	673,576	671,383	3,511,608
Percent Debt Funded	82%	82%	38%	77%	84%	86%	86%	80%
USES:								
County	48,279	44,186	49,350	68,967	161,024	155,469	69,601	596,876
Wake County Public Schools	281,000	309,900	363,000	370,000	430,000	518,000	582,000	2,853,900
Wake Tech	8,490	12,845	9,890	1,490	-	-	-	32,715
Subtotal	337,769	366,931	422,240	440,457	591,024	673,469	651,601	3,483,491
Reserved for Future Capital Projects	654	636	308	6,528	102	107	19,782	28,117
Total All Uses	338,423	367,567	422,548	446,985	591,126	673,576	671,383	3,511,608

FINANCIAL PLANNING MODEL—TAX ASSUMPTIONS

PROPERTY TAXES										
Assumptions:	Percentage	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tax base		\$77,693,000	\$81,543,000	\$102,147,500	\$105,723,000	\$109,423,000	\$113,253,000	\$117,217,000	\$121,320,000	\$125,566,000
Annual growth rate		4.91%	4.96%	25.27%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Tax increase (cents) - Operating		3.00	0.90		1.00		1.50			1.10
Tax increase (cents) - Capital			2.70		5.65		7.48			5.35
Tax rate (cents)		63.40	67.00	56.04	62.69	62.69	71.67	71.67	71.67	78.11
Levy plus \$550 Late List less \$3m rebates		490,124	543,888	569,985	660,305	683,500	809,199	837,608	867,012	978,409
Collection rate		98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Total tax receipts		482,772	535,730	561,435	650,401	673,247	797,061	825,043	854,007	963,732
Revenue per penny		7,615	7,996	10,018	10,375	10,740	11,122	11,512	11,916	12,337
Capital tax rate		16.5	19.20	16.06	21.71	21.71	29.19	29.19	29.19	34.53
Ad valorem tax - capital program		125,642	153,523	160,897	225,224	233,136	324,609	336,005	347,801	426,070
Percent change - ad valorem tax		4.97%	22.19%	4.80%	39.98%	3.51%	39.24%	3.51%	3.51%	22.50%
Ad valorem tax allocation:										
Debt Service Fund		102,897	113,645	105,874	134,321	131,322	191,853	192,273	210,059	295,283
School Capital Projects Fund		-	16,000	30,000	65,000	75,000	105,000	115,000	108,000	100,000
County Capital Projects Fund		22,745	23,878	25,023	25,903	26,814	27,756	28,732	29,742	30,787
Total	100.00%	\$125,642	\$153,523	\$160,897	\$225,224	\$233,136	\$324,609	\$336,005	\$347,801	\$426,070

FINANCIAL PLANNING MODEL—DEBT SERVICE FUND

Assumptions:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sales tax annual growth rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment rate	4.00%	4.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Tax-exempt variable interest rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

DEBT SERVICE REVENUES

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ad valorem tax	102,866	113,645	105,874	134,321	131,322	191,853	192,273	210,059	295,283	359,152	393,507
Sales Tax: Article 40 & 42	18,500	19,240	20,010	20,810	21,642	22,508	23,408	24,345	25,319	26,331	27,385
Transfer from Major Facilities Fund	991	991	991	991	991	991	991	991	991	79	
Transfer from Fire Tax District Premium	472										
Lottery Proceeds	-	-	-	-	-	-	-	-	-	-	-
Interest income - COPs proceeds		184	310	714	1,913	3,105	2,459	880	(0)	(0)	(0)
Interest income - general fund	6,046	6,046	6,802	6,802	6,802	6,802	7,000	7,001	7,002	7,003	7,004
Plus interest income - debt service fund	1,194	2,760	4,063	3,903	4,943	3,851	5,120	3,878	2,952	2,984	5,944
Total Debt Service Revenues	130,069	142,866	147,958	178,135	178,738	240,791	243,517	260,032	345,070	409,747	448,748

