

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 2008 is 67 cents with 19.2 cents dedicated for capital / debt.

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 56. 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 16.9 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 approximately \$24 million.

FINANCIAL PLANNING MODEL

Growth Assumptions

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

- **Property Tax Assessed Value Growth:** 4.2% in FY 2008, 29% in FY 2009 (revaluation year) and 3.5% annually from FY 2010 to FY 2020.
- **Sales Tax Growth:** 4.5% annual growth each year with the FY 2007 budget serving as the base.
- **Interest rate on Future Debt Issuance:** Based on 4.75% 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 (2007 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 2012 (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 2008-2014 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:** 4.2% in FY 2008, 29% in FY 2009 (revaluation year) and 3.5% annually from FY 2010 to FY 2020.
- **Sales Tax Growth:** 4.5% annual growth each year with the FY 2007 budget serving as the base.
- **Human Services Revenues:** 2% annual growth over the FY 2007 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 2008 to 2014 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 2007 budget.

FINANCIAL PLANNING MODEL

- **Contractual Increases:** The County operates under many long-term contracts. A contract increase of \$1 million is assumed for each year beyond the FY 2007 budget.
- **Human Services:** 2% 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 2008 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 impacts of the County not adhering to its fund balance goals over the model's timeframe.

Interpreting Results

When reviewing the financial model, it is important to note that the results are used to indicate where potential financial problems will exist in order to be able to plan in well in advance to make the necessary changes so that the issues do not occur. For example, the County would not deplete its operating fund balance as the model assumes, but would make decisions in advance to structurally balance the General Fund so that the financial situations presented in the model will not occur. With respect to the capital portion of the model, it predicts the level of tax increases that will be needed to support our infrastructure plans so that plans may be scaled back or that the public is aware, in advance, of what taxes required to support the capital plan.

At the Board of Commissioners annual retreat, the financial model is presented in detail as serves as the basis for financial policy discus-

sions. County management is able to present potential solutions that are then incorporated into annual budget development.

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

COUNTY CAPITAL								
<i>(in thousands)</i>								
	2008	2009	2010	2011	2012	2013	2014	Total
SOURCES:								
Bonds - authorized/unissued (Libraries)	-	-	2,000	-	-	-	-	2,000
Bonds - issued (Libraries)	3,095	4,323	1,517	-	-	-	-	8,935
COPs - to be authorized (Criminal Justice)	11,835	16,963	43,713	122,881	127,155	57,019	-	379,566
Bonds - to be authorized - Future Referenda	12,350	88,200	43,000	19,500	23,950	-	-	187,000
Other Sources	3,746	2,126	1,726	-	-	-	-	7,598
Water / Sewer loan repayments	737	-	-	-	-	-	-	737
Transfer In - Property Tax	39,378	41,623	30,903	26,814	27,756	28,732	29,742	224,948
Interest Income - capital projects	2,382	2,452	2,189	2,342	2,105	2,125	2,570	16,166
Reserved for Future Projects Appropriation	-	11,074	-	9,954	-	-	-	21,028
Total County Sources	73,523	166,761	125,048	181,491	180,966	87,876	32,312	847,978
Percent Debt Funded	37%	66%	72%	78%	83%	65%	0%	68%
USES:								
Affordable Housing	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Automation	4,108	3,500	3,421	2,500	2,500	2,500	2,500	21,029
Community Capital Projects	555	500	500	500	500	500	500	3,555
County Building Improvements	4,729	5,348	5,056	10,296	3,352	3,386	3,551	35,718
Criminal Justice	25,214	31,661	50,434	142,641	145,666	58,789	1,885	456,290
Mental Health Continuum of Care	5,000	-	-	-	-	-	-	5,000
Libraries	3,095	4,323	3,517	-	-	-	-	10,935
Parks & Recreation	1,750	1,150	1,325	1,075	1,250	1,050	1,250	8,850
Public Safety	5,395	9,900	800	2,049	-	-	-	18,144
Water / Sewer	7,047	3,079	3,079	430	430	405	100	14,570
Transfer to Wake Tech Capital Fund	1,500	1,500	1,500	1,500	1,500	1,500	1,500	12,000
Future Projects Funded with Bonds	13,750	104,800	48,000	19,500	23,950	-	-	210,000
Subtotal	73,143	166,761	118,632	181,491	180,148	69,130	12,286	791,091
Reserved for Future Capital Projects	380	-	6,416	-	818	18,746	20,026	46,387
Total County Uses	73,523	166,761	125,048	181,491	180,966	87,876	32,312	837,478
UNCOMMITTED FUNDS								
Beginning of Year	18,419	21,401	10,327	16,744	6,789	7,608	26,354	-
Project Close Outs	2,602	-	-	-	-	-	-	-
Reserved for Future Cap. Projects	380	-	6,416	-	818	18,746	20,026	-
Reserved for Future Projects Appropriation	-	(11,074)	-	(9,954)	-	-	-	-
End of Year	21,401	10,327	16,744	6,789	7,608	26,354	46,380	-