DEBT SERVICE EXPENDITURES

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contribution to refundings (net)	-	-	-	-	-	-	-	-	-	-	-
Five County Stadium financing agreement	991	991	991	991	991	991	991	991	991	79	
G.O. debt service (DS)	125,854	119,965	149,491	151,455	196,673	198,693	246,317	248,123	310,020	311,284	364,867
COPS debt service (Schools)	-	-	-	-	-	-	-	-	-	-	-
COPS debt service (Crim Just)	-	384	785	2,326	5,096	12,655	23,562	31,242	33,113	32,353	31,593
Variable-rate bond fees**											
Other Fees and Costs	898										
Consultant fees	84	84	84	84	84	84	84	84	84	84	84
QZAB debt service	163	163	163	163	163	163	163	163	163	163	163
Total Debt Service Expenditures	127,990	121,588	151,515	155,019	203,008	212,587	271,117	280,604	344,372	343,964	396,708
Revenues in excess (less than) expenditures	2,079	21,278	(3,557)	23,116	(24,270)	28,204	(27,601)	(20,572)	698	65,784	52,041
Adjust to actual											
Fund Balance - beginning of year	66,930	69,009	90,287	86,730	109,846	85,576	113,780	86,179	65,607	66,305	132,089
Fund Balance - end of year	69,009	90,287	86,730	109,846	85,576	113,780	86,179	65,607	66,305	132,089	184,129
Ending balance as % of next year's G.O. DS	57.3%	60.1%	56.4%	54.4%	40.5%	42.2%	30.8%	19.1%	19.3%	33.3%	47.6%

*Remarketing, liquidity, rating and trustee fees.

FINANCIAL PLANNING MODEL—GENERAL FUND REVENUES

<i>General Fund Revenues (\$ 000)</i>	Growth Rates for Forecast				Forecast					
	2008	2009	2010	2011	2006 Current Budget	2007 Recom'd	2008	2009	2010	2011
Taxes										
Ad valorem - current at \$0.604 tax rate	5.0%	25.3%	3.5%	3.5%	443,670	488,853	538,139	563,950	583,775	712,819
Business Incentive Investments					1,250	1,400	1,400	1,400	1,400	1,400
Other taxes	0.0%	0.0%	0.0%	0.0%	1,375	2,000	2,000	2,000	2,000	2,000
Penalties and interest	0.0%	0.0%	0.0%	0.0%	2,200	2,500	2,525	2,550	2,576	2,602
Lease/rental vehicle tax	1.0%	1.0%	1.0%	1.0%	137,811	141,920	147,597	153,501	159,641	166,026
Sales tax	4.0%	4.0%	4.0%	4.0%	1,148	1,148	1,148	1,148	1,148	1,148
Pilot	0.0%	0.0%	0.0%	0.0%	8,500	14,400	14,688	14,982	15,281	15,587
Real property transfer (excise) tax	2.0%	2.0%	2.0%	2.0%						
Total Taxes					595,954	652,221	708,812	740,884	767,261	903,161
Federal Shared										
Human Services - Federal only	3.0%	3.0%	3.0%	3.0%	5,977	5,669	5,839	6,014	6,195	6,381
Other	0.0%	0.0%	0.0%	0.0%	7,311	3,254	3,254	3,254	3,254	3,254
Total Federal Shared					13,288	8,923	9,093	9,268	9,449	9,635
State Shared										
Human Services	3.0%	3.0%	3.0%	3.0%	98,447	95,512	98,377	101,329	104,369	107,500
Other	3.0%	3.0%	3.0%	3.0%	1,672	1,765	1,818	1,872	1,929	1,987
Total State Shared					100,119	97,277	100,195	103,201	106,297	109,486
Local Shared										
Human Services	0.0%	0.0%	0.0%	0.0%	972	972	972	972	972	972
Board of Alcohol Control	0.0%	0.0%	0.0%	0.0%	2,165	3,065	3,065	3,065	3,065	3,065
Other	0.0%	0.0%	0.0%	0.0%	231	218	218	218	218	218
Total Local Shared					3,368	4,255	4,255	4,255	4,255	4,255
Licenses & Permits	2.0%	2.0%	2.0%	2.0%	3,956	3,743	3,818	3,894	3,972	4,052