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

PUBLIC SCHOOLS CAPITAL								
<i>(in thousands)</i>								
	2008	2009	2010	2011	2012	2013	2014	Total
SOURCES:								
Bonds - to be authorized (GO & Lottery)	279,000	333,000	212,000	306,000	409,000	466,000	476,000	2,481,000
Lottery Proceeds	8,000	-	-	-	-	-	-	8,000
Transfer In - Ad valorem tax	16,000	30,000	47,000	82,000	103,000	117,000	119,000	514,000
Interest Income - capital projects	254	218	229	240	251	263	276	1,731
State School Building Fund	5,900	-	-	-	-	-	-	5,900
Reserved for Future Projects Appropriation	746	-	-	-	-	-	-	746
Total Schools Sources	309,900	363,218	259,229	388,240	512,251	583,263	595,276	3,011,377
Percent Debt Funded	90%	92%	82%	79%	80%	80%	80%	82%
USES:								
Plan 2004	5,900	-	-	-	-	-	-	5,900
WCPS 2007-2009 CIP	304,000	363,000	98,000	7,000	-	-	-	772,000
Future Projects	-	-	161,000	381,000	512,000	583,000	595,000	2,232,000
Subtotal	309,900	363,000	259,000	388,000	512,000	583,000	595,000	3,009,900
Reserved for Future Capital Projects	-	218	229	240	251	263	276	1,477
Total Schools Uses	309,900	363,218	259,229	388,240	512,251	583,263	595,276	3,011,377
UNCOMMITTED FUNDS								
Beginning of Year	5,346	4,600	4,818	5,047	5,287	5,538	5,801	
Reserved for Future Cap. Projects	-	218	229	240	251	263	276	
Reserved for Future Projects Appropriation	(746)	-	-	-	-	-	-	
End of Year	4,600	4,818	5,047	5,287	5,538	5,801	6,076	

WAKE TECH CAPITAL								
<i>(in thousands)</i>								
	2008	2009	2010	2011	2012	2013	2014	Total
SOURCES								
Bonds - authorized/unissued	12,845	9,890	1,490	-	-	-	-	24,225
Transfer from County Capital Projects	1,500	1,500	1,500	1,500	1,500	1,500	-	9,000
Total Sources	14,345	11,390	2,990	1,500	1,500	1,500	-	33,225
USES								
Wake Tech Bond Funded Projects	12,845	9,890	1,490	-	-	-	-	24,225
Wake Tech Minor Capital	1,000	1,000	1,000	1,000	1,000	1,000	-	6,000
Wake Tech General Repairs / Renovations	500	500	500	500	500	500	-	3,000
Total Uses	14,345	11,390	2,990	1,500	1,500	1,500	-	33,225

Note: Amount of 2007 Bond Referendum is currently included in County Capital for ease of modeling. Will be moved to this section if approved.

FINANCIAL PLANNING MODEL—CAPITAL PROJECTS SUMMARY

TOTAL ALL PROJECTS								
<i>(in thousands)</i>								
	2008	2009	2010	2011	2012	2013	2014	Total
SOURCES:								
Bonds - authorized/unissued	12,845	9,890	3,490	-	-	-	-	26,225
WCPSS CIP 2006 Bonds - authorized/unissued	279,000	333,000	212,000	306,000	409,000	466,000	476,000	2,481,000
Bonds to be authorized	12,350	88,200	43,000	19,500	23,950	-	-	187,000
COPs - County - to be authorized	11,835	16,963	43,713	122,881	127,155	57,019	-	379,566
Lottery Proceeds	8,000	-	-	-	-	-	-	8,000
Bonds - issued	3,095	4,323	1,517	-	-	-	-	8,935
Water / Sewer Funds	737	-	-	-	-	-	-	737
Transfer In - Ad Valorem Tax	55,378	71,623	77,903	108,814	130,756	145,732	148,742	738,948
Other funds	12,282	4,797	4,144	2,582	2,357	2,388	2,846	31,395
Capital fund balance appropriation, net of reimbursements	2,246	12,574	1,500	11,454	1,500	1,500	-	30,774
Total All Sources	397,768	541,369	387,267	571,231	694,718	672,639	627,588	3,892,579
Percent Debt Funded	80%	84%	78%	78%	81%	78%	76%	79%
USES:								
County	73,143	166,761	118,632	181,491	180,148	69,130	12,286	801,591
Public Schools	309,900	363,000	259,000	388,000	512,000	583,000	595,000	3,009,900
Wake Tech	14,345	11,390	2,990	1,500	1,500	1,500	-	33,225
Subtotal	397,388	541,151	380,622	570,991	693,648	653,630	607,286	3,844,716
Reserved for Future Capital Projects	380	218	6,645	240	1,070	19,009	20,302	47,863
Total All Uses	397,768	541,369	387,267	571,231	694,718	672,639	627,588	3,892,579
UNCOMMITTED FUNDS								
Beginning of Year	21,015	21,750	9,395	14,540	3,326	2,896	20,404	
Project Close Outs	2,602	-	-	-	-	-	-	
Reserved for Future Cap. Projects	380	218	6,645	240	1,070	19,009	20,302	
Reserved for Future Projects Appropriation	(2,246)	(12,574)	(1,500)	(11,454)	(1,500)	(1,500)	-	
End of Year	21,750	9,395	14,540	3,326	2,896	20,404	40,706	

FINANCIAL PLANNING MODEL—TAX ASSUMPTIONS

<i>(in thousands)</i>	PROPERTY TAXES									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assumptions:										
Tax base	\$78,842,363	\$82,175,405	\$106,085,640	\$109,799,000	\$113,642,000	\$117,619,000	\$121,736,000	\$125,997,000	\$130,407,000	\$134,971,000
Annual growth rate	6.46%	4.23%	29.10%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Tax increase (cents) - Operating	3.00	1.70	0.31	0.46	0.42	0.52	0.69	0.47	0.64	0.30
Tax increase (cents) - Capital		2.70	1.35	5.63		7.13			4.04	
Tax rate (cents)	63.40	67.80	56.68	62.78	63.19	70.85	71.53	72.00	76.68	76.98
Levy plus \$550 Late List less \$3m rebates	497,411	553,459	598,881	686,820	715,674	830,836	868,375	904,717	997,466	1,036,511
Collection rate	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%	98.50%
Total tax receipts	489,949	545,157	589,898	676,517	704,938	818,373	855,349	891,146	982,504	1,020,963
Revenue per penny	7,764	8,092	10,447	10,813	11,191	11,583	11,989	12,408	12,843	13,292
Capital tax rate	16.5	19.20	16.93	22.56	22.56	29.69	29.69	29.69	33.73	33.73
Ad valorem tax - capital program	128,099	155,364	176,868	243,907	252,446	343,870	355,909	368,369	433,165	448,327
Percent change - ad valorem tax	7.02%	21.28%	13.84%	37.90%	3.50%	36.22%	3.50%	3.50%	17.59%	3.50%
Ad valorem tax allocation:										
Debt Service Fund	105,354	99,986	105,245	166,004	143,632	213,114	210,177	219,627	302,378	366,458
School Capital Projects Fund	-	16,000	30,000	47,000	82,000	103,000	117,000	119,000	100,000	50,000
County Future Referenda - 20% Cash		16,900	16,600	5,000	-	-	-	-	-	-
County Capital Projects Fund	22,745	22,478	25,023	25,903	26,814	27,756	28,732	29,742	30,787	31,869
Total	\$128,099	\$155,364	\$176,868	\$243,907	\$252,446	\$343,870	\$355,909	\$368,369	\$433,165	\$448,327