FINANCIAL PLANNING MODEL—GENERAL FUND REVENUES

Growth Rates for Forecast					Forecast							
					2006 Current							
					Budget	2007 Recom'd	2008	2009	2010	2011		
2008	2009	2010	2011									
Charges for Services												
Bureau of ID	0.0%	0.0%	0.0%	0.0%	1,044	657	657	657	657	657		
Community Services	0.0%	0.0%	0.0%	0.0%	732	967	967	967	967	967		
Environmental Services	2.0%	2.0%	2.0%	2.0%	569	729	744	758	774	789		
General Services Admin	0.0%	0.0%	0.0%	0.0%	1,551	1,651	1,651	1,651	1,651	1,651		
HS - Mental Health	1.0%	1.0%	1.0%	1.0%	49,400	28,451	28,736	29,023	29,313	29,606		
HS - Other	0.0%	0.0%	0.0%	0.0%	112	131	131	131	131	131		
HS - Public Health	1.0%	1.0%	1.0%	1.0%	9,710	10,651	10,758	10,865	10,974	11,083		
HS - Social Services	0.0%	0.0%	0.0%	0.0%	523	570	570	570	570	570		
Libraries	0.0%	0.0%	0.0%	0.0%	2,296	1,920	1,920	1,920	1,920	1,920		
Other	0.0%	0.0%	0.0%	0.0%	1,222	1,179	1,179	1,179	1,179	1,179		
Parks & Recreation	0.0%	0.0%	0.0%	0.0%	775	775	775	775	775	775		
Planning / Developmental Services	0.0%	0.0%	0.0%	0.0%	6,545	6,750	6,750	6,750	6,750	6,750		
Public Safety	3.0%	3.0%	3.0%	3.0%	7,695	7,950	8,189	8,434	8,687	8,948		
Register of Deeds	3.0%	3.0%	3.0%	3.0%	3,067	3,464	3,568	3,675	3,785	3,899		
Rental / Lease Income	2.0%	2.0%	2.0%	2.0%	844	854	871	889	906	924		
Sheriff	2.0%	2.0%	2.0%	2.0%	223	3,211	3,275	3,341	3,408	3,476		
Tax Collection Fees	3.0%	3.0%	3.0%	0.0%	357	354	365	376	387	387		
Vending Income	2.0%	2.0%	2.0%	2.0%	473	528	539	549	560	572		
Total Charges for Services					87,138	70,792	71,643	72,510	73,394	74,284		
Miscellaneous	0.0%	0.0%	0.0%	0.0%	568	323	323	323	323	323		
Transfer in	Footnote	1	2.0%	2.0%	2.0%	2.0%	1,023	1,118	1,140	1,163	1,186	1,210
Interest on investments					77	176	176	176	176	176		
Proceeds from Capital Leases					0	0	0	0	0	0		
Appropriated Fund Balance					21,766	13,017						
Total revenues	Footnote	2				\$ 827,257	\$ 851,845	\$ 899,455	\$ 935,674	\$ 966,314	\$ 1,106,581	

Percentage Increase 2.6% 5.9% 4.0% 3.3% 14.5%

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						
	2008	2009	2010	2011	2006 Current	2007	2008	2009	2010	2011	
					Budget	Recom'd					
General Administration											
Board of Commissioners	0.0%	0.0%	0.0%	0.0%	471	451	451	451	451	451	
Board of Elections	0.0%	0.0%	0.0%	0.0%	2,535	1,953	1,953	1,953	1,953	1,953	
Budget & Management Services	0.0%	0.0%	0.0%	0.0%	564	783	783	783	783	783	
Contingencies & Reserve	0.0%	0.0%	0.0%	0.0%	329	425	425	425	425	425	
County Attorney	0.0%	0.0%	0.0%	0.0%	1,121	1,153	1,153	1,153	1,153	1,153	
County Manager	0.0%	0.0%	0.0%	0.0%	940	1,186	1,186	1,186	1,186	1,186	
Facilities Design & Construction	0.0%	0.0%	0.0%	0.0%	1,036	1,103	1,103	1,103	1,103	1,103	
Finance	0.0%	0.0%	0.0%	0.0%	2,412	2,415	2,415	2,415	2,415	2,415	
General Services	0.0%	0.0%	0.0%	0.0%	23,083	25,142	25,142	25,142	25,142	25,142	
Human Resources	0.0%	0.0%	0.0%	0.0%	1,510	1,552	1,552	1,552	1,552	1,552	
Information Services	0.0%	0.0%	0.0%	0.0%	8,780	9,652	9,652	9,652	9,652	9,652	
Non-Departmental	0.0%	0.0%	0.0%	0.0%	3,657	3,281	3,281	3,281	3,281	3,281	
Planning	0.0%	0.0%	0.0%	0.0%	1,454	1,532	1,532	1,532	1,532	1,532	
Register of Deeds	0.0%	0.0%	0.0%	0.0%	2,859	2,943	2,943	2,943	2,943	2,943	
Revenue	0.0%	0.0%	0.0%	0.0%	4,559	4,646	4,646	4,646	4,646	4,646	
Total General Administration					55,310	58,217	58,217	58,217	58,217	58,217	
Human Services											
Human Services - County Funds	1.0%	1.0%	1.0%	1.0%	79,316	89,916	90,815	91,723	92,641	93,567	
Human Services - Non-county Funds	3.0%	3.0%	3.0%	3.0%	165,290	146,029	150,410	154,922	159,570	164,357	
Medical Examiner	0.0%	0.0%	0.0%	0.0%	200	200	200	200	200	200	
Total Human Services					244,806	236,145	241,425	246,845	252,410	258,124	
Community Services	0.0%	0.0%	0.0%	0.0%	20,511	22,018	22,018	22,018	22,018	22,018	
Environmental Services	0.0%	0.0%	0.0%	0.0%	8,279	8,498	8,498	8,498	8,498	8,498	
Sheriff	0.0%	0.0%	0.0%	0.0%	50,303	54,854	54,854	54,854	54,854	54,854	
Public Safety	0.0%	0.0%	0.0%	0.0%	29,899	27,354	27,354	27,354	27,354	27,354	
Business Incentive Grants							792	601	640	595	