FINANCIAL PLANNING MODEL—DEBT SERVICE FUND

<i>(in thousands)</i>	DEBT SERVICE FUND									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assumptions:										
Sales tax annual growth rate		4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Investment rate	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Tax-exempt variable interest rate	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
DEBT SERVICE REVENUES										
Ad valorem tax	102,866	99,986	105,245	166,004	143,632	213,114	210,177	219,627	302,378	366,458
Sales Tax: Article 40 & 42	18,500	24,017	25,098	26,227	27,407	28,641	29,930	31,276	32,684	34,155
Transfer from Major Facilities Fund	991	991	991	991	991	991	991	991	991	79
Transfer from Fire Tax District	472	745	745	745	745	745	745	745	745	745
Lottery Proceeds			8,909	9,595	10,125	10,631	11,163	11,721	12,307	12,922
Bond premium	28,626									
Interest income - bond proceeds	2,865	7,439	9,881	7,801	8,649	11,780	14,008	14,778	13,842	9,522
Interest income - COPs proceeds	94		368	738	2,014	3,285	2,584	880	(0)	(0)
Interest income - general fund	8,163	7,064	7,064	7,064	7,064	7,064	7,064	7,064	7,064	7,064
Plus interest income - debt service fund	1,706	4,998	4,881	4,330	5,320	4,231	5,362	5,296	3,311	3,587
Total Debt Service Revenues	164,282	145,239	163,182	223,496	205,947	280,482	282,023	292,377	373,320	434,532
DEBT SERVICE EXPENDITURES										
Five County Stadium	991	991	991	991	991	991	991	991	991	79
G.O. debt service (DS)	122,470	142,792	172,267	198,845	222,311	242,560	268,835	290,938	333,064	364,841
COPS debt service (Crim Just)	-		1,289	2,570	5,309	12,882	23,870	31,469	33,191	32,426
Administrative Costs	982	1,984	84	84	84	84	84	84	84	84
QZAB debt service	163	163	163	163	163	163	163	163	163	163
Total Debt Service Expenditures	124,607	145,930	174,795	202,654	228,859	256,680	293,944	323,646	367,494	397,593
Revenues in excess (less than) expenditures	39,676	(691)	(11,613)	20,842	(22,912)	23,802	(11,921)	(31,268)	5,826	36,939
Fund Balance - beginning of year	63,782	103,458	102,767	91,154	111,996	89,083	112,885	100,965	69,696	75,523
Fund Balance - end of year	103,458	102,767	91,154	111,996	89,083	112,885	100,965	69,696	75,523	112,462
	72.5%	59.2%	45.3%	49.2%	34.9%	38.6%	31.3%	19.0%	19.0%	27.2%

FINANCIAL PLANNING MODEL—GENERAL FUND REVENUES

<i>(in thousands)</i>	Growth Rates for Forecast							Forecast			
	2009	2010	2011	2012	2006 Actual	2007 Adopted	2008 Adopted	2009	2010	2011	2012
	Taxes										
Ad valorem - current	29.1%	3.5%	3.5%	3.5%	449,000	488,853	551,440	589,898	676,517	704,938	818,373
Other taxes	0.0%	0.0%	0.0%	0.0%	1,486	1,400	0	0	0	0	0
Penalties and interest	0.0%	0.0%	0.0%	0.0%	2,308	2,000	2,500	2,500	2,500	2,500	2,500
Lease/rental vehicle tax	1.0%	1.0%	1.0%	1.0%	2,408	2,500	2,500	2,525	2,550	2,576	2,602
Sales tax	4.5%	4.5%	4.5%	4.5%	136,560	141,920	157,228	164,303	171,697	179,423	187,497
Pilot	0.0%	0.0%	0.0%	0.0%	1,147	1,148	1,201	1,201	1,201	1,201	1,201
Real property transfer (excise) tax	2.0%	2.0%	2.0%	2.0%	10,608	14,400	12,300	12,546	12,797	13,053	13,314
Total Taxes					603,517	652,221	727,169	772,973	867,262	903,691	1,025,487
Federal Shared											
Human Services - Federal only	0.0%	0.0%	0.0%	0.0%	4,963	5,669	4,492	4,492	4,492	4,492	4,492
Other	0.0%	0.0%	0.0%	0.0%	7,031	3,254	728	728	728	728	728
Total Federal Shared					11,994	8,923	5,220	5,220	5,220	5,220	5,220
State Shared											
Human Services	2.0%	2.0%	2.0%	2.0%	99,097	95,512	104,937	107,036	109,176	111,360	113,587
Other	0.0%	0.0%	0.0%	0.0%	1,854	1,765	4,787	4,787	4,787	4,787	4,787
Total State Shared					100,951	97,277	109,724	111,823	113,963	116,147	118,374
Local Shared											
Human Services	0.0%	0.0%	0.0%	0.0%	1,052	972	214	214	214	214	214
Board of Alcohol Control	0.0%	0.0%	0.0%	0.0%	3,065	3,065	3,065	3,065	3,065	3,065	3,065
Other	0.0%	0.0%	0.0%	0.0%	385	218	201	201	201	201	201
Total Local Shared					4,502	4,255	3,480	3,480	3,480	3,480	3,480
Licenses & Permits	2.0%	2.0%	2.0%	2.0%	4,455	3,743	4,347	4,434	4,523	4,613	4,705

FINANCIAL PLANNING MODEL—GENERAL FUND REVENUES

<i>(in thousands)</i>	Growth Rates for Forecast							Forecast			
	2009	2010	2011	2012	2006 Actual	2007 Adopted	2008 Rec'd	2009	2010	2011	2012
Charges for Services											
Bureau of ID	0.0%	0.0%	0.0%	0.0%	780	775	775	775	775	775	775
CS - IDPP	0.0%	0.0%	0.0%	0.0%	740	658	932	932	932	932	932
CS - Libraries	0.0%	0.0%	0.0%	0.0%	619	729	735	735	735	735	735
CS - Parks & Recreation	0.0%	0.0%	0.0%	0.0%	121	131	115	115	115	115	115
Environmental Services	2.0%	2.0%	2.0%	2.0%	1,273	1,179	1,279	1,305	1,331	1,357	1,384
General Services Admin	0.0%	0.0%	0.0%	0.0%	1,703	1,651	1,653	1,653	1,653	1,653	1,653
HS - Mental Health	1.0%	1.0%	1.0%	1.0%	40,601	28,451	8,069	8,150	8,231	8,313	8,397
HS - Other	0.0%	0.0%	0.0%	0.0%	554	570	381	381	381	381	381
HS - Public Health	1.0%	1.0%	1.0%	1.0%	10,568	10,651	11,108	11,219	11,331	11,445	11,559
HS - Social Services	0.0%	0.0%	0.0%	0.0%	2,333	3,211	4,363	4,363	4,363	4,363	4,363
Other	0.0%	0.0%	0.0%	0.0%	1,998	1,919	3,499	3,499	3,499	3,499	3,499
Planning / Developmental Services	0.0%	0.0%	0.0%	0.0%	1,154	967	977	977	977	977	977
Public Safety	2.0%	2.0%	2.0%	2.0%	8,014	7,950	9,418	9,606	9,798	9,994	10,194
Register of Deeds	2.0%	2.0%	2.0%	2.0%	6,590	6,750	6,634	6,767	6,902	7,040	7,181
Rental / Lease Income	2.0%	2.0%	2.0%	2.0%	409	354	429	438	446	455	464
Sheriff	2.0%	2.0%	2.0%	2.0%	4,090	3,464	3,716	3,790	3,866	3,943	4,022
Tax Collection Fees	3.0%	3.0%	3.0%	3.0%	900	854	985	1,015	1,045	1,076	1,109
Vending Income	2.0%	2.0%	2.0%	2.0%	551	528	553	564	575	587	599
Total Charges for Services					82,998	70,792	55,621	56,283	56,956	57,642	58,339
Miscellaneous	0.0%	0.0%	0.0%	0.0%	907	323	472	472	472	472	472
Transfer in	2.0%	2.0%	2.0%	2.0%	1,071	1,118	1,231	1,256	1,281	1,306	1,332
Interest on investments	0.0%	0.0%	0.0%	0.0%	278	176	355	355	355	355	355
Proceeds from Capital Leases	0.0%	0.0%	0.0%	0.0%	178	-	-	-	-	-	-
Appropriated Fund Balance	0.0%	0.0%	0.0%	0.0%		13,017	12,412				
Total revenues					\$ 810,851	\$ 851,845	\$ 920,031	\$ 956,295	\$ 1,053,513	\$ 1,092,927	\$ 1,217,765
Percentage Increase						5.1%	8.0%	3.9%	10.2%	3.7%	11.4%