FINANCIAL PLANNING MODEL—GENERAL FUND EXPENDITURES

	Growth Rates for Forecast				Forecast						
	2008	2009	2010	2011	2006 Current Budget	2007 Recom'd	2008	2009	2010	2011	
Transfers											
Transfers to debt service - 16.5 cents	CIP	CIP	CIP	CIP	95,271	102,866	113,645	105,874	134,321	131,322	
Transfers to debt service - sales tax	CIP	CIP	CIP	CIP	18,737	18,500	19,240	20,010	20,810	21,642	
Transfers to capital - 16.5 cents	CIP	CIP	CIP	CIP	24,517	22,745	39,878	55,023	90,903	101,814	
Transfers - Risk Mgmt					5,133	2,468	3,000	3,000	3,000	3,000	
Transfers - Reval	0.0%	0.0%	0.0%	0.0%	975	1,100	1,100	1,100	1,100	1,100	
Total Transfers					144,633	147,679	176,863	185,006	250,134	258,878	
Encumbrance Carryover from Prior Year											
Capital Leases											
County Base					559,449	554,765	590,021	603,393	674,125	688,538	
Salary and Benefits (see separate schedule)	3.5%	3.5%	3.5%	3.5%		5,900	12,294	18,987	25,959	27,753	
Non-Salary Expenditures (see separate schedule)	2.0%	2.0%	2.0%	2.0%			1,000	2,020	3,060	4,122	
Less: Year-end encumbrances											
Capital Budget Impacts											
Parks facilities	CIP	CIP	CIP	CIP	-	-	-	-	-	-	
Libraries	CIP	CIP	CIP	CIP	-	-	62	526	1,654	2,179	
Regional Centers	CIP	CIP	CIP	CIP	-	-	2,729	2,729	2,729	2,809	
Wake Tech					-	-	(48)	259	235	211	
Total Capital Budget Impacts					-	-	2,743	3,514	4,618	5,199	
Education											
Board of Education (Footnote 1)	ADM	ADM	ADM	ADM	254,376	275,867	300,146	321,607	344,858	370,377	
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%	13,022	14,903	15,350	15,811	16,285	16,773	
Total Education					267,808	291,180	315,906	337,828	361,553	387,561	
Total expenditures and transfers											
					\$ 827,257	\$ 851,845	\$ 921,964	\$ 965,743	\$ 1,069,316	\$ 1,113,171	
Revenues (from Revenue Sheet)											
					\$ 827,257	\$ 851,845	\$ 897,040	\$ 933,153	\$ 1,033,103	\$ 1,066,922	
Revenues greater than (less) expenditures											
					\$ -	\$ -	\$ (24,924)	\$ (32,590)	\$ (36,213)	\$ (46,250)	
Fund balance appropriation (based on 2% of non-school / non-CIP expenditures)							8,584	8,858	9,153	9,335	
Gap					-	-	(16,340)	(23,732)	(27,060)	(36,915)	