FINANCIAL PLANNING MODEL—GENERAL FUND EXPENDITURES

<i>(in thousands)</i>	Growth Rates for Forecast				Forecast							
	2009	2010	2011	2012	2006 Actual	2007 Adopted	2008 Adopted	2009	2010	2011	2012	
General Administration												
Board of Commissioners	0.0%	0.0%	0.0%	0.0%	449	457	478	478	478	478	478	
County Manager	0.0%	0.0%	0.0%	0.0%	955	1,253	1,266	1,266	1,266	1,266	1,266	
County Attorney	0.0%	0.0%	0.0%	0.0%	1,120	1,184	1,234	1,234	1,234	1,234	1,234	
Board of Elections	0.0%	0.0%	0.0%	0.0%	4,269	1,975	2,752	2,752	2,752	2,752	2,752	
Budget & Management Services	0.0%	0.0%	0.0%	0.0%	565	798	852	852	852	852	852	
Contingencies & Reserve	0.0%	0.0%	0.0%	0.0%		425	100	100	100	100	100	
Facilities Design & Construction	0.0%	0.0%	0.0%	0.0%	1,038	1,133	1,162	1,162	1,162	1,162	1,162	
Finance	0.0%	0.0%	0.0%	0.0%	2,417	2,478	8,138	8,138	8,138	8,138	8,138	
Human Resources	0.0%	0.0%	0.0%	0.0%	1,527	1,587	1,735	1,735	1,735	1,735	1,735	
Information Services	0.0%	0.0%	0.0%	0.0%	8,730	9,813	12,020	12,020	12,020	12,020	12,020	
Non-Departmental	0.0%	0.0%	0.0%	0.0%	3,745	3,741	4,490	4,490	4,490	4,490	4,490	
Planning	0.0%	0.0%	0.0%	0.0%	1,369	1,520	1,606	1,606	1,606	1,606	1,606	
Register of Deeds	0.0%	0.0%	0.0%	0.0%	2,656	2,993	3,059	3,059	3,059	3,059	3,059	
Revenue	0.0%	0.0%	0.0%	0.0%	4,508	4,737	4,836	4,836	4,836	4,836	4,836	
Total General Administration					33,348	34,094	43,728	43,728	43,728	43,728	43,728	
Human Services												
Human Services - County Funds	1.0%	1.0%	1.0%	1.0%	239,352	92,575	93,293	94,226	95,168	96,120	97,081	
Human Services - Non-county Funds	2.0%	2.0%	2.0%	2.0%		146,029	135,025	137,726	140,480	143,290	146,155	
Medical Examiner	0.0%	0.0%	0.0%	0.0%	207	200	200	200	200	200	200	
Total Human Services					239,559	238,804	228,518	232,151	235,848	239,609	243,436	
Community Services	0.0%	0.0%	0.0%	0.0%	20,434	22,425	23,664	23,664	23,664	23,664	23,664	
Environmental Services	0.0%	0.0%	0.0%	0.0%	8,267	8,728	8,898	8,898	8,898	8,898	8,898	
General Services	0.0%	0.0%	0.0%	0.0%	21,992	25,301	27,239	27,239	27,239	27,239	27,239	
Sheriff	0.0%	0.0%	0.0%	0.0%	50,233	55,931	57,649	57,649	57,649	57,649	57,649	
Public Safety	0.0%	0.0%	0.0%	0.0%	25,938	27,670	26,410	26,410	26,410	26,410	26,410	
Transfers												
Transfers to debt service - ad valorem	CIP	CIP	CIP	CIP	95,271	102,866	99,986	105,245	166,004	143,632	213,114	
Transfers to debt service - sales tax	CIP	CIP	CIP	CIP	18,737	18,500	24,017	25,098	26,227	27,407	28,641	
Transfers to County Capital					24,517	22,745	39,378	41,623	30,903	26,814	27,756	
Transfer to School Capital	CIP	CIP	CIP	CIP			16,000	30,000	47,000	82,000	103,000	
Transfers - Risk Mgmt					5,133	2,468						
Transfer for Business Investment Grants							120	1,648	1,296	1,828	1,411	
Transfers - Reval	0.0%	0.0%	0.0%	0.0%	975	1,100	1,100	1,100	1,100	1,100	1,100	
Total Transfers					144,633	147,679	180,601	204,713	272,530	282,782	375,021	
Capital Leases												
County Base					544,404	560,632	596,707	624,453	695,966	709,979	806,046	