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						
	2006 (Actual)	2007	2008	2009	2010	2011	2012
Selected expenditure assumptions:							
WCPSS Enrollment (Per Student Population Projection Model)	120,504	127,564	134,636	142,881	151,324	160,763	168,089
Charter Schools Enrollment	4,235	4,573	5,030	5,533	6,086	6,695	6,695
Wake County Schools Student Population	124,739	132,137	139,666	148,414	157,410	167,458	174,784
Board of Education - current expense (\$ 000)	\$ 254,376	\$ 272,338	\$ 291,586	\$ 318,946	\$ 341,101	\$ 366,872	\$ 386,580
Operating impact of opening schools	\$ -	\$ 3,529	\$ 8,560	\$ 2,662	\$ 3,757	\$ 3,505	\$ 2,709
After new schools operating impact	\$ 254,376	\$ 275,867	\$ 300,146	\$ 321,607	\$ 344,858	\$ 370,377	\$ 389,289
Board of Education - current expense/student (\$)	\$ 2,005	\$ 2,039	\$ 2,088	\$ 2,149	\$ 2,167	2,191	2,212
After new schools operating impact	\$ 2,039	\$ 2,088	\$ 2,149	\$ 2,167	\$ 2,191	2,212	2,227
% change of expense/student	0%	0%	0%	0%	0%	0%	0%

FINANCIAL PLANNING MODEL—FUND BALANCE

General Fund - Fund Balance (\$ 000)

	Historical					Projected					
	2001	2002	2003 (restated)	2004	2005	2006	2007	2008	2009	2010	2011
Fund balance:											
Beginning fund balance	\$ 124,957	\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 164,617	\$ 142,851	\$ 129,834	\$ 113,494	\$ 89,762	\$ 62,702
Appropriated fund balance				-		(21,766)	(13,017)	(8,584)	(8,858)	(9,153)	(9,335)
Anticipated expenditure savings (footnote 7)						-	-	8,584	8,858	9,153	9,335
Gap after fund balance appropriation	17,040	(4,007)	4,809	12,051	9,767	-	-	(16,340)	(23,732)	(27,060)	(36,915)
Ending fund balance	\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 164,617	\$ 142,851	\$ 129,834	\$ 113,494	\$ 89,762	\$ 62,702	\$ 25,787
Fund balance as % of revenues	23.9%	22.8%	21.8%	19.4%	19.9%	16.8%	14.5%	12.2%	8.7%	5.9%	2.3%
Fund balance as % of expend.	24.6%	22.5%	21.6%	18.7%	19.4%	16.8%	14.1%	11.8%	8.4%	5.6%	2.2%
Components of fund balance:											
Reserved for inventories (footnote 1)	\$ 70	\$ 189	\$ 196	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236
Reserved for noncurrent receivable (footnote 2)	972	923	844	783	740	740	740	740	740	740	740
Reserved for encumbrances (footnote 3)	3,783	3,741	3,689	3,621	5,645	3,000	3,000	3,000	3,000	3,000	3,000
Reserved by state statute (footnote 4)	42,759	39,878	52,813	52,669	55,333	56,000	56,000	56,000	56,000	56,000	56,000
Designated for subsequent year expenditures				-	10,939	13,017	8,584	8,858	9,153	9,335	8,005
Unreserved fund balance (footnote 6)	94,412	93,259	85,257	97,541	91,724	69,858	61,274	44,659	20,633	(6,609)	(42,195)
Total	\$ 141,997	\$ 137,990	\$ 142,799	\$ 154,850	\$ 164,617	\$ 142,851	\$ 129,834	\$ 113,494	\$ 89,762	\$ 62,702	\$ 25,787
Unreserved as a % of next year's expend.	15.4%	14.1%	10.5%	11.8%	10.8%	8.2%	6.6%	4.6%	1.9%	-0.6%	-3.7%
Unreserved \$ at 11% of next year's expenditures (footnote 5)				90,998	93,387	93,703	101,416	106,232	117,625	122,449	126,122
Amount in excess of (needed for maintaining) 11% working capital				\$ 6,542	\$ 9,276	\$ (10,828)	\$ (31,558)	\$ (52,714)	\$ (87,839)	\$ (119,723)	\$ (160,312)
Unreserved as a % of next year's non-capital expend.				13.8%	12.7%	9.6%	8.0%	5.5%	2.4%	-0.8%	-5.1%

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.