FINANCIAL PLANNING MODEL—GENERAL FUND EXPENDITURES

<i>(in thousands)</i>	Growth Rates for Forecast							Forecast			
	2009	2010	2011	2012	2006 Actual	2007 Adopted	2008 Adopted	2009	2010	2011	2012
	Salary and Benefits (see separate schedule)	4.0%	4.0%	4.0%	4.0%	-	73	4,622	13,685	23,161	33,067
Non-Salary Expenditures (see separate schedule)	3.0%	3.0%	3.0%	3.0%	-	-	-	1,000	2,020	3,060	4,122
Less: Year-end encumbrances											
Capital Budget Impacts											
Fall 2007 Bonds								100	800	2,000	3,900
County Buildings	CIP	CIP	CIP	CIP				-	-	89	2,365
Criminal Justice	CIP	CIP	CIP	CIP				-	-	9,231	24,837
Libraries	CIP	CIP	CIP	CIP				453	1,691	2,102	-
Parks facilities	CIP	CIP	CIP	CIP				-	-	-	-
Wake Tech	CIP	CIP	CIP	CIP				13	175	-	-
Total Capital Budget Impacts								466	1,866	11,422	27,202
Education											
Board of Education	ADM	ADM	ADM	ADM	254,376	275,827	300,744	328,985	362,376	401,076	441,696
Board of Education - other	0.0%	0.0%	0.0%	0.0%	410	410	410	410	410	410	410
Wake Tech CC	3.0%	3.0%	3.0%	3.0%	13,021	14,903	17,548	18,074	18,617	19,175	19,750
Total Education					267,807	291,140	318,702	347,469	381,403	420,662	461,857
Total expenditures and transfers					\$ 812,211	\$ 851,845	920,031	\$ 987,073	\$ 1,104,416	1,178,190	1,342,650
Revenues (from Revenue Sheet)					810,851	\$ 851,845	920,031	\$ 956,295	\$ 1,053,513	\$ 1,092,927	\$ 1,217,765
Revenues greater than (less) expenditures					\$ (1,360)	\$ -	-	\$ (30,778)	\$ (50,903)	\$ (85,263)	\$ (124,885)
Fund balance appropriation (based on 2% of non-school / non-CIP expenditures)								8,698	9,010	9,495	10,115
Gap								(22,080)	(41,894)	(75,768)	(114,769)

FINANCIAL PLANNING MODEL—EDUCATION EXPENDITURES

			Forecast			
	2007 Budget	2008 Adopted	2009	2010	2011	2012
Selected expenditure assumptions:						
WCPSS Enrollment Projected	128,072	136,086	144,035	152,206	160,605	168,736
Charter Schools Enrollment	4,043	4,694	5,163	5,679	6,247	6,247
Wake County Schools Student Population	132,115	140,780	149,198	157,885	166,852	174,983
Per Pupil Spending (\$ 000)	\$ 275,827	\$ 293,620	\$ 318,727	\$ 348,140	\$ 382,957	420,622
Total - After new schools operating impact		\$ 300,744	\$ 328,985	\$ 362,376	\$ 401,076	\$ 441,696
Per Pupil Spending before new school impacts	\$ 2,039	\$ 2,084	\$ 2,136	\$ 2,205	\$ 2,295	\$ 2,404
Per Pupil Spending after new schools operating impact	\$ 2,084	\$ 2,136	\$ 2,205	\$ 2,295	\$ 2,404	\$ 2,524

FINANCIAL PLANNING MODEL—FUND BALANCE

<i>(in thousands)</i>	Historical					Projected				
	2004	2005	2006	2007 Proj	2008	2009	2010	2011	2012	
Fund balance:										
Beginning fund balance	\$ 142,799	\$ 154,850	\$ 164,617	\$ 163,257	\$ 169,102	\$ 169,102	\$ 147,022	\$ 105,128	\$ 29,360	
Appropriated fund balance	-	-	-	-	(12,142)	(8,698)	(9,010)	(9,495)	(10,115)	
Anticipated expenditure savings (footnote 7)	-	-	-	-	12,142	8,698	9,010	9,495	10,115	
Increase (decrease) in fund balance	12,051	9,767	(1,360)	5,845	-	(22,080)	(41,894)	(75,768)	(114,769)	
Ending fund balance	\$ 154,850	\$ 164,617	\$ 163,257	\$ 169,102	\$ 169,102	\$ 147,022	\$ 105,128	\$ 29,360	\$ (85,409)	
Fund balance as % of revenues	21.7%	21.5%	19.2%	18.4%	17.7%	14.0%	9.6%	2.4%	-6.7%	
Fund balance as % of expend.	21.7%	19.3%	19.2%	18.4%	17.1%	13.3%	8.9%	2.2%	-6.2%	
Components of fund balance:										
Reserved for inventories (footnote 1)	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	\$ 236	
Reserved for noncurrent receivable (footnote 2)	783	740	740	740	740	740	740	740	740	
Reserved for encumbrances (footnote 3)	3,621	5,645	3,000	3,000	3,000	3,000	3,000	3,000	3,001	
Reserved by state statute (footnote 4)	52,669	55,333	56,000	56,000	56,000	56,000	56,000	56,000	56,000	
Designated for subsequent year expenditures	-	10,939	-	12,142	8,698	9,010	9,495	10,115	10,428	
Unreserved fund balance (footnote 6)	97,541	91,724	103,281	96,984	100,428	78,036	35,657	(40,732)	(155,814)	
Total	\$ 154,850	\$ 164,617	\$ 163,257	\$ 169,102	\$ 169,102	\$ 147,022	\$ 105,128	\$ 29,360	\$ (85,409)	
Unreserved as a % of next year's expend.	12.8%	10.8%	12.1%	10.5%	10.2%	7.1%	3.0%	-3.0%	-11.3%	
Unreserved \$ at 11% of next year's expenditures (footnote 5)	83,637	93,703	93,703	101,203	108,578	121,486	129,601	147,692	152,122	
Amount in excess of (needed for maintaining) 11% working capital	\$ 13,903	\$ 8,960	\$ 9,578	\$ 7,922	\$ 548	\$ (34,440)	\$ (84,449)	\$ (178,308)	\$ (297,509)	
Unreserved as a % of next year's non-capital expend.	14.5%	13.6%	14.6%	12.8%	12.3%	8.9%	3.6%	-3.8%	-14.0%	

Footnotes:

- 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 will be unspent at the end of the budget year